

## **Flood Insurance Toolkit**

### **What is the National Flood Insurance Program?**

The National Flood Insurance Program (NFIP) aims to reduce the impact of flooding on private and public structures. It does so by providing affordable insurance to property owners in communities that adopt and enforce floodplain management regulations. These efforts help mitigate the effects of flooding on new and improved structures. Overall, the program reduces the socio-economic impact of disasters in local communities by promoting the purchase and retention of insurance by individuals.

The NFIP is, in theory, is critical to resilience and post-disaster recovery, often serving as the largest provider of recovery funds flowing into a community post-disaster. In major flooding events, it has come close to equaling the amount provide through FEMA's three grant programs Public Assistance, Individual Assistance, and Hazard Mitigation *combined*. That's the basics of insurance: to balance the ability of policy holders to recover from catastrophe while also reducing the impact to insurance providers. In the case of flood insurance, there's two basics to remember:

1. You may or may not be prompted to purchase a flood insurance policy. If you have a mortgage or other loan from a federally-backed lending institution, and your property is in a high hazard flood zone, that bank will require the purchase of flood insurance to cover its risk. If you own your property outright, or are in a lower risk flood zone, it is recommended that you follow suit and make sure cover your investment.
2. The tradeoff is to incentivize, thus reducing your premium. We'll get into those incentives later in this toolkit.

Flooding is, unfortunately, a way of life for most of us. It affects all of us, just some (way) more than others. Because of that, it's important to remember that just because you don't live in a designated high risk flood zone (or special flood hazard area (SFHA)) doesn't mean you can't get flood insurance. In fact, 20% of flood insurance claims come from properties located outside of these high-risk areas. Even if you've never flooded, it's important to at least investigate the cost of flood insurance. It's worth the investment, if you can afford to make it.

### **What's the cost of flooding?**

Here's a (not so) fun fact: 1 inch of water can cause \$25,000 worth of damage to your home.

Flooding can be an emotionally and financially devastating event. Without flood insurance, most residents must pay out of pocket or take out loans to repair and replace damaged items. Many believe that if a flood is significant enough to impact them, FEMA will provide funds to repair all the damages to their property. That isn't always true and the process of receiving individual assistance can take months. With flood insurance, you're able to recover faster and more fully. [Click this link and use the tool on the webpage to see how much flood damage—even from just a few inches of water—could cost you.](#)

Here are some important facts to keep in mind:

- **FACT:** Disaster assistance comes in two forms: a U.S. Small Business Administration loan, which must be paid back with interest, or a FEMA disaster grant, which is about \$5,000 on average per household. By comparison, the average flood insurance claim is nearly \$30,000 and does not have to be repaid.
- **FACT:** Homeowners and renters insurance [does not typically cover](#) flood damage.
- **FACT:** More than 20 percent of flood claims come from properties [outside high-risk flood zones](#).
- **FACT:** Flood insurance can pay regardless of whether or not there is a Presidential Disaster Declaration in place.

It's easy to see that having flood insurance provides [important recovery help](#).

### **Are some folks required to have flood insurance?**

Absolutely.

- **Got a Mortgage?** Homes and businesses in high-risk flood areas with mortgages from federally regulated or insured lenders are required to have flood insurance. This is a requirement of the mortgage – not the NFIP. While flood insurance is not federally required if you live in a moderate- to low-risk flood area, your lender may still require you to have insurance.
- **Received Disaster Assistance?** If you live in a high-risk flood zone and you've received federal disaster assistance in the form of grants from FEMA or low-interest disaster loans from the U.S. Small Business Administration (SBA) following a Presidential Disaster Declaration, you must obtain and maintain flood insurance

### **Tell me about flood zones and flood maps**

Flood zones are land areas identified by the Federal Emergency Management Agency (FEMA). Each flood zone describes that land area in terms of its risk of flooding for floodplain management and insurance purposes. Everyone lives in an area with some flood risk—it's just a question of whether you live in a low-, moderate-, or high-risk area.

Flood maps are used for floodplain management, flood insurance rating, and to determine flood insurance requirements. Flood maps generally show a community's flood zones, floodplain boundaries, and Base Flood Elevation; together they show the risk of flooding.

No matter where you live or work, some risk of flooding exists. To find your community's flood map, visit the [FEMA Flood Map Service Center](#), then type in your address and search. You may view, print and download flood maps, open an interactive flood map (if available), and view all products related to your community.

### **Why do flood maps change?**

Flood hazards change over time. How water flows and drains can change due to new land use and community development or by natural forces such as changing weather, terrain changes, or wildfires. To better reflect the current flood risk conditions, FEMA uses the latest technology to update and issue new flood maps nationwide to aid communities, property owners, businesses, and other stakeholders in taking steps to address flood risks.

Find out if your community has [pending or preliminary map changes underway](#). When your community's flood map is updated to reflect the current risks where you live, requirements for flood insurance coverage and the costs of your policy can also change. Want to receive an alert when your community's flood map changes? [Sign up](#) to receive email notifications when products are updated.

### **What flood map changes mean for you**

If your community is in the process of updating its current flood maps in partnership with FEMA, it's important to [know your flood risk](#) so you can take steps to protect your home or business.

During a map change, your property may experience one of the following flood risk changes:

- **An increase in flood risk.** If you're experiencing an increase in flood risk – moving from the moderate- to low-risk flood area to the high-risk flood area – **flood insurance is required if you have a federally backed mortgage.** Contact your insurance agent to find the lowest cost option for your home. Depending on your situation, you may be eligible for cost-savings. You must have a policy in place within 12 months of the new map effective date to take advantage of this option.
- **A decrease in flood risk.** If you're experiencing a decrease in flood risk – moving from the high-risk flood area to the moderate- to low-risk flood area – **flood insurance is now optional but strongly recommended.** Remember that more than 20% of all flood claims happen in moderate- to low-risk areas. Protect the life you've built with a lower-cost Preferred Risk Policy starting at less than \$325 a year.
- **High-risk changing to a higher-risk.** Flood insurance costs are higher for higher-risk areas. However, there is a way to save money. If you purchase and maintain coverage before the map change takes effect, you'll lock in your current lower-risk zone for future rating.
- **Flood risk stays the same.** If there is no change in your flood risk, talk to your insurance agent to ensure your home and possessions are properly covered. Note that most homeowners insurance policies do not cover damage due to flooding. If you don't have coverage, it's critical that you learn about your flood risk and take steps now to protect yourself.

### **What is a Flood Insurance Rate Map (FIRM), and how do I use it?**

A FIRM is a map created by the NFIP for floodplain management and insurance purposes. Digital versions of these maps are called DFIRMs.

A FIRM will generally show a community's base flood elevations, flood zones and floodplain boundaries. As a property owner/renter, you can use this map to get a reliable indication of what flood zone you're in. However, maps are constantly being updated due to changes in geography, construction and mitigation activities and meteorological events. Therefore, for a truly accurate determination, contact your insurance agent or company or your community floodplain manager. Learn more about FIRMs and your property's unique flood risk using FEMA's [Flood Map Service Center](#).

### **What is a Special Flood Hazard Area (SFHA)?**

Land areas that are at high-risk for flooding are called Special Flood Hazard Areas (SFHAs), or high-risk floodplains. These areas are indicated on Flood Insurance Rate Maps (FIRMs) as Zones A, A1-99, AE, AO, AH, V, and VE.

In high-risk areas, there is at least a 1 in 4 chance of flooding during a 30-year mortgage.

### **How do I buy flood insurance?**

National Flood Insurance Program (NFIP) policies can be purchased through thousands of insurance agents nationwide. The agent who helps you with your homeowners or renters insurance may also be able to help you with purchasing flood insurance. Here is a list of participating [Write Your Own \(WYO\) companies](#).

If your insurance agent does not sell flood insurance, you can contact the NFIP Help Center at [800-427-4661](tel:800-427-4661). NFIP flood insurance policies can only be purchased for properties within communities that participate in the NFIP. Ask your agent if your community participates, or look it up online in the [Community Status Book](#).

### **Is there a 30-day waiting period?**

Typically, there's a 30-day waiting period from date of purchase until your policy goes into effect. Here are the exceptions:

- If a building is newly designated in the high-risk Special Flood Hazard Area (SFHA) and you purchase flood insurance within the 13-month period following a map revision, there is a 1-day waiting period.
- If you purchase flood insurance in connection with making, increasing, extending or renewing your mortgage loan, there is no waiting period.
- If you select additional insurance as an option on your insurance policy renewal bill, there is no waiting period.
- If a property is affected by flooding on burned federal land and the policy is purchased within 60 days of the fire-containment date, there may be no waiting period. Waiving of the waiting period is determined at the time of claim.

## Ask your agent the right questions

Here's a checklist of questions to ask your agent about flood insurance:

- Does my community participate in the National Flood Insurance Program (NFIP)? Flood insurance from the NFIP is only available in participating communities, but most communities do participate. Your agent can tell you if your state and community participate, or you can look it up online in the [Community Status Book](#).
- What flood zone do I live in? What is my property's flood risk?
- How long does it take for my [flood insurance policy to go into effect](#)? It typically takes 30 days from the day you purchase flood insurance for the policy to go into effect. When purchasing a policy, ask your agent when coverage will start.
- Is flood insurance mandatory for my property? Will the lender require it?
- Do I qualify for a lower-cost Preferred Risk Policy (PRP)?
- Does my community participate in the NFIP's [Community Rating System \(CRS\)](#)? If so, does my home qualify for a CRS rating discount?
- What will and won't be covered?
- Will the federal government back my flood insurance policy?
- How much coverage should I get for my building and for my contents?
- How can I reduce the cost of my flood insurance?
- Are there additional expenses or agency fees?
- Will my policy provide Replacement Cost Value or Actual Cash Value — and what's the difference between the two?
- Who should I call if I have a [flood claim](#)?
- How can I [pay for my policy](#)?
- How do I [renew my policy](#)?

### What does Insurance cover?

These lists are not exhaustive but provide quick examples of what items are covered in certain structures. A more comprehensive fact sheet is available following these lists.

Before we get into detailed coverage, one important note: talk to your licensed insurance agent about what is and isn't covered by your policy. Know [what is and is not covered](#). Contents are not covered by a building/structure flood policy. To cover your belongings or contents within a building, you'll need to add contents coverage to your existing building/structure policy.

- The cause of the flooding matters. Damage caused by a sewer backup is only covered by flood insurance if it's a direct result of flooding; the damage is not covered if the backup is caused by some other problem.

- Contents and building coverage are purchased separately (for the Preferred Risk Policy, there's an option for combination coverage for both contents and building coverage), but there are always separate deductibles. Unless you have contents coverage, your flood-damaged contents are not covered.

It may be a good idea to purchase coverage for the building (the structure) and its contents. Each has a deductible. Building coverage only covers the structure, so you should consider getting coverage for the items inside the property too (contents coverage).

### ***Examples of Building Coverage***

- The electrical and plumbing systems
- Furnaces, water heaters, heat pumps and sump pumps
- Refrigerators, cooking stoves and built-in appliances such as dishwashers
- Permanently installed carpeting over an unfinished floor

### ***Examples of Contents Coverage***

- Personal belongings such as clothing, furniture and electronic equipment
- Curtains
- Portable and window air conditioners (easily moved or relocated)
- Portable microwave ovens and portable dishwashers
- Carpets not included in building coverage (carpet installed over wood floors, etc.)

### ***Not Covered for Building or Personal Property***

- Damage caused by moisture, mildew or mold that could have been avoided by the property owner or which are not attributable to the flood
- Damage caused by earth movement, even if the earth movement is caused by flood
- Additional living expenses, such as temporary housing, while the building is being repaired or is unable to be occupied

*A more exhaustive list of items covered and not covered can be found here:*

[https://www.fema.gov/media-library-data/20130726-1620-20490-4648/f\\_679\\_summaryofcoverage\\_11\\_2012.pdf](https://www.fema.gov/media-library-data/20130726-1620-20490-4648/f_679_summaryofcoverage_11_2012.pdf)

## **Deductibles**

As with other insurance plans, a higher deductible will lower the premium you pay but will also reduce your claim payment, meaning you will need to cover the difference out of your own pocket. Sometimes a mortgage lender will set a maximum amount for your deductible.

## **Payment and Incentives**

National Flood Insurance Program (NFIP) flood insurance rates do not differ from company to company or agent to agent. All policy premiums include certain fees and surcharges, so ask your agent about these when discussing a price quote.

The amount you pay for your policy is calculated based on factors such as:

- Year of building construction
- Building occupancy
- Number of floors
- Location of its contents
- Flood risk (e.g., its [flood zone](#))
- Location of the lowest floor in relation to the [Base Flood Elevation](#) on the flood map
- Deductible and amount of building and contents coverage

### **Incentives – How to pay less**

What you pay for flood insurance often has a lot to do with how much flood risk is associated with your building. Mitigation and other factors play a role in protecting properties from flood damage, but sometimes they can also help reduce how much you pay for your flood insurance policy. Simply put, taking actions to reduce your risk can lower your insurance premium.

#### ***1. Relocation***

One of the most effective options is relocating your home on an area of your property that has its natural grade above the base flood elevation. This method may be costly but can reduce or eliminate the need to pay flood insurance entirely. If you are preparing to build a new home or structure, evaluate your property to determine if there is a suitable building area outside of the floodplain. Be warned; homes constructed outside the floodplain (or on natural ground above the base flood elevation) are not 100% safe from flooding. On average, between 20-25% of all flood insurance claim payouts go to buildings that are located outside of the special flood hazard area. If your home is located outside the floodplain and you still want to be covered, affordable “Preferred Risk” policies are available.

#### ***2. Utilities***

If you locate any machinery or equipment that services your building (i.e., electrical, heating, ventilation, plumbing, and air conditioning equipment) below the base flood elevation, an additional surcharge will be added to your insurance premium causing your annual insurance rates to increase. If your house was elevated to a safer level, maximize your savings and reduce your losses by relocating your machinery and equipment above the base flood elevation. Consider using your attic, an extra closet, or an elevated platform (as shown) to store utilities.

### ***3. Flood Openings***

One common reason why insurance policies are rated so severely is due to a lack of proper flood openings. For buildings in the floodplain, there must be at least two openings with 1 sq. inch of opening per sq ft of enclosed area, and the bottom of those openings can be no higher than 1ft above the exterior finished grade. There are no discounts for “partial credit.” If you have 1000 sq feet of enclosed crawlspace and 900 sq inches of openings, you will be charged as though there are no openings (i.e., basement loading fees could apply). Don’t forget that garage doors, windows, and doors do not count as flood openings unless they have openings installed within them. IBC/IRC minimum building code requirements for “foundation vents” in areas outside the floodplain may not meet the same specifications as “flood openings” or “flood vents” within a floodplain.

### ***4. Basements***

Basements in new or substantially improved buildings constructed in the floodplain are prohibited. FEMA considers “crawlspaces” that are sub-grade on all sides to be basements as well. Homeowners in the floodplain with an excavated sub-grade crawlspace will bear an additional financial burden through a 15-20% increase on their flood insurance premiums. When building, you can save that cost by backfilling any excavated areas within the foundation. It can also be done at a later date by using pea-gravel or other suitable material to raise the interior crawlspace floor elevation to the same height or higher than the exterior finished grade.

### ***5. Elevation***

Elevating above the base flood elevation is the fastest way to reduce the cost of your annual flood insurance premium. You can save hundreds of dollars for every foot the elevated floor is located above your community’s established base flood elevation. Elevating just one foot above the base flood elevation often results in a 30% reduction in annual premiums. For example, a homeowner with an elevated home, with its first floor elevated 3 feet above the base flood elevation, can expect to save 60% or more on annual flood insurance premiums.

## **Home Mitigation**

Perhaps the best action you can take are home mitigation techniques. Here are some home mitigation techniques you can take prior to a flood:

- Reduce the risk of damage from flooding by elevating critical utilities, such as electrical panels, switches, sockets, wiring, appliances and heating systems.
- In areas with repetitive flooding, consider elevating the entire structure.
- Make sure basements are waterproofed and your sump pump is working. Then, install a battery-operated backup in case of 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.
- Move furniture, valuables and important documents to a safe place.

# You've got flood insurance. Now you have to use it.

## How do I start my flood insurance claim?

Here's a step by step guide on the claims process:

### *Step 1 – Start a claim*

You should report your loss immediately to your insurance agent or insurance carrier and ask them about advance payments.

### *Step 2 – Prepare for your inspection*

Prepare for your inspection with your insurance adjuster by taking photos and/or videos of your flood-related damage before moving or disposing of items.

### *Step 3 – Work with your adjuster*

Work with your insurance adjuster to determine what your policy covers, inspect the property, discuss the claims process, and determine your next steps.

### *Step 4 – Document your loss and receive payment*

Document your loss and receive payment so you can begin the recovery process.

## How to File a Flood Insurance Claim

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- 1 CALL YOUR AGENT**

When it is safe to return to your home, report your loss immediately to your insurance agent or company and ask if you can get an advance payment to help you start recovering. Advance payments will be granted to eligible policyholders. If you send photo or video documentation, you may be able to receive up to \$20,000 before the insurance adjuster inspects your damage. Normally an insurance adjuster will contact you within a few days of starting your claim.

If you need help finding your insurance carrier, call 800-427-4661
- 2 TAKE PHOTOS**

Before entering your home, make sure it's safe. Take as many pictures and videos of your flood damaged property as possible — both on the outside and the inside of the building.

For appliances and electronics, take a photograph of the make, model, and serial number for the adjuster.
- 3 BEGIN CLEANUP**

Remove your flood-damaged items. Keep samples of items like flooring and curtains for your adjuster's inspection. Immediately throw away flooded damage contents that pose a health risk (like perishable food and pillows), after photographing them.

NFIP Policyholders must follow the guidelines of their flood policy when cleaning up. Visit [epa.gov/mold/mold-cleanup-after-floods](http://epa.gov/mold/mold-cleanup-after-floods) for more information.
- 4 MEET YOUR ADJUSTER**

Your insurance company will provide an adjuster for your claim. When your insurance adjuster arrives, make sure he or she shows official identification. The insurance adjuster will work with you to submit an accurate estimate of your flood loss. To help ensure you receive a claim payment that reflects your flood loss and is within your policy limit, ask your insurance company about any important deadlines you need to meet.
- 5 RECEIVE FINAL PAYMENT**

After your insurance adjuster inspects your property, you will receive a package from the National Flood Insurance Program with your insurance adjuster's report and a check made out to you and/or your mortgage company. You should carefully review the report before depositing the check.

If you are unsatisfied with your claim determination, the NFIP offers a no-cost appeals process: [fema.gov/flood-claim-appeals-and-guidance](http://fema.gov/flood-claim-appeals-and-guidance)

  For more information, visit [fema.gov/nfip-file-your-claim](http://fema.gov/nfip-file-your-claim)

## **What to do if you receive a denial letter**

If you receive a denial letter (for all or some of your flood insurance claim) from your insurer or you are unsatisfied with the dollar amount being offered for flood-loss repairs or replacements, you are encouraged to continue working with your insurer to request an additional payment. If you are still not satisfied, you may explore other [options](#). These options are only available for policyholders who have received a denial letter.

You have options if you receive a denial letter for your claim:

### ***Option 1 – Work with your insurance company to find a resolution***

FEMA encourages all flood insurance policyholders with questions to talk to their adjuster or insurer. Your adjuster and insurer can help clarify how the flood insurance policy applies to your claim and take immediate action if they missed a key fact, overlooked a document or made a mistake.

### ***Option 2 – File an appeal with FEMA***

You may file a flood insurance appeal directly to FEMA, the federal agency that oversees the National Flood Insurance Program (NFIP). On appeal, FEMA will work with you and your insurer to gather the claim facts, review the applicable guidance, policy terms and conditions and provide an appeal decision that explains why FEMA is upholding or overturning the decision.

- To file an appeal, you must explain the issue(s) in writing, include a copy of the denial letter from your insurer and provide any supporting documentation. An appeal must be submitted within 60 days of the date on the first (if you received more than one) denial letter (for all or a portion of your claim).
- There is no fee to file an appeal, and you do not need a third party to represent you. If you have a third party represent you, FEMA will not pay for any costs incurred for representation. By law, FEMA cannot discuss your claim with a third-party representative unless you provide certain information in writing. Please see “[Authorize Someone Else to Represent You](#)” for additional information.
- You must file your appeal within 60 days of the date of the insurer’s denial letter by sending it to FEMA at 400 C Street SW, 3rd Floor SW, Washington, D.C. 20472-3010, or [FEMA-NFIP-Appeals@fema.dhs.gov](mailto:FEMA-NFIP-Appeals@fema.dhs.gov). FEMA will receive and begin processing emailed appeals more quickly than those sent via U.S. mail or express carrier. Please note that due to cybersecurity requirements, FEMA cannot access file sharing sites, CDs, DVDs or any electronic storage devices.
- If you appeal, you can later choose to file suit against your insurer as long as you are still within the one-year timeframe available to file suit, but you can no longer seek appraisal.

### *Option 3 – Seek an appraisal*

Seek appraisal for disputes over the price of a covered loss (if applicable). The flood insurance policy permits policyholders to request appraisal of the amount of loss to flood-damaged property. For example, if you and your insurer agree that a covered loss occurred but disagree about the price of the loss, appraisal could completely resolve the claim. If you use the appraisal option, you cannot also use the appeal option.

### *Option 4 – File a lawsuit*

You may file suit within one year of the denial of your claim. Federal law permits you to file suit within one year of the date the insurer first denied all or any part of your claim. You must file suit in the district court of the district where the damage occurred (42 U.S.C. § 4072, 44 C.F.R. § 62.22).

- When FEMA’s NFIP Direct is your insurer, you may file suit against FEMA.
- For policies purchased from all other insurers, FEMA is not a proper party pursuant to 44 C.F.R. § 62.23(g). You must sue the insurer.
- You may file suit after filing an appeal with FEMA, but once you file suit the appeal option ends.
- Filing an appeal does not extend the period to file suit against your insurer.

### *Option 5 – Authorize someone else to represent you*

**Letters of Representation.** Whenever you want to authorize another party to speak with FEMA about your claim, you will need to do so in writing. By law, FEMA must obtain this authorization to protect your privacy. To authorize another individual to represent you, please submit documentation that includes your full name, address, date and place of birth, the name(s) of your representative(s) and your signature. You must have this document notarized or include the following statement: “I declare under penalty of perjury that the foregoing is true and correct. Executed on <DATE> <SIGNATURE>”

## **Final words on flood insurance**

That’s a lot of information, huh?

While there is a lot of background technical information about floodplain management and insurance rating – the process itself should be rather straight forward for the property owner: Talk to your insurance agent. Protect your home/business with flood insurance.

If you already have flood insurance, here are a few steps you can take before a flood to make sure your policy coverage is sufficient:

- Standard insurance policies do not cover flooding, but flood insurance is available for homeowners, renters and business owners through the National Flood Insurance Program (NFIP).

- Know your flood risk. Learn if you live, work or travel through areas that are prone to flooding. To help communities understand their risk of flooding, FEMA creates flood maps (Flood Insurance Rate Maps, or FIRMs) to show the locations of high-risk, moderate-to- low-risk and undetermined risk areas. To check your flood risk, look up your address in the [FEMA Flood Map Service Center](#).
- Take photos and videos to conduct a household inventory and keep a record of all major household items and valuables. These documents are critically important when filing insurance claims.