



## Floodplain Manager's Notebook

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### Why are so Many Flood Insurance Claims not Paid?

Every four or years I write about something that puzzles me—why are so many NFIP flood insurance claims filed by policyholders not paid? And why does the percentage of unpaid claims vary so significantly from state to state?

Several times in the past 15 years I've written about [NFIP claims data available online](#). If you check that link today, you may not find what you're looking for because, as the NFIP migrates to a new system, I've noticed the reports are no longer in an easily usable form and sometimes the wrong reports are posted (presumably these are wrinkles they'll straighten out eventually).

Usually the report of claims paid since 1978 shows data for each state and territory, including the total number of claims filed, the number that have been closed (i.e., paid), the number that are open (in process), and the really interesting number—the number of claims “closed without payment” (CWOP). Claims are CWOP for a number of reasons, such as if a loss was less than the deductible, if a loss was for items not covered (such as basement contents), or if an event did not qualify under the insurance definition of a flood (see sidebar). I expect there are other reasons for nonpayment.

At the end of April 2019, the NFIP reported just over 2.4 million claims had been filed since Jan. 1, 1978 (see table on the next page). Of that total, 77.25% were paid (closed), 0.25% are being processed (open), and 22.5% were CWOP. Interestingly, on a nationwide basis the proportion of all claims that are CWOP has stayed about the same for at least 15 years.

#### NFIP Insurance “Flood” Defined

Some floodplain managers may be surprised to discover a qualifying flood for insurance purposes isn't the same as water rising above normal levels. To qualify, a flood must be 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 the policyholder's property)” from specified sources. Flood Insurance Manual (April 2019).

Even more interesting is how the percent of claims CWOP varies considerably from state to state (you'll have to wait until the NFIP straightens out the posted reports to see your state). The percentages of CWOP also vary over time:

- April 2019 - Washington D.C., Wyoming and New Mexico still have the highest percentage of CWOP, now joined by Utah and Maryland in the 40% or more class. Missouri still has the lowest percentage of CWOP (15.4%). Others with less than 17% CWOP include Mississippi, New Jersey, West Virginia and Kentucky.
- April 2015 - the difference ranged from a high of nearly 45% in Wyoming to a low of about 14.5% in Missouri and Mississippi.
- 2011 - Colorado topped the list at 47%, with New Mexico, U.S. Virgin Islands, D.C. and Wyoming all having more than 40%. Missouri, Mississippi and Kentucky each had fewer than 15% CWOP.

We can speculate why the variation in CWOP is so large. I know I'd be doubly curious if I was in a state or community with a much higher than average percentage of unpaid claims. Do the Write Your Own companies in those states have overly conservative adjusters who more aggressively close (deny) claims without payments? What other factors contribute to the wide discrepancy?

Let's look at the data another way. It might be reasonable to assume states with a lot of flooding and claims activity, say more than 100,000 claims since 1978, should fall somewhere close to the national average of CWOPs. After all, don't the Write Your Own companies and FEMA pull adjusters from all across the country when big floods result in thousands of claims to adjust in a short period of time? Doing that might smooth out regional differences between companies. Well, looking at the data, that assumption seems reasonable, except for Florida (table below). Four of the states with the most claims have CWOP rates **lower** than the national average (as much as 6 points lower), while Florida, with 36.5% CWOP, is about 14 points **higher** than the average. How do you explain that?

<b>NFIP Claims from 1978 - April 30, 2019 for the Five States with the Most Total Losses</b>					
	<b>Total Losses</b>	<b>Closed</b>	<b>Open</b>	<b>CWOP</b>	<b>% CWOP</b>
<b>U.S. TOTAL</b>	2,418,635	1,867,997	6,064	544,574	22.5%
<b>Louisiana</b>	456,011	366,316	658	89,037	19.5%
<b>Texas</b>	368,617	295,282	699	72,636	19.7%
<b>Florida</b>	294,978	186,986	568	107,424	36.5%
<b>New Jersey</b>	192,313	160,228	745	31,340	16.3%
<b>New York</b>	169,251	139,669	341	29,241	17.3%

## Outdoor Sculptures in Flood Zones

Last November I wrote about non-building structures in flood hazard areas, specifically salt domes and solar panels. I listed examples of other non-building structures I've been asked about, including outdoor sculptures. When communities, neighborhood associations, office complexes and college campuses preserve land along bodies of water for open space, parks and outdoor recreation, sometimes they install art.

A few years ago, a building official in Florida posted to an online discussion board asking if anyone had experience with applying wind and flood requirements to outdoor sculptures. One reader suggested that because the building code doesn't explicitly cover outdoor sculpture, perhaps there are no requirements, and "if it's not covered under NFIP insurance, I wouldn't permit it at all." He also said he could not "find a definition of structure or development to include sculptures/works of art/etc. in any FEMA or NFIP guidance. Tanks, dams, bridges and such are all mentioned for structure, accessory structure, appurtenant structure, but nothing on sculptures."

Well, of course I weighed in to point out that, to satisfy NFIP requirements, local floodplain management regulations govern development, not just buildings. Outdoor sculptures fall within the broad definition of

“development,” which includes the phrase “any man-made change to improved or unimproved real estate, including but not limited to buildings or other structures...” I also noted that regulated development is not limited to what is or isn’t covered by flood insurance. By that logic, we wouldn’t regulate fill in floodways or basements in buildings!



Philanthropists Jacob Dekker and John Padget join Liz Young of the Florida Keys Council of the Arts for a recent sculpture unveiling at Key West International Airport. Source: [Miami New Times article](#).



Waco sculptor Robbie Barber found a new artistic challenge in wrangling and welding stainless steel tubing into a 19-foot giraffe for the Waco Sculpture Zoo. [Image from this Waco Tribune story](#).

FEMA rules require them — sculptural ones, at least — to be firmly anchored to the ground and not add to the possibility of flooding, as determined by a certified engineer.”

So what would I look for if I was reviewing a proposal to install sculpture in a floodplain? In a broad sense, we regulate proposed floodplain development to protect the development itself, but also to minimize the potential for increasing damage to other properties. So, to accomplish that for an outdoor sculpture, I’d want to know whether the installation will be stable under base flood conditions. I’d look for two things: first, is the pedestal or foundation anchored to resist flotation, collapse or lateral movement (accounting for scour); and second, is the sculpture itself anchored to the pedestal to resist flood loads (including wave loads if the site is a Zone V or Coastal A Zone).

I don’t know for sure if my advice made a difference, but I was happy to hear that after Hurricane Irma in 2017, a representative of the organization that helped bring several sculptures to the Florida Keys observed, “It was an accomplishment that the art withstood the storm. We had 300 telephone lines that came down, but our sculptures stood. It was a point of hope and positivity for quite a few of us.”

The same issues are at play in Waco, Texas, where a proposal to install the Waco Sculpture Zoo in the floodplain of the Brazos River near Cameron Park Zoo was delayed when planners realized engineering work would be necessary.

And [according to this newspaper article](#), “Noah may have built a flood-proof ark for his animals, but

Submit your own items or suggestions for future topics to column editor Rebecca Quinn, CFM, at [rcquinn@earthlink.net](mailto:rcquinn@earthlink.net). Comments welcomed! Explore back issues of the [Floodplain Manager's Notebook](#).