

FLOOD INSURANCE COVERAGE FAQs

Doesn't my homeowners insurance policy cover flooding?

No. Flood damage is not covered by your homeowners insurance policy.

If my home is flooded, won't federal disaster assistance pay for my damages?

No. Federal disaster assistance offers loans to help cover flood damage, not compensation for your losses. Even then, those loans are only available if the President formally declares a disaster ... and less than 10 percent of all weather emergencies in the United States are declared.

Am I eligible for flood insurance?

You must live in a community that participates in the National Flood Insurance Program (NFIP) to qualify for National Flood Insurance. Find out if your community participates in the NFIP and the kinds of NFIP resources available in your community.

Can I get flood insurance if I'm renting a property?

If you live in a community that participates in the NFIP, you can get flood insurance to cover the contents of your home or business.

I live in a low-risk flood zone. Do I really need flood insurance?

It's a good idea to buy flood insurance even if you live in a low- or moderate-risk area. Almost 25 percent of all flood insurance claims come from areas with minimal flood risk. You may qualify for the Preferred Risk Policy (a lower-cost flood insurance policy) that provides contents coverage for as little as \$39 per year and building plus contents coverage for just over \$121 a year.

Why do I need flood insurance, even though my community has never been flooded?

The fact that a flood hasn't occurred within recorded history doesn't mean one hasn't happened in the past or that one won't happen soon. Structures located in high-risk flood areas have a significant chance (26 percent) of suffering flood damage during the term of a 30-year mortgage while only a 9 percent chance of loss from fires. A home mapped in a high-risk area is three times more likely to suffer damage from a flood than a fire in the lifetime of a typical mortgage! For these reasons, flood insurance is required as a condition of receiving Federal or federally-backed financial assistance.

Why does my mortgage lender require me to buy flood insurance?

The purchase of flood insurance is mandatory for all Federal or federally-backed financial assistance for the acquisition and/or construction of buildings in high-risk flood areas (Special Flood Hazard Areas or SFHAs). Flood insurance must be maintained during the term of the loan and is required for the lesser of the maximum amount of available NFIP coverage or the outstanding principal balance of the loan (less the land value). If the property is not in a high-risk area, but instead in a low- to moderate-risk area, the law does not require flood insurance; however, it is recommended since historically about one-in-four flood claims come from these low- to moderate-risk areas. Note that if during the life of the loan the maps are revised and the property is now in the high-risk area, your lender will notify you that you must purchase flood

insurance. If you do not purchase flood insurance, the lender will force place it, which could be at a much higher rate.

Is there a low-cost policy for homes in low-to moderate-risk areas?

Yes. The Preferred Risk Policy is available in low- to moderate-risk areas for as little as \$121 per year.

I'm not in a high-risk area, but I'd like complete flood coverage. Is this possible?

Yes! You are eligible to purchase a flood policy with the same coverage you would receive if you lived in a high-risk area. That is of course, as long as your community participates in the NFIP. And, you may qualify for the Preferred Risk Policy (a low-cost flood insurance policy) that provides contents coverage for as little as \$39 per year and building and contents coverage for as little as \$121 per year.

After my home was damaged in a flood, I received federal disaster assistance. Do I need to purchase flood insurance now?

Yes. If you live in a high-risk area and have received disaster assistance from the Small Business Administration (SBA) after a flood, you are required to purchase and maintain flood insurance coverage until the loan on your property is paid off. If you don't get flood insurance and another flood damages your property, you will be denied federal disaster assistance. If you sell the property, you are required to notify the buyer of the need to purchase and maintain flood insurance.

Who do I contact if I want to purchase a flood insurance policy?

The National Flood Insurance Program has an arrangement with private insurance companies to sell and service flood insurance policies. A list of private insurance companies that sell and service NFIP flood insurance policies is available to you. You may also contact your insurance agent or company to find out more about Federal flood insurance or find an agent serving your area.

What if I want to purchase more insurance than the NFIP offers?

Many private insurance companies offer Excess Flood Protection, which provides higher limits of coverage than the NFIP, in the event of catastrophic loss by flooding. For more information, contact your insurance agent or company or find an agent serving your area on FloodSmart.gov.