

**Meet the Mayor Meeting**  
**Informational Meeting on Flood Insurance and FEMA**  
**South Bethany Town Hall**  
**November 10, 2012**

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A meeting was held at Town Hall on Saturday, November 10, 2012 from 9:00 to 11:15 am. Mayor Jankowski invited Ruth Campbell from Delaware Division of Social Services, Jamie Turner, the Director of DEMA, Jay Bryant from the National Flood Insurance Program, and Michael Gould, Director of Consumer Services from Delaware Insurance Commissioner's Office. Michael Gould was unable to attend due to a family illness.

Approximately 100 people were in attendance, primarily from South Bethany. Three people from neighboring Bayview Park attended. In the audience were Council members Pat Voveris, Sue Callaway, Jim Gross, George Junkin, and Code Enforcement Constable, Pete Brockstedt.

Mayor Kathy Jankowski began the meeting by thanking everyone for attending and noting that she had invited the guest speakers to help South Bethany (SB) property owners and others to better understand the insurance response to the damaging flood that occurred in SB the week of October 29<sup>th</sup>. She reminded the group that there would be ample opportunity to ask questions of the speakers. Mayor Jankowski then asked each of the guest speakers to introduce themselves. As the Governor's authorized representative, Jamie stated that he would begin preparing a declaration request of disaster to the Governor and the President for FEMA. He would be addressing the response of the fire department, municipalities, and others to Sandy and the Nor'easter. There is no federal presidential declaration at this time, only an emergency declaration, which would help with generators, fuel support, and evacuation support from hospitals.

Jay then spoke from his agency, the National Flood Insurance Program (NFIP) as a general adjuster completing flood surveys. He is not FEMA, but the NFIP is under the umbrella of FEMA. He also made himself readily available for individual case questions after the presentations.

Councilman George Junkin then presented a slideshow presentation of the flood. He showed photos of South Bethany canal side with all bulkheads exceeded with water by 2 feet, and the oceanside dune remaining.

Jamie then spoke to the process from the State perspective. One week before Sandy his agency was watching and working with the National Weather Service and other state agencies. Sandy was predicted to hit the Delaware Bay or the Chesapeake Bay.

His agency went to counties and explained the possible scenario. They then recommended to the Governor to declare a state of emergency. This would give areas access to the National Guard, Health and Social Services, DNREC, and DeIDOT, around the clock.

Currently, there are 3 people in Delaware from FEMA who are concentrating in this area and assessing damage with ARC, Social Services, DEMA for the last 4 days.

Ruth elaborated on the Personal Damage Assessment (PDA) process to assess damage. Individual assistance is a cascading process beginning with the insurance policy and then looking at being a Delaware resident, and permanent resident being full time in the house, for the state to count the damage. Additionally, only living space is considered (not a shed, for example).

There are 4 classifications of damage: 1) Destroyed, 2) Major - where one is displaced for more than 30 days, 3) Minor - where one may or may not be displaced less than 30 days, and 4) Affected - which means non-living areas such as garages and sheds. She noted that 40% of the fair market value of the home must have been damaged.

Small Business Administration (SBA) looks in conjunction with Social Services for potential loss and looks to 40% loss of fair market value for potential loans. Individuals need an assistance declaration by insurance and flood insurance, and then can go to SBA for a further declaration.

Individuals must be turned down by SBA before they get to individual assistance declaration. The maximum right now is \$38,000 over an 18 month period. This is a last resort, the welfare of the system.

For Major or Destroyed classification requires 174 homes per county.

Rental property as income property is only looked at as a business if that is your income, and can only receive IA (individual assistance).

Jamie spoke to the report his agency compiles based upon concentration of damage, killed or injured people, special population (low income), and voluntary agency assistance.

He gave out the number for Sussex County Emergency Management Office Help Line at 302-856-7366 and the DEMA Help Desk at 877-729 (SAY)-3362 (DEMA).

He further said if we were declared a disaster area a center would open so homeowners could register for FEMA claim and SBA claim.

Jay then spoke of the National Flood Insurance Program knowing we have damage noting every claim will stand on its own merit. Trained adjusters will be sent to see what damage can be covered. He emphasized that no two claims are alike when questioned about how one neighbor's claim was filed and another neighbor's claim was denied.

Question arose about why there was no coverage below the first elevated floor. Jay answered that the Elevation and Zone always come into question when coverage is being determined. We may have heat pumps located outside or insulation within the floor joists directly under the first floor living area above the BFE that are covered. However, drywall and wall insulation would not be covered items below the first floor of a Post FIRM elevated building.

Pete raised the issue that it depends when a house was built. The date built or the date of major renovation would determine whether a house is classified as Pre FIRM or Post FIRM. A structure built within the South Bethany (Community ID #10051) after October 6, 1976 is classified as Post FIRM. Limitations do not apply to homes classified as Pre FIRM. He also stated South Bethany joined the Flood Insurance Program on 10/6/1976, which is the effective date for South Bethany.

The Policy states:

**Post-FIRM Building.** A **building** for which construction or substantial improvement occurred after December 31, 1974, or on or after the effective date of an initial Flood Insurance Rate Map (FIRM), whichever is later.

Jay explained all adjusters want to help but primary residents with damage take priority . . . they have no place to go. He also explained it is not a perfect system . . . 5 homes on a street may have 5 different adjusters. The estimating systems are based on zip code. The adjuster does not have the right to approve or deny a claim. The insurance company makes the final determination. However your adjuster is your BEST advocate. In addition he noted that there are varying degrees of experience with adjusters – some have been doing it for many years and some are newer to adjusting. All, however, must be fully trained and certified by the NFIP to handle flood claims.

Jay stated if there is a General Condition of Flooding (see definition below) and water comes onto your property you have flood insurance coverage, but may have limited coverage below the elevated floor, depending on your Zone and date of construction or substantial improvement. There is a limit of 300 square feet of enclosed area in a V zone. The washer, dryer, freezer and food in a freezer is covered under contents. The water heater, insulation, A/C unit, and clean-up is covered under the building portion of the policy. Nothing outside the home or in the yard is covered. Owners are held responsible for mitigation.

**Definition of Flood as per Policy:**

**Flood**, as used in this flood insurance **policy**, means:

- 1.** A general and temporary condition of partial or complete inundation of two or more acres of normally dry land area or of two or more properties (at least one of which is your property) from:
  - a.** Overflow of inland or tidal waters;
  - b.** Unusual and rapid accumulation or runoff of surface waters from any source;
  - c. Mudflow.**

The Insurance Commissioner's Office number of 800-282-8611 was given out. They have extensive experience in flood insurance. Ask for Consumer Services.

Jay then spoke of the area between the first floor and lower area and restrictions here in high hazard zones, including all A and V zones. Flood insurance wants the area below the first floor open for flow of water. Coverage there only applies to essentials to take care of the upper floors...not decoration, like a game room or garage. Key factors of coverage are the zone, flood elevation certificate and date of home being built. He pointed out

that the policy specifies the building items covered within the crawl space as shown here:

Items of property in a **building** enclosure below the lowest elevated floor of an **elevated post-FIRM building** located in Zones A1-A30, AE, AH, AR, AR/A, AR/AE, AR/AH, AR/A1-A30, V1-V30, or VE, or in a **basement**, regardless of the zone. Coverage is limited to the following:

- a. Any of the following items, if installed in their functioning locations and, if necessary for operation, connected to a power source:
  - (1) Central air conditioners;
  - (2) Cisterns and the water in them;
  - (3) Drywall for walls and ceilings in a **basement** and the cost of labor to nail it, unfinished and unfloated and not taped, to the framing;
  - (4) Electrical junction and circuit breaker boxes;
  - (5) Electrical outlets and switches;
  - (6) Elevators, dumbwaiters, and related equipment, except for related equipment installed below the **base flood** elevation after September 30, 1987;
  - (7) Fuel tanks and the fuel in them;
  - (8) Furnaces and hot water heaters;
  - (9) Heat pumps;
  - (10) Nonflammable insulation in a **basement**;
  - (11) Pumps and tanks used in solar energy systems;
  - (12) Stairways and staircases attached to the **building**, not separated from it by elevated walkways;
  - (13) Sump pumps;
  - (14) Water softeners and the chemicals in them, water filters, and faucets installed as an integral part of the plumbing system;
  - (15) Well water tanks and pumps;
  - (16) Required utility connections for any item in this list; and
  - (17) Footings, foundations, posts, pilings, piers, or other foundation walls and anchorage systems required to support a **building**.
- b. Clean-up.

Note 3# and #10 apply specifically to a basement

Jay also spoke to responsibility of insurance agents to inform policy purchasers of coverage restriction, but in any event, this is clearly spelled out in the FEMA booklet given with the policy of which the policyholder is asked to review. With the many policies the agent sells they are not able to quote out entire policy provisions therefore they encourage the policyholder to fully read each and every policy they purchase.

One resident built in 1989 when elevation was only 4 feet. The elevation is now 8 feet. If he built in compliance at the time he may be grandfathered in . . . this may be an underwriting issue.

Jay was asked about ICC - Increased Cost of Compliance claim for houses with substantial damage . . . 51%. House must be required to be brought to code in order to file claim. The local governing building authority is the acting catalyst which initiates this process. Owner may qualify for up to an additional \$30,000 and total claim may not exceed \$250,000 or policy limit of policy purchased including the ICC allowance. He does not see this applying in South Bethany. We did not have enough direct physical flood damage, did not have to Relocate, Elevate or Demolish. (The FRED factor)

Jay said a flood zone has lots of bearing on coverage, as does major renovation, which can change the classification of a home from Pre FIRM to Post Firm.

Adjusters will prepare good faith estimates to expedite claims for owners. If an item is missed or short the owner can file a supplement. Owners should call their mortgage company on how to process a check if the company's name is on the check. Policy provisions require any entity with a vested interest in the mortgage must be included on any payment on the building portion of your claim. Contents payment are made solely to the insured. When asked if adjusters are out to cut down the amount of claim – Jay said such assumptions are absolutely FALSE! They are there to help you settle your claim by investigating your flood loss and sufficiently documenting your covered flood loss that you will be asking payment for. The insured has the ultimate responsibility to do this. The adjuster is provided as a courtesy to the policyholder.

Pete spoke to being careful on choice of materials when rebuilding. Below the base flood elevation materials must be water damage resistant. He will have a technical bulletin available for what to use for below base elevation based on the FEMA guidelines.

Jamie spoke to a meeting held 4 or 5 years ago for local insurance to speak with NFIP. The Insurance Commissioner's Office is 800-282-8611. He emphasized that homeowners must KNOW what you are buying when purchasing insurance.

Jay spoke about NFIP not covering homeowner insurance claims, only rising flood water in your house claims. Only direct physical loss by or from flood is covered by your flood policy. Coverage exists, but limitations apply under the first floor living area. NFIP randomly re inspects flood loss claims in an effort to make sure that the policy provisions are applied correctly and all covered damages are allowed. He clarified that NFIP is under the umbrella FEMA and that the NFIP only handles the Flood Insurance end, not any disaster funds or other FEMA functions.

He further spoke to the 17 items listed in coverage. Owner clean-up is one. If water soaked the sub floor on the first floor this would be covered. See list above.

In answer to a question regarding FEMA disaster assistance, Jay responded that owners must first complete their flood insurance claim. They may then contact FEMA and request assistance for areas not addressed by their policy. Owners must go to their flood insurance and get a letter of denial before requesting assistance from FEMA. Once we are declared a disaster area, owners can then go to FEMA, if they had flood insurance and received a denial, or if they had no flood insurance.

He noted that the initial recognized date of flood loss for this area was October 29<sup>th</sup>. Insurance companies from whom homeowners purchased their policies are paid to sell and service the policy.

When questioned, Jay confirmed that it was okay to wait for contractor estimates before receiving adjuster estimate. Adjusters will offer you an advance payment on your covered flood loss to help you get started. You may file a supplement if you can document additional covered damage not shown in the original estimate.

Jamie said numbers are not in yet. He needs these before he can ask for PDA for individual assistance.

Sue spoke to South Bethany heavily relying on rental income, yet most rentals are not set up as a business. Tourism is a major source of income for Delaware and Sussex County. She further stated many are on a fixed income and not flushed. Jamie said he would consider all this in his declaration request.

Jay spoke to a secondary market being available for coverage not available in standard flood insurance, but it is expensive.

He further elaborated FEMA is its own entity. It controls the NFIP program. FEMA is like the general contractor and NFIP is the subcontractor that makes the contract work.

Insurance companies all sell one NFIP flood policy, whether they are Allstate, Nationwide, Selective, State Farm. There are three forms of the policy: Dwelling, Residential Condominium Building Association, and Commercial.

In answer to an owner's questions Jay said the clean-up in covered area/crawl space is covered. A dehumidifier is a dry out and not covered for open area under a Post FIRM elevated building built in a SFHA but would be covered in the first floor living area of the home. Disinfecting the floor in an open area under an elevated is not covered, but cleaning, ridding debris and silt is covered. In the crawl space drywall is not covered because "finishes" there are not a covered item.

The dwelling policy is not a valued (replacement cost) policy. It is replacement cost coverage less depreciation. If the policy limits meet or exceed 80% of the house's valuation (what it would take to build it), and it is the insured's principal residence, he or she qualifies to recover their withheld depreciation on most items. Appliances, carpeting, and blinds are paid at depreciated value.

If you rent out your home you would not qualify for replacement cost.

Kathy said she will organize a session on insurance with Michael Gould from the Insurance Commissioner's Office.

Jay reiterated if you have been allowed \$1500 for a covered damage and your contractor charges you \$2000 . . . file a supplement with the company on your original claim. They will revisit your claim to look at possible additional payment on your claim.

When asked, Kathy confirmed there will not be permits needed to do repairs right now as a good will gesture on the part of South Bethany.



Jay says part of the insurance process begins by using an Elevation Certificate which is used to determine how the policy provisions directly apply to your specific home.

Detailed estimates from adjustors will take approximately 30 to 60 days.

You can get a contractor in and start on your repairs ASAP . . . just make sure you have details and pictures to support your damage.

State Farm sells the flood insurance policy but does not service it. They hire an adjusting firm and NFIP pays this firm. The adjusters' reports first go to their firm for approval, and then make their way to NFIP.

On a new note, Jay says FEMA is going to allow one year for proof of loss in this particular storm. They allow you to file a supplemental payment so more money can come in later as final cost will vary.

Jay said some adjusters may wait for contractor estimates which gives an exact cost to make it easier on the homeowner, who may not then have to file a supplement. So, owners should not feel it incorrect for an adjuster to wait a couple of extra days rather than submit a good faith estimate without this useful information.

Policy allows payment for like kind, and quality. It will not cover upgrades or code compliance issues except as allowed under ICC. It will only pay the that portion of a pair or set that suffers direct physical loss by or from flood.

Pete says replacement must be done with appropriate FEMA acceptable materials. FEMA and the Town Code require use of certain materials below the elevation level.

Jay said each claim stands on its own merit and workmanship and materials, allowed are for like, kind and quality not necessarily builder grade. Every home is built a little differently.

He further said flood insurance has specific limitations in dealing with mold and mildew.

Loss avoidance such as sand bagging is covered up to \$1000 and no deductible applies even if you do not suffer a flood loss, unless owners were

given the sandbags. It is paid on an incurred cost basis. Family labor is covered at the federal minimum wage of \$7.55 and would apply to finding the bags, filling the bags, building a dike, etc. A sump pump can be covered and rental of a generator but not the purchase of a generator. Refer to the Loss Avoidance provision in the policy.

Jay reiterated in the area under the first floor living area of a Post FIRM elevated building contents would afford coverage for a washer, a dryer, a freezer (not refrigerator freezer), food in the freezer, and a window A/C unit if plugged in and installed in its functioning location.

For dealing with mold and on what to salvage, call William Leitzinger at Public Health at 302-744-4811.

Jay said to keep a daily list on your activity for recovery for remuneration.

Jay remained for one-on-one questions.