



## Gowrie Group – Key Flood Insurance Points for Financial Advisors

1. **How can my clients 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.
2. **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).
3. **Should my clients buy flood insurance even if they do not have a mortgage or if they are 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.
4. **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.
5. **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.
6. **If my client has a 3 million dollar coastal home, 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.
7. **What should I advise my clients to find out if they are considering BUYING a coastal property?**
  - **Flood Zone:** They need to know the flood zone (A, E, X, etc.) This information is found on a Flood Zone Determination or an Elevation Certificate. The real estate agent *should* know the zone; however it is advisable to see it in print. Insurance agents and lenders can obtain official Flood Zone Determinations.
  - **Elevation Certificate:** They should ask for a copy of a current (within 2 years) Elevation Certificate. If not available, an Elevation Certificate can be obtained using a licensed surveyor.
  - **Flood Insurance Rates & Grandfathering:** If the seller of the property has flood insurance coverage on the home already, and the home has a grandfathered subsidized rate, that policy and rate can typically be assigned to the buyer at the time of closing or before.
8. **What should I advise my clients to do if they already OWN a coastal property?**
  - **Flood Insurance:** If they 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 in a low-lying coastal area, they should consider getting an Elevation Certificate to determine the delta in feet between their first floor and mechanicals to the Base Flood Elevation (BFE).
  - **Risk Prevention:** If their first floor or mechanicals are negatively elevated, it may be 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.

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