

Understanding Your Flood Insurance Policy



NATIONAL FLOOD
INSURANCE PROGRAM

A FLOOD INSURANCE POLICY IS THE BEST OPTION TO FINANCIALLY PROTECT YOUR HOME FROM FLOOD DAMAGE.

- Flash floods, inland flooding and seasonal storms bring flooding to every region of the country. A flood insurance policy from the National Flood Insurance Program (NFIP) covers damage from these events. The NFIP also covers flood damage caused by storm surge.
- 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 (homes and individual condominium units), General Property (other residential buildings (apartments, etc.) and businesses) and the Residential Condominium Building Association Policy Form (residential condominium buildings). Renters are also eligible to purchase a flood insurance policy.

PREMIUMS ARE SET BY THE NATIONAL FLOOD INSURANCE PROGRAM AND DO NOT DIFFER AMONG INSURANCE COMPANIES.

- The average premium for a yearly flood insurance policy is less than \$570. You can financially secure your home or business at a cost equivalent to a year's cable television subscription.
- If you live outside of the high-risk areas or Special Flood Hazard Area and are eligible for the lower cost Preferred Risk Policy, your flood insurance premium may be as low as \$129 a year, including coverage for your contents.
- One catastrophic event does not dramatically change the overall cost of flood insurance.

THE FOLLOWING ARE COVERED UNDER "BUILDING COVERAGE":

- Structural damage
- Foundation elements
- Cleanup after a flood
- Sump pumps
- Well water tanks and pumps, cisterns and the water in them
- Oil tanks and the oil in them, natural gas tanks and the gas in them
- Pumps and/or tanks used in conjunction with solar energy
- Furnaces, hot water heaters, air conditioners and heat pumps
- Electrical junction and circuit breaker boxes and required utility connections
- Stairways, staircases, elevators and dumbwaiters
- Unpainted drywalls and ceilings, including fiberglass insulation



Homeowner

As a homeowner, it's important to insure your home and its contents. Depending on your property location, your home is either considered at high-risk or at moderate-to-low risk for a flood. Your insurance premium will vary accordingly.

Moderate-to-Low Risk

Most homeowners in a moderate-to-low risk area are eligible for coverage at a preferred rate. Preferred Risk Policy premiums are the lowest premiums available through the NFIP, offering building and contents coverage for one low price. In fact, building and contents coverage starts at just \$129 per year.

If you don't qualify for a Preferred Risk Policy, a standard rated policy is still available. Even though flood insurance isn't federally required, anyone can be financially vulnerable to floods. People outside of high-risk areas file over 20% of NFIP claims and receive one-third of disaster assistance for flooding. When it's available, disaster assistance is typically a loan you must repay with interest.

High-Risk

If you live in a high-risk area, a standard rated policy is the only option for you. It offers *separate* building and contents coverage.

The Dwelling Form provides insurance for buildings with one to four units, including single-family condominium units and townhouses. The General Property Form provides insurance for other- residential and commercial buildings. Both forms provide flood insurance on contents, if you have purchased this optional coverage.

Flood insurance premiums are calculated based on factors such as:

- Year of building construction
- Building occupancy
- Number of floors
- The location of its contents
- Its flood risk (i.e. its flood zone)
- The location of the lowest floor in relation to the elevation requirement on the flood map (in newer buildings only)
- The deductible you choose and the amount of building and contents coverage

If your home is in a high-risk flood area and you have obtained a mortgage through a federally regulated or insured lender, you are required to purchase a flood insurance policy.

Insurance for a [Renter](#) >>

Learn your risk, estimate your premium and find an agent, by taking Your Risk Profile.

Renter

If you are a tenant, it is wise to insure your contents. The policy premium is based on several factors including the flood risk of the building that you occupy.

Moderate-to-Low Risk

Most renters in moderate-to-low risk areas are eligible for coverage at a preferred rate. Preferred Risk Policy premiums are the lowest premiums available through the NFIP, offering building and contents coverage for one low price. In fact, residential premiums start as low as \$49 per year for Contents Only coverage.

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Insurance for a [Condo Owner/Renter](#) >>

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Educate Yourself

After getting flood insurance, there are several things you can do to minimize losses in your home and ensure your family's safety.

1. Safeguard your possessions.

Create a personal flood file containing information about all your possessions and keep it in a secure place, such as a safe deposit box or waterproof container. This file should have:

- A copy of your insurance policies with your agents contact information.
- **A household inventory:** For insurance purposes, be sure to keep a written and visual (i.e., videotaped or photographed) record of all major household items and valuables, even those stored in basements, attics or garages. Create files that include serial numbers and store receipts for major appliances and electronics. Have jewelry and artwork appraised. These documents are critically important when filing insurance claims. For more information visit www.knowyourstuff.org.
- Copies of all other critical documents, including finance records or receipts of major purchases.

2. Prepare your house.

- First make sure your sump pump is working and then install a battery-operated backup, in case of a power failure. Installing a water alarm will also let you know if water is accumulating in your basement.
- Clear debris from gutters and downspouts.
- Anchor any fuel tanks.
- **Raise your electrical components** (switches, sockets, circuit breakers, and wiring) at least 12 inches above your home's projected flood elevation.
- Place the furnace, water heater, washer, and dryer on cement blocks at least 12 inches above the projected flood elevation.
- Move furniture, valuables, and important documents to a safe place.

3. Develop a family emergency plan.

- Create a safety kit with drinking water, canned food, first aid, blankets, a radio, and a flashlight.
- Post emergency telephone numbers by the phone and teach your children how to dial 911.
- Plan and practice a flood evacuation route with your family. Know safe routes from home, work, and school that are on higher ground.
- Ask an out-of-state relative or friend to be your emergency family contact.
- Have a plan to protect your pets.

For more information on emergency preparation, talk to your insurance agent or visit Ready.gov.

Stay Safe [During a Flood](#) >>

Learn your risk, and find an agent, by taking Your Risk Profile.

Building Versus Contents Coverage

Flood insurance protects two types of insurable property: building and contents. The first covers your building, the latter covers your possessions; neither covers the land they occupy.

Building coverage includes:

- The insured building and its foundation
- The electrical and plumbing system
- Central air conditioning equipment, furnaces, and water heaters
- Refrigerators, cooking stoves, and built-in appliances such as dishwashers
- Permanently installed carpeting over unfinished flooring

Contents coverage includes:

- Clothing, furniture, and electronic equipment
- Curtains
- Portable and window air conditioners
- Portable microwaves and dishwashers
- Carpeting that is not already included in property coverage
- Clothing washers and dryers

The two most common reimbursement methods for flood claims are : Replacement Cost Value (RCV) and Actual Cash Value (ACV). The RCV is the cost to replace damaged property. It is reimbursable to owners of single-family, primary residences insured to within 80% of the buildings replacement cost.

All other buildings and personal property (i.e. contents) are valued at ACV. The ACV is the RCV at the time of loss minus physical depreciation. Personal property is always valued using the ACV.

Use the [Summary of Coverage](#) (PDF 108K) for more details on what's covered.



Note: Adobe Reader is required to download PDF documents. [Download the Free Adobe Reader.](#)

Learn [When Insurance is Required](#) >>

Learn your risk, and find an agent, by taking [Your Risk Profile](#).

Install Sewer Backflow Valves



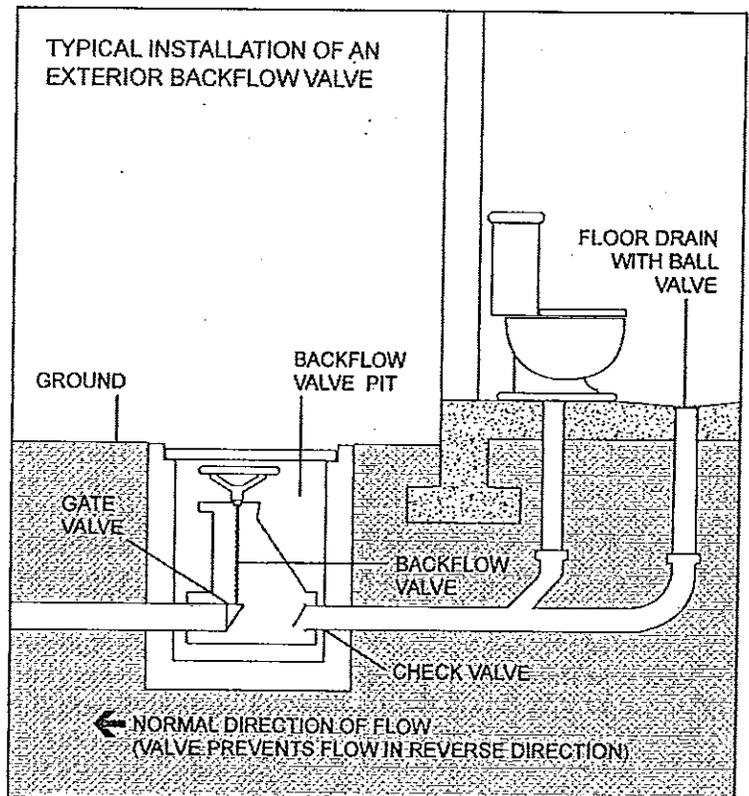
FEMA

PROTECTING YOUR PROPERTY FROM FLOODING

In some floodprone areas, flooding can cause sewage from sanitary sewer lines to back up through drain pipes. These backups not only cause damage that is difficult to repair but also create health hazards.

A good way to protect your property from sewage backups is to install backflow valves, which are designed to block drain pipes temporarily and prevent return flow. Backflow valves are available in a variety of designs that range from the simple to the complex. The figure shows a gate valve, one of the more complex designs. It provides a strong seal, but must be operated by hand. The effectiveness of a gate valve will depend on how much warning you have of impending flooding.

Among the simpler valves are flap or check valves, which open to allow flow out of the structure but close when the flow reverses. These check valves operate automatically but do not provide as strong a seal as a gate valve.



BENEFITS OF UTILIZING THIS MITIGATION STRATEGY

- Helps to prevent damage to a structure
- Helps to protect the health and safety of the structure's occupants

TIPS

Keep these points in mind if you have backflow valves installed:

- ✓ Changes to the plumbing in your property must be done by a licensed plumber or contractor, who will ensure that the work is done correctly and according to all applicable codes. This is important for your safety.
- ✓ Some valves incorporate the advantages of both flap and gate valves into a single design. Your plumber or contractor can advise you on the relative advantages and disadvantages of the various types of backflow valves.
- ✓ Valves should be installed on all pipes that leave the structure or that are connected to equipment that is below the potential flood level. Therefore, valves may be needed on washing machine drain lines, laundry sinks, fuel oil lines, rain downspouts, and sump pumps, as well as sewer/septic connections.

- ✓ If you have a sump pump, it may be connected to underground drain lines, which may be difficult to seal off.

ESTIMATED COST

Having a plumber or contractor install one backflow valve will cost approximately \$1,400 for a combined gate/flap valve or about \$600 for a flap valve. These figures include the cost of excavation and backfilling.

OTHER SOURCES OF INFORMATION

FEMA 348, *Protecting Building Utilities from Flood Damage*, November 1999,
<http://www.fema.gov/library/viewRecord.do?id=1750>.

FEMA 499, *Home Builder's Guide to Coastal Construction*, Technical Fact Sheet No. 29, August 2005,
<http://www.fema.gov/library/viewRecord.do?id=1570>.

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Raise Electrical System Components

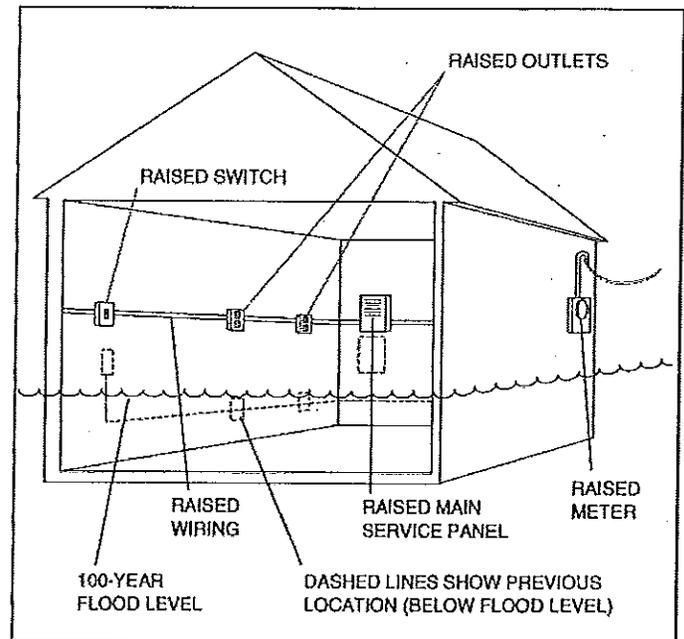


FEMA

PROTECTING YOUR PROPERTY FROM FLOODING

Electrical system components, including service panels (fuse and circuit breaker boxes), meters, switches, and outlets, are easily damaged by flood water. If they are inundated for even short periods, they will probably have to be replaced. Another serious problem is the potential for fires caused by short circuits in flooded systems. Raising electrical system components helps you avoid those problems. Also, having an undamaged, operating electrical system after a flood will help you clean up, make repairs, and return to your property with fewer delays.

As shown in the figure, all components of the electrical system, including the wiring, should be raised at least 1 foot above the 100-year flood level. In an existing structure this work will require the removal of some interior wall sheathing (drywall, for example). If you are repairing a flood-damaged structure or building a new structure, elevating the electrical system will be easier.



Any electrical system components that are the minimum necessary to meet safety requirements can be below the flood level if energized from a distribution panel located above the flood level and supplied by branch circuits originating from ground-fault circuit-interrupter breakers.

BENEFITS OF UTILIZING THIS MITIGATION STRATEGY

- Helps to prevent damage to electrical system components, resulting in faster cleanup and repairs
- Helps to prevent fires

TIPS

Keep these points in mind when you have your electrical system components raised:

- ✓ Electrical system modifications must be done by a licensed contractor who will ensure that the work is done correctly and according to all applicable codes. This is important for your safety.
- ✓ Your contractor should check with the local power company about the maximum height to which the electric meter can be raised.
- ✓ If your property is equipped with an old-style fuse box or low-amperage service, you may want to consider upgrading to a modern circuit breaker system and higher-amperage service, especially if you have large appliances or other electrical equipment that draws a lot of power.

ESTIMATED COST

Raising the electrical service panel, meter, and all of the outlets, switches, and wiring in a 1,000-square-foot, single-floor structure will cost about \$1,500 to \$2,000. If this work is performed during the repair of a damaged structure or construction of a new structure, the cost may be much lower.

OTHER SOURCES OF INFORMATION

FEMA 348, *Protecting Building Utilities from Flood Damage*, Chapter 3, November 1999, <http://www.fema.gov/library/viewRecord.do?id=1750>.

FEMA P-499, *Home Builder's Guide to Coastal Construction*, "Protecting Utilities," Technical Fact Sheet No.8.3, December 2010, <http://www.fema.gov/library/viewRecord.do?id=2138>.

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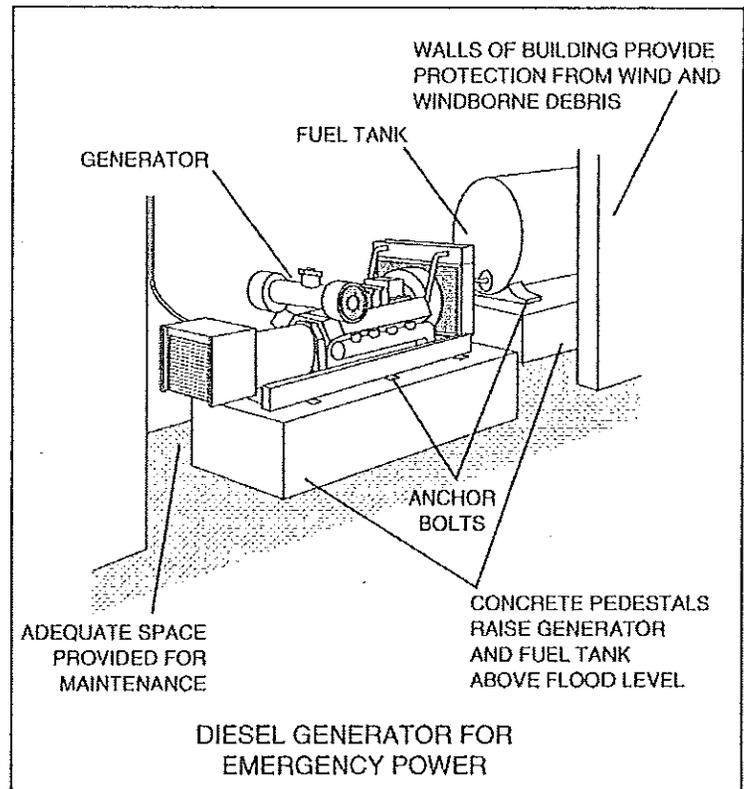
Install a Generator for Emergency Power



PROTECTING YOUR PROPERTY FROM NATURAL HAZARDS

Power outages are commonplace during disasters, and they may last for several days. As a result, even businesses that are not severely damaged can suffer losses because of the interruption of normal operations or the loss of perishable stock. You can reduce these losses and speed the recovery process by installing an emergency generator. First, determine which systems and equipment are essential to the continued operation of your business. They may include one or more of the following:

- Heating, ventilation, and air conditioning (HVAC) systems
- Industrial equipment and major appliances, such as refrigerators and freezers
- Lights (interior and exterior), computers, and other office equipment
- Pumps, including sump pumps, sprinkler system pumps, and well water pumps
- Alarm systems



Once you have identified the essential systems and equipment, determine how much power they require. Then check with a generator sales representative regarding the appropriate size and type of generator. The sales representative can also help you select other components of the emergency power system, including the main transfer switch and the electrical panel.

BENEFITS OF USING GENERATORS

- Helps to prevent the interruption of normal business operations
- Helps to prevent the loss of perishable stock
- Helps to speed the recovery process

TIPS

Keep these points in mind when you select and install a generator:

- ✓ Protect your generator and its fuel tank from flooding and high winds. In flood hazard areas, mount the generator and tank securely on concrete platforms, above the expected flood level. Install the generator and tank inside or next to a building or protective structure to shield them from wind and windborne debris.

Electrical and fuel supply lines must also be protected. And remember that your generator must be accessible for maintenance and that exhaust gases must be routed to the outside if the generator is installed in an enclosed area.

- ✓ The installation of the generator and all wiring, switches, and other electrical components must meet the requirements of your local electrical codes.
- ✓ Some systems and equipment may have to operate continuously (refrigerators for example), while others may be needed only during normal business hours (such as office equipment).
- ✓ You will need more power to restart systems and equipment when the power fails than to continue operating them after startup. The generator you choose must be able to meet both of these needs. (You can minimize the power requirements for startup by starting individual systems and equipment in sequence rather than all at once.)
- ✓ Before you buy a generator, ask your utility company and local building departments if it has regulations that govern the use of emergency power equipment. Specifically check the requirements for the use of automatic or manual transfer switches or mechanical disconnecting means to ensure the safety of power company personnel working to restore power.
- ✓ Be sure to maintain an adequate supply of fuel. Your sales representative should be able to tell you the generator's rate of fuel consumption at various power output levels.
- ✓ Follow the manufacturer's installation instructions and the manufacturer's recommendations for routine maintenance of your generator.
- ✓ **CAUTION** – Improperly installed generators can accidentally energized electricity onto power company lines and cause severe injuries or death to linemen working to restore power. Generators should be installed by qualified individuals and in accordance with power company regulations, local and national building and electric codes to ensure the safety of power company personnel.

ESTIMATED COST

The cost of a generator will depend on the types and amount of equipment and systems that need to be powered, the requirements of local codes and utility companies, and the type of generator you choose and its specifications (i.e., amperage, voltage).

OTHER SOURCES OF INFORMATION

FEMA 141, *Emergency Management Guide for Business and Industry*, October 1993,
<http://www.fema.gov/library/viewRecord.do?id=1689>.

FEMA 259, *Engineering Principles and Practices of Retrofitting Floodprone Structures*, January 1995,
<http://www.fema.gov/library/viewRecord.do?id=1645>. (New FEMA 259 will be available in Fall 2011).

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