

The Importance of Flood Insurance

DID YOU KNOW?

- Flooding is the #1 natural disaster in the U.S.
- Floods and flash floods happen in all 50 states
- You are eligible to purchase flood insurance as long as your community participates in the NFIP
- Everyone lives in a flood zone –
 - Overflow of water
 - Unusual and rapid accumulation of runoff of surface waters from ANY source
 - Mudflow – A river of liquid and flowing mud on the surfaces of normally dry land areas, as when earth is carried by a current of water.

Structures located in SFHAs (Special Flood Hazard Area) are more likely to experience a flood than catch fire over the course of a 30-year mortgage.

	Flood	Fire
30-year mortgage	26 %	4%

100-year Flood – Contrary to what the term suggests, a "100-year flood" is not a flood that occurs only once every 100 years. A "100-year flood" can occur multiple times in a century. 100-year flood, is a flooding event that has a 1 percent (1 in 100) chance of occurring in any given year at any given location.

Insured Value	RESIDENTIAL		
		Post-FIRM Rates	Pre-FIRM Rates
\$150,000	Below the BFE		
	-3'	\$4,980	\$1,106
	-2'	\$4,386	\$1,106
	-1'	\$3,936	\$1,106
	0' @ BFE	\$1,113	\$1,106
	Above the BFE		
	+1'	\$573	\$1,106
	+2'	\$369	\$1,106
	+3'	\$279	\$1,106

Post-FIRM Building – a building for which construction or substantial improvement occurred after December 31, 1974, or after the effective date of an initial Flood Insurance Rate Map (FIRM), whichever is later.

Pre-FIRM Building – a building for which construction or substantial improvement occurred on or before December 31, 1974, or before the effective date of an initial Flood Insurance Rate Map (FIRM).

Doesn't my homeowners policy cover floods?

- NO. Most major insurance companies (including Travelers) do not offer flood protection as part of their homeowners coverage. Catastrophic risks created by floods are just too costly and would raise homeowners premiums too high. The NFIP is the only way for homeowners to address the risk of flood.

Can't I just hold out for federal disaster assistance?

- Federal disaster assistance is declared in less than half of all flooding incidents. Besides, the annual premium for a NFIP policy is less expensive than the interest on most federal disaster loans. It is advised to get insured before the loss. Even if a federal grant or loan is awarded to you after a major flood, you may be required to use part of the proceeds to purchase a NFIP policy. Less than 50% of all flooding incidents are declared federal disaster areas. The \$400 average annual flood insurance premium is much less costly than is interest on a federal disaster loan. Furthermore, recipients of federal disaster loans or grants must purchase flood insurance to receive disaster relief in the future.

Aren't the National Flood Insurance Program (NFIP) limits too low to matter?

- Not anymore. The 1994 improvements to the National Flood Insurance Program bumped up the limits on single family residences to \$250,000 for the structure and \$100,000 for the structure's contents. Even commercial structures can be insured to a limit of \$500,000 for the building and \$500,000 for contents. Replacement cost coverage is available for structures on a limited basis for single-family dwellings that are primary residences.

Can't I just wait until there's a potential flood before buying Flood Insurance?

- Under most circumstances you've got to wait 30 days from the time the premium and application are received to be covered. So you can buy the coverage when it starts raining, but it won't protect you until 30 days later.

Reference: <http://www.fema.gov/national-flood-insurance-program>
<https://www.travelers.com/personal-insurance>