

Top Ten Things to Know About Flood Insurance

- 1. Flood insurance is available.** You can – and should – buy flood insurance. If you live in a participating National Flood Insurance Program (NFIP) community, and there are more than 20,600 nationwide, you can purchase flood insurance from your insurance agent. You can purchase a policy whether or not your property has flooded before. Renters, condominium owners, homeowners, and business owners are all eligible to purchase a policy.
- 2. Flood insurance is sometimes required, but it should always be considered.** Flooding can happen anywhere and at any time, caused by events such as heavy rains, melting snow, tropical storms and hurricanes, and failed protective structures such as levees and dams. Most individuals with a home in a high-risk area are required by law to carry flood insurance. But just because flood insurance is not *required* does not mean it is not *needed*. Even if your lender doesn't require you to carry it, you should ask your agent about flood insurance options to better protect your biggest investment. Without a flood insurance policy, your financial security is at risk.
- 3. Flood insurance is the most dependable resource to speed recovery.** Most homeowners insurance *does not* cover flooding losses. Only flood insurance covers damage from rising waters. Despite what many might think, Federal disaster assistance is not always available after a flood. Disaster assistance declarations are issued for fewer than half of the flooding events that occur. When such assistance is available, it usually comes in the form of a low-interest loan, which must be paid back with interest.
- 4. Flood insurance is affordable.** Rates are based on a variety of factors, such as the flood zone, date of construction, history of flood claims, elevation of the property, and home improvements made to mitigate future damage. The average flood insurance premium is around \$500 per year. If you live in an area of moderate to low flood risk, you may be eligible for a Preferred Risk Policy with rates as low as \$119 a year. Flood insurance rates are federally set and will not differ between one insurance company and another.
- 5. Flood insurance is available for your building and its contents.** Individuals typically choose to carry building coverage, contents coverage, or both. However, residents in a lower-risk area may be eligible for a Preferred Risk Policy, which covers both the structure and personal items for a lower cost than a standard policy. A complete summary of the type of buildings and contents covered by flood insurance is available on the FEMA website at <http://www.fema.gov/library/viewRecord.do?id=3011>.
- 6. Know your coverage limits, and be fully insured.** A maximum of \$250,000 of building coverage is available for single-family residential buildings; \$250,000 per unit is available for residential condominiums. The limit for contents coverage on all residential buildings is \$100,000; contents coverage is also available to renters. Commercial structures can be insured to a limit of \$500,000 for the building and \$500,000 for the contents. Review your coverage limits to be sure your building, its contents, and any improvements made to your home are adequately insured.
- 7. The 100-year flood standard – what it really means.** The government definition of a floodplain, or high-risk flood zone, is an area with at least a 1-in-100 or 1-percent chance of flooding in any given year. These 1-percent-annual-chance flood events are often called “100-year floods,” but that term can be misleading. The 100-year flood benchmark is a *minimum standard* used for

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insurance purposes. While major flood events are not common, they happen, have happened recently, and will happen again.

8. Levee protection comes with risks. Levees, dams, and other flood control structures are designed to protect against a certain level of flooding. In more serious flood events, levees can fail or be overtopped. As levees age, their level of protection can change. When levees are overtopped or fail, the flooding that follows can be catastrophic. Because of these unique risks, if you live near a levee or dam or in an area reliant on other flood control structures, purchasing flood insurance is highly recommended.

9. Filing your claim – what to expect. After a flood event, call your agent or insurance company and ask when to expect an adjuster at your home. Be sure to call your insurance company again if an adjuster hasn't been assigned within several days of the flooding. Before the adjuster arrives, separate damaged and undamaged items, take photos, make a list of damaged or lost items, and copy the damage estimates prepared by a contractor to give to the adjuster. Once a detailed Proof of Loss statement has been prepared and agreed upon, your claim can be submitted.

10. Stay insured. You can purchase flood insurance at any time. However, there is usually a 30-day waiting period before the policy becomes effective. If you already have a flood insurance policy, remember that your policy needs to be renewed each year.

For more information or for help in finding an agent, please visit the NFIP website, <http://www.FloodSmart.gov>.