

Addendum to the *NFIP Adjuster Claims Manual*

Perimeter Wall Sheathing Addendum, Part 3 – Section VIII

Perimeter Wall Sheathing

This addendum expands upon and replaces the guidance in the *NFIP Adjuster Claims Manual* at Part 3, Section VIII, Paragraph P. for addressing sheathing when a wood-framed building constructed with masonry veneer siding is flooded. The claim handling process should determine the type of sheathing material installed and the appropriate scope to repair.

Types of Sheathing

When Class 1, 2, or 3 sheathing material is in direct contact with floodwaters, the material is not salvageable and the insurer does not need a report from a qualified professional to document the material's condition. Class 1, 2, and 3 sheathing material includes:

- Any paper-faced gypsum, including green-board gypsum or asphalt paper-lined gypsum
- High-density (wood) fiberboard (HDF) and mineral board, including asphalt-impregnated fiberboard (blackboard)
- All oriented-strand board (OSB), including any exterior-rated or edge-swell resistant OSB

When Class 4 or 5 sheathing material is in direct contact with floodwaters, it is generally salvageable. If questions arise over whether Class 4 or 5 sheathing material is salvageable, insurers may involve a qualified professional. Class 4 or 5 sheathing material includes:

- Exterior grade and Exposure-1 rated plywood
- Non-paper faced gypsum and fiberglass-lined gypsum board
- Marine-grade or preservative treated plywood
- Cement-fiberglass board
- Exterior-rated solid wood, such as decay-resistant plank wood

Repairing Sheathing

When a wood-framed building constructed with masonry veneer siding experiences flood damage, FEMA will presume it is possible to make an appropriate and reasonable repair without completely demolishing the exterior surface of the building, unless it is economically or physically impractical to do so or building codes do not allow it. The adjuster should document the complete scope to repair the flood-damaged sheathing from the interior side. Insurers should adjust each loss on its own merits and base the appropriate repair method on the extent of damage and the construction type.

Insurers should engage a qualified professional familiar with local building codes and construction protocols when any questions arise concerning the method of repair. An adjuster may need to consult with a local building official, qualified professional, and the policyholder's contractor to determine what is the most reasonable and cost-effective method of repair. Multiple

methods of repair may exist, including alternative interior approaches or an exterior approach, so the adjuster should obtain at least one estimate for each approach to document and support claim payment.

Claim Handling Considerations

Consider the following when sheathing is involved:

- The Standard Flood Insurance Policy (SFIP) only pays for the direct physical damage by or from flood. The SFIP does not cover the cost to match undamaged building components that are not a part of the scope but facilitate repairs to flood damage. Therefore, as with all damage, the adjuster should determine and document direct flood damage to sheathing.
- The SFIP does not cover damage to sheathing or exterior siding, including masonry veneer, when installed in a wall that is below the lowest elevated floor of a Post-FIRM elevated building located in a special flood hazard area.
- Identify and document any pre-existing damage to the sheathing from a prior flood or another cause such as insect damage. The SFIP does not cover pre-existing damage.
- Document the normal physical wear to sheathing from the exposure to moisture or weathering. Apply a fair and reasonable rate of depreciation to account for this condition.

For additional guidance on sheathing material types see FEMA Technical Bulletin 2, *Flood Damage-Resistant Material Requirements* (August 2008), <https://www.fema.gov/media-library/assets/documents/2655>.