

Appraiser Blog

Why Are Flooded Cars Often Deemed a Total Loss



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Decoding the Total Loss Formula: Why Flooded Cars Qualify

In the aftermath of a car accident or a natural disaster, the fate of your vehicle rests on a crucial decision made by the insurance company – whether to declare it a total loss or proceed with repairs. When it comes to flooded cars, the verdict is often leaning towards the former due to the extensive and pervasive damage caused by water.

In this article, we delve into the reasons behind categorizing flooded cars as total losses and the intricacies involved in the assessment process.



Understanding Total Loss

When a vehicle sustains damage, insurance companies employ either a Total Loss Formula or a Total Loss Threshold to determine whether the cost of repairs, when added to the salvage value, exceeds the Actual Cash Value (ACV) of the vehicle.

The ACV represents its market value immediately before the incident. States usually set a threshold percentage, commonly around 75%, as the limit for repairs to remain feasible. An appraisal report or market valuation is provided to quantify the ACV accurately.

Why Flooded Cars Are Total Losses

As climate change intensifies, so does the frequency of extreme weather events like hurricanes and flash floods, leading to an increase in flooded vehicles. A flooded car becomes a total loss mainly because the damage inflicted by water is often so severe that repairing the vehicle becomes more expensive than replacing it.

1. **Extensive Damage from Flooding:**

The inundation of floodwater permeates critical vehicle elements, penetrating the engine compartment and inflicting extensive harm to essential components such as belts, gears, and moving parts. The confluence of water, sand, silt, and salt creates a destructive environment beneath the hood, leading to widespread havoc.

2. **Interior Damage and Mold Issues:**

Flood damage saturates the seats, carpet, and other fabric parts of the car, creating an environment conducive to mold and mildew growth. The inability to dry these components properly further contributes to the total loss status.

3. **Electronic Components Short Circuiting:**

Exposure to water places lights, sensors, computer chips, and other electronic elements at risk of short-circuiting, resulting in the complete dysfunction of the vehicle's electrical system.

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Total Loss Assessment Process

Filing a comprehensive total loss claim involves the insurance company providing an appraisal report or market valuation. External companies like Mitchell, CCC, or Audatex are often employed to compile data for an 8 to 10-page report detailing the vehicle's condition, equipment, comparable vehicles, and a market analysis.

If policyholders dispute the assessment, they have the right to challenge the ACV by hiring an independent auto appraiser for a counter-valuation.

Click here for a [**FREE claim review**](#) and discover your car's actual cash value.

Conclusion

Flooded cars, due to the catastrophic nature of water damage, are typically declared total losses by insurance companies. Understanding the intricacies of the total loss assessment process is crucial for policyholders navigating the aftermath of a flood-damaged vehicle.

As climate-related incidents continue to rise, ensuring comprehensive coverage becomes paramount in safeguarding against the financial implications of a total loss scenario.