

# Flood Insurance 101

## Talking Points for Community Officials

### Know Your Flood Risk to Understand Your Flood Insurance Needs

- Floods can happen anywhere, at any time. Residents who live in and outside of a mapped high-risk area should know their risk and consider flood insurance protection.
- It is important to know that if you have a mortgage from a federally regulated or insured lender on a home located in a high-risk area, Federal law requires you to purchase flood insurance. Also, if you have received a Federal grant or loan for previous flood losses, you may be required to purchase a flood policy to qualify for future aid.
- Even if you live outside the high-risk area and are not required by law to purchase flood insurance, you are still at risk for flooding and should consider flood insurance. Flooding typically is not covered by homeowners insurance.

### A Flood Insurance Policy Is the Best Option to Protect Your Financial Investment in Your Home

- As long as your community participates in the National Flood Insurance Program (NFIP), you are eligible to purchase flood insurance. Flood insurance is sold through approximately 85 private insurance companies and their agents, and it is backed by the Federal Government. Unlike most standard homeowners insurance policies, flood insurance covers losses to your property caused by flooding.
- When you purchase a flood insurance policy, there typically is a 30-day waiting period for coverage to become effective. Don't wait until a storm threatens your property. It could be too late!
- The maximum amount of NFIP flood insurance coverage available for residential (non-commercial) buildings is \$250,000, and up to \$100,000 is available for contents coverage. Contents coverage is not automatically included in a standard flood policy and must be requested. For businesses, flood insurance coverage of up to \$500,000 is available for your building, and up to \$500,000 is available if you purchase contents coverage. Policies are available in three forms: Dwelling (homes and individual condominium units), General Property (other residential buildings such as apartments, and other types of residential businesses) and the Residential Condominium Building Association Policy Form (residential condominium buildings). Renters are also eligible to purchase a flood insurance policy for their contents.

### Premiums Are Set by the NFIP and Do Not Differ Among Insurance Companies

- The average premium for a yearly flood insurance policy is about \$700. You can financially secure your home or business at a cost equivalent to a year's cable television subscription.
- Properties located in moderate- to low-risk flood areas might qualify for a lower-cost Preferred Risk Policy, which includes both building and contents coverage.





## **The NFIP Provides Federally Backed Flood Insurance in Exchange for Local Enforcement of Sound Floodplain Management**

- More than 22,000 communities throughout the United States and its territories voluntarily participate in the NFIP, representing about 95 percent of all properties in the nation's high-risk areas.
- Sound floodplain management planning and regulations save taxpayers an estimated \$1.1 billion each year in prevented flood damages. Also, buildings constructed to NFIP criteria experience 80 percent less damage than buildings non-compliant to such standards.
- 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.

## **The Following Are Covered under Building Property Coverage\***

- The insured building and its foundation
- The electrical and plumbing systems
- Central air-conditioning equipment, furnaces, and water heaters
- Refrigerators, cooking stoves, and built-in appliances such as dishwashers
- Permanently installed carpeting over an unfinished floor
- Permanently installed paneling, wallboard, bookcases, and cabinets
- Window blinds
- Detached garages (up to 10 percent of building property coverage); detached buildings (other than garages) require a separate building property policy
- Debris removal

## **The Following Are Covered under Personal Property (Contents Coverage)\***

- Personal belongings such as clothing, furniture, and electronic equipment
- Curtains
- Portable and window air-conditioners
- Portable microwave ovens and portable dishwashers
- Carpets not included in building property coverage (see above)
- Clothes washers and dryers (even in a basement)
- Food freezers and the food in them (even in a basement)
- Certain valuable items, such as original artwork and furs (up to \$2,500)



## Building and Personal Property Coverage Does NOT Cover the Following\*

- Damage caused by moisture, mildew, or mold that could have been avoided by the property owner
- Currency, precious metals, and valuable papers such as stock certificates
- Property and belongings outside of a building, such as trees, plants, wells, septic systems, walks, decks, patios, fences, seawalls, hot tubs, and swimming pools
- Living expenses such as temporary housing
- Financial losses caused by business interruption or loss of use of insured property
- Most self-propelled vehicles such as cars, including their parts (see Section IV.5 in your policy)

\*This is a partial list of coverage. Refer to the Standard Flood Insurance Policy (SFIP) for a description and full list of coverage and exclusions.

## For More Information

- The NFIP Summary of Coverage document helps you understand your flood insurance policy. It provides general information about deductibles, what is and is not covered by flood insurance, and how items are valued at the time of loss. You can find this document at [fema.gov/media-library/assets/documents/12179](https://www.fema.gov/media-library/assets/documents/12179).
- The NFIP Flood Insurance Claims Handbook is available to help you navigate the claims process and appeal your claim decision, if necessary. You can find this document at [fema.gov/media-library/assets/documents/6659](https://www.fema.gov/media-library/assets/documents/6659).
- Contact your insurance agent to purchase a policy today.
- Visit [FloodSmart.gov](https://www.floodsmart.gov) or call **1-800-427-2419** to learn how to prepare for floods, about the benefits of flood insurance, and how to purchase a flood insurance policy.