



# FLOOD INSURANCE

## *A Quick Primer*

These are facts everyone needs to know regarding federally-provided flood insurance and the risk of flooding:

### **1. Everyone lives in a flood zone, some are just higher risk than others.**

- You don't need to live near water to be flooded.
- Floods are caused by localized storms, hurricanes, and water backup due to inadequate or overloaded drainage systems, dam or levee failure, etc.

### **2. Flood damage is not covered by most homeowners' policies.**

- You can protect your home, business, and belongings with flood insurance from the National Flood Insurance Program (NFIP), a program backed by the federal government.
- You can insure your home with flood insurance for up to \$250,000 for the building and \$100,000 for its contents.

### **3. Contents coverage is separate, so renters can insure their belongings too.**

- Up to \$100,000 contents coverage is available for homeowners and renters.
- Whether you rent or own your home or business, make sure to ask your insurance agent about contents coverage. It is not automatically included with the building coverage (except under the Preferred Risk Policy).

### **4. You can buy flood insurance no matter what your flood risk is.**

- It doesn't matter whether your flood risk is high or low. You can buy flood insurance as long as your community participates in the National Flood Insurance Program, which Volusia County does.
- And, it's a good idea to buy even in low- and moderate-risk areas: between 20 and 25 percent of all flood insurance claims come from these areas.

### **5. The low-cost Preferred Risk Policy is cost-effective for homes and businesses in low- to moderate-risk areas.**

- Homeowners can insure buildings and contents for as little as \$112 per year.
- Business owners can insure building and contents for as little as \$500 per year.
- Residential renters can insure contents for as little as \$39 per year.

### **6. Flood insurance is affordable, even in high-risk areas.**

- The average flood insurance policy costs around \$4601 a year in Volusia County for an average \$205,000 in building and contents coverage.
- In comparison, a \$50,000 disaster home loan to repair damages after a flood can cost you about \$240 a month at 4 percent interest over 20 years.

### **7. Flood insurance is easy to get.**

- You can buy NFIP flood insurance from private insurance companies who sell the NFIP flood insurance and their agents. There are many agents in Volusia County that sell flood insurance. You can locate an agent in your area by checking with your own insurance agent, on the website: [www.Floodsmart.gov](http://www.Floodsmart.gov) or by looking through the phone book.
- You may be able to pay your annual flood insurance premium with a credit card, check or cash. Or the lender may include it in your escrow.

### **8. There is usually a 30-day waiting period before the coverage goes into effect.**

- Plan ahead so you're not caught without flood insurance when a flood threatens your home or business.

### **9. Federal disaster assistance is not the answer.**

- Federal disaster assistance is only available if the President declares a disaster, and usually it is in the form of a loan, which must be repaid along with any existing mortgage.



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- Flood insurance pays even if a disaster is not declared. This means you'll be reimbursed for all your covered losses by insurance. And unlike Federal aid, it never has to be repaid.

### **10. Elevating a building higher = Greater Savings**

- The higher up a property owner raises their structure above the base flood elevation in high risk areas (to a certain limit), the lower their insurance premiums will be. A property owner could save as much as 50% in premium payments by going 2-3 feet above the Base Flood Elevation (BFE).

### **11. Grandfathering offers savings.**

- When a new flood hazard map moves a structure from a low- or moderate-risk zone to a high-risk zone, flood insurance will be required for mortgages held by federally-regulated lenders. Consequently, flood insurance costs may rise to reflect the true (high) risk.
- The NFIP has “grandfathering” rules to recognize policyholders who have built in compliance with the flood map in effect at the time of construction or who maintain continuous coverage. Therefore, property owners can possibly pay a lower premium by purchasing a policy before the new maps take effect.
- If there is no loan in place, the property owner should still seriously consider protecting their investment by purchasing flood insurance. FEMA statistics show that there is a 26% chance of a building flooding versus only a 9% chance for a fire over a 30-year period.

### **Resources for Flood Insurance**

#### **-NFIP FloodSmart Website (Homeowners, Business Owners)**

[www.floodsmart.gov](http://www.floodsmart.gov)

*Risk Calculator on this website uses the current effective maps, not the new preliminary maps, and may not show the correct risk for your property.*

#### **-NFIP FloodSmart Website for Insurance Agents**

[www.agents.floodsmart.gov](http://www.agents.floodsmart.gov)

#### **-NFIP Technical Website (Lenders, Surveyors, Local Officials)**

[www.fema/business/nfip/](http://www.fema/business/nfip/)