

VII. BASIC ADJUSTMENT ISSUES

A. ACTUAL CASH VALUE (ACV)

The NFIP defines ACV as the replacement cost of an insured item at the time of loss, less the value of physical depreciation.

B. ADDITIONS AND EXTENSIONS

Buildings that are connected by a rigid exterior wall, a solid load-bearing interior wall, a stairway, an elevated walkway, or a roof can be insured as part of the dwelling. The insured has the option of obtaining separate coverage for these building items.

C. ADJUSTER *PRELIMINARY* DAMAGE ASSESSMENT (APDA)

Capturing claims data on buildings that will probably be substantially damaged has become increasingly important to FEMA and to the officials of affected communities. Adjusters should report as soon as possible after it appears that the building is substantially damaged (50 percent of the building's value). After the adjuster conducts the inspection of the risk, the APDA form must be completed and faxed to iServices claims department at (301) 577-3421.

D. ADVANCE PAYMENTS

FEMA has always encouraged advance payments. Typically, such payments are made after the physical inspection of the property reveals flood damage (less the amounts of estimated depreciation and the deductible) is greater than the advance payment. Advance payments are generally made against the Personal Property claim, but if the advance is to be made against the Building Property claim, the mortgagee must be named on the advance payment check.

To the extent that any advance payment exceeds the payable flood damage (after depreciation and policy deductible), it will not be reimbursed.

E. BASEMENTS

Exterior Windows and Doors – In “daylight” basements or basements with exterior windows and/or doors, the windows and doors that are installed in exterior foundation walls are covered. However, they can be painted or otherwise finished on the exterior surfaces only.

Baseboard Heaters – Baseboard heaters installed in basements are not covered. Only building items listed in SFIP Section III.A.8.a. (1)–(17) are covered.

F. CONTENTS MANIPULATION

If the policyholder has not purchased Personal Property (Contents) Coverage, there is no coverage for contents manipulation.

FEMA recognizes that, in certain instances, manipulation of undamaged insured contents may be necessary to perform covered building repair. These charges are often included in the contractor's unit cost(s) for items being repaired or replaced and not as a separate charge to the insured. FEMA also recognizes that, in some instances, a contractor may present a more