



## A Homeowners Guide to Understanding Flood Insurance

1. **What causes floods?** Many conditions can result in a flood: hurricanes, over-topped levees, clogged drainage systems, rapid accumulation of rainfall, snowmelt, and more. Streams, rivers, lakes, and oceans can all cause flooding.
2. **How can I obtain flood insurance?** Flood insurance is available from the National Flood Insurance Program (NFIP) and is sold through insurance agents like Gowrie Group. There is a 30-day waiting period in most cases.
3. **When is flood insurance required?** If a home is in a high risk flood zone (Zone A or V), lenders must, by law, require clients to buy flood insurance as a condition of the loan (mortgage).
4. **Should I buy flood insurance even if I do not have a mortgage or my home is not in a high risk zone?** In many cases, it is advisable to carry flood insurance regardless. The chance of a home suffering flood damage is many times more likely than being damaged by fire. One-quarter of all flood losses occur outside of the high risk flood zones. Homeowner's insurance policies do NOT provide any coverage for losses related to floods.
5. **What does the NFIP policy cover?** NFIP flood insurance policies cover physical damage to homes and possessions. The maximum coverage for buildings is \$250,000; the maximum for contents is \$100,000.
6. **What is NOT covered by a NFIP flood policy?** There are many exclusions including property and belongings outside of the building - landscaping, wells, septic systems, walks, decks, patios, fences, seawalls, hot tubs, pools, currency, precious metals, valuable papers, basement contents, cars, and more. Flood policies also do not cover loss of use.
7. **If my home is worth \$1+ million dollars, is the maximum \$250,000 in coverage from NFIP enough?** In many cases this may not be enough coverage. Excess Flood Insurance, which is available through many standard insurance carriers, should be considered.
8. **Factors to consider when BUYING a flood-prone property?**
  - **Flood Zone:** Find out the flood zone (A, E, X, etc.) This information is found on a Flood Zone Determination or an Elevation Certificate. The real estate agent may know the zone; however it is advisable to see it in print. Insurance agents and lenders can obtain official Flood Zone Determinations.
  - **Elevation Certificate:** Ask for a copy of a current Elevation Certificate. If not available, an Elevation Certificate can be obtained using a licensed surveyor.
  - **Flood Insurance Rates & Grandfathering:** Find out if the seller of the property has flood insurance coverage on the home already. If this home has a grandfathered (subsidized) rate, that policy and rate can typically be assigned to the buyer at the time of closing or before (not AFTER).
9. **Factors to consider when OWNING a flood-prone property?**
  - **Flood Insurance:** If you already carry flood insurance, and the home was built before the community's first flood map, then the property is likely to have a grandfathered rate. This is called pre-FIRM. It is critical not to let this policy lapse, or the grandfathered (subsidized rate) will be lost forever.
  - **Elevation Certificate:** If the property is low-lying or in a flood hazard area, consider getting an Elevation Certificate to determine the elevation of the first floor and mechanicals compared to the Base Flood Elevation (BFE).
  - **Risk Prevention:** If the first floor or mechanicals are negatively elevated, it maybe we worth considering risk mitigation measures such as raising the mechanical or elevating the house. Being elevated 3+ feet above BFE can reduce flood and home insurance premiums substantially.