

Flood Insurance 101



YOU SHOULD KNOW YOUR FLOOD RISK TO UNDERSTAND YOUR INSURANCE NEEDS.

- Floods can happen anywhere, at any time. Residents who live in and outside of a high-risk area should know their risk, and consider protection. Approximately 20 to 25 percent of all flood claims occur outside of a Special Flood Hazard Area.
- Even if you live outside the high-risk zone, and thus are not required by law to purchase flood insurance, you are still at risk for flooding and should consider flood insurance. Flooding usually is not covered by homeowners insurance.
- It is important to know that if you have a mortgage from a federally regulated lender on a home located in a high-risk area, federal law requires you to purchase flood insurance. Also, if you've received a federal grant or loan for previous flood losses, you must have a flood policy to qualify for future aid.

THE NFIP HELPS REDUCE FLOOD LOSSES BY PROVIDING AFFORDABLE FLOOD INSURANCE TO PROPERTY OWNERS.

- As long as your community participates in the National Flood Insurance Program (NFIP), you are eligible to purchase flood insurance. NFIP flood insurance is sold through about 90 private insurance companies and agents, and it is backed by the federal government. Unlike most standard homeowners policies, flood insurance covers losses to your property caused by flooding.
- Typically, a policy does not take effect until 30 days after you purchase flood insurance. For example, if the weather forecast announces a flood alert for your area and you purchase coverage, it is already too late. You will not be insured if you buy a policy a few days before a flood. However, when purchasing property, policies purchased as a requirement of your mortgage company upon closing.
- Flood insurance covers damage up to \$250,000 for your building and up to \$100,000 if you purchase contents coverage. Contents coverage is not automatically included in a standard flood policy. For businesses, flood insurance covers damage up to \$500,000 for your building and up to \$500,000 if you purchase contents coverage. Policies are available in three forms: Dwelling (most homes), General Property (apartments and businesses) and Residential Condominium Building Association (condominiums). Renters are also eligible to purchase a flood insurance policy.
- For properties located in a low- to moderate-risk flood zone, a low-cost Preferred Risk Policy can start as low as \$112 a year for both building and contents coverage.

THE NATIONAL FLOOD INSURANCE PROGRAM PROVIDES FEDERALLY BACKED FLOOD INSURANCE IN EXCHANGE FOR LOCAL ENFORCEMENT OF SOUND FLOODPLAIN MANAGEMENT.

- More than 20,300 communities in all 50 U.S. states and its territories voluntarily participate in the NFIP, representing about 95 percent of all properties in the nation's Special Flood Hazard Areas (SFHAs).
- Sound floodplain management planning and regulations save the nation an estimated \$1.1 billion in prevented flood damages annually. Also, structures built to NFIP criteria experience 80 percent less damage than structures not built to such standards.



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- Creating stronger and safer communities reduces loss of life and property; enables individuals and localities to rapidly recover from future events; and lessens the financial impact on state, tribal, and local governments as well as the U.S. Treasury.

FOR MORE INFORMATION:

- A Summary of Coverage document helps you understand your flood insurance policy. It provides general information about deductibles, what is and isn't covered by flood insurance, and how items are valued at the time of loss. You can find this document at www.fema.gov/pdf/nfip/summary_cov.pdf.
- The Flood Insurance Claims Handbook is available to help you through the process of filing a claim and appealing the decision on your claim, if necessary. You can find this document at www.fema.gov/library/viewRecord.do?id=2187.
- Contact your insurance agent to help you decide what kind of flood protection is best for you.
- Visit FloodSmart.gov or call **1-800-427-2419** to learn how to prepare for floods, how to purchase a flood insurance policy and what the benefits are of protecting your home or property investment against flooding.