

Flood Insurance Guide

Flooding is the most common natural disaster in the United States. In recent years, flood insurance claims have resulted in billions of dollars in losses annually—though totals vary significantly depending on the severity of each year's storms—and even a single inch of water can cause \$25,000 or more in damage¹.

However, many people do not realize that flood is an excluded peril on all homeowners policies. It is imperative to understand what coverage you have before a disaster strikes.

What is considered a flood?

As defined by the National Flood Insurance Program (NFIP), flood is a general and temporary condition of partial or complete inundation of two or more acres of normally dry land area or of two or more properties (one of which is the policyholder's property) from at least one of the following:

- Overflow of inland or tidal waters.
- Unusual and rapid accumulation or runoff of surface waters from any source.
- Mudflow.
- Collapse or subsidence of land along the shore of a lake or similar body of water as a result of erosion or undermining caused by waves/currents of water exceeding anticipated cyclical levels that result in a flood as defined above.

How do you insure against a flood?

- Most primary flood policies are written through the NFIP by a flood-specific insurance company who participates in this program.
- Some insurance carriers will provide their own flood coverage in the form of an endorsement to a homeowners policy or a separate policy. These policies tend to provide broader coverage than what is offered by an NFIP policy.

What coverage is provided by an NFIP primary flood policy?

- For primary homes, the dwelling coverage is provided at replacement cost. For secondary or seasonal homes, the dwelling coverage factors in depreciation.

¹ Fema.gov

- The value of your personal property at any location factors in depreciation.
- Except for some coverage for mechanical equipment (such as a washer/dryer, hot water heater, air conditioning system), there is no coverage for any personal property in a basement or to repair a finished basement. In high hazard flood areas, these restrictions may also apply to any rooms or enclosures located below the base flood elevation of the property. This level can be found on your elevation certificate.
- There is only coverage for the main home structure. The NFIP policy excludes other permanent structures which include but not limited to fences, retaining walls, docks, bulkheads, hot tubs and swimming pools (and their equipment). The only exception to this is there is a small amount of coverage for detached garages. Any other structures, like a pool house or a guest house would need a separate flood policy for coverage.
- If you are forced to move out of your home due to a flood loss, the NFIP policy will not provide coverage for additional living expenses incurred while the home is being repaired.

What can I do to expand my coverage?

- An excess flood policy can often be written to increase the dwelling and contents limits found on the primary flood policy.
- Some insurance carriers offer a Difference in Conditions endorsement, which can be added to a homeowners policy and expands the definition of flood to include more occurrences, provides replacement cost coverage for your contents, and offers various other enhancements. In most cases, it will also provide coverage for a finished basement and contents in the basement.

It is important to always obey evacuation orders and keep us informed of your plans. Should a loss occur, we will respond rapidly and remain personally involved throughout the claims process. Please call us at [\(800\) 221-5830](tel:800-221-5830) and our 24/7 Claims team will guide you through next steps in the event of a loss.