

## Dispelling Myths about Flood Insurance

Buying flood insurance can provide protection and peace of mind. Flooding is one of the most common natural hazards in the United States. State and federal officials want to ensure that you are aware of the realities of the National Flood Insurance Program (NFIP).

### Flood Insurance Myths and Facts:

25 percent of claims come from non flood-prone areas

**Myth:** Only homeowners can purchase flood insurance.

**FACT:** Most homeowners, condo unit owners, renters, and businesses in NFIP participating communities can purchase flood insurance. To find out if your community participates, go to [www.floodsmart.gov](http://www.floodsmart.gov) or contact a community official or insurance agent. The maximum coverage amounts are:

- \* Homeowners and condo unit owners : up to \$250,000 in structural coverage and up to \$100,000 in contents coverage

- \* Renters : up to \$100,000 in contents coverage

- \* Businesses : up to \$500,000 in commercial structural coverage and up to \$500,000 in contents coverage

**Myth:** You can't buy flood insurance if you are located in a high-flood-risk area.

**FACT:** You can buy National Flood Insurance no matter where you live, as long as your community participates in the NFIP. The NFIP was created in 1968 to make federally backed flood insurance available to property owners, renters, and businesses in eligible communities.

**Myth:** If you live in a low-flood-risk area, you don't need flood insurance.

**FACT:** All areas are susceptible to flooding, although to varying degrees. If you live in a low-to-moderate flood risk area, it is advisable to have flood insurance. Between 20 and 25 percent of the NFIP's claims come from outside high-flood-risk areas. Residential and commercial property owners located in low-to-moderate risk areas should ask their agents if they are eligible for the Preferred Risk Policy, which provides very inexpensive flood insurance protection.

**Myth:** You can't buy flood insurance if your property has been flooded before.

**FACT:** You are still eligible to purchase a flood insurance policy after your home,

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**Myth:** You can't buy flood insurance if your property has been flooded before.

**FACT:** You are still eligible to purchase a flood insurance policy after your home, condo, apartment, or business has been flooded, provided that your community is participating in the NFIP.

**Myth:** Homeowners insurance policies cover flooding.

**FACT:** Unfortunately, many home and business owners do not find out until it is too late that their homeowners and business insurance policies do not cover flooding. The NFIP offers a separate policy that protects the single most important financial asset, which for most people is their home or business.

Homeowners can include contents coverage in their NFIP policy. Residential and commercial renters can purchase flood insurance coverage for their buildings and contents/inventory and, by doing so, protect their livelihood.

**Myth:** Federal disaster assistance will pay for flood damage.

**FACT:** Before a community is eligible for disaster assistance, it must be declared a federal disaster area. Federal disaster assistance declarations are issued in less than 50 percent of flooding events. Furthermore, if you are uninsured and receive federal disaster assistance after a flood, you must purchase flood insurance to remain eligible for future disaster relief.

FEMA manages federal response and recovery efforts following any national incident. FEMA also initiates mitigation activities, works with state and local emergency managers, and manages the National Flood Insurance Program. FEMA became a part of the U.S. Department of Homeland Security on March 1, 2003.

**Myth:** You can't buy flood insurance immediately before or during a flood.

**FACT:** You can purchase National Flood Insurance at any time. There is usually a 30-day waiting period after you buy flood insurance before the policy is effective. In most cases, the policy does not cover a "loss in progress," which is defined as a loss occurring as of midnight on the first day your policy goes into effect. Basically, if you buy flood insurance after a flood, it will not cover your past losses, only losses after the policy goes into effect.

**Myth:** The NFIP does not offer basement coverage.

**FACT:** While basement improvements such as finished walls and floors, and personal belongings in a basement are not covered by flood insurance, structural elements and essential equipment within a basement are. The following items are covered under building coverage, as long as they are connected to a power source, if required, and installed in their functioning location:

- \* Sump pumps
- \* Well water tanks and pumps, cisterns, and the water in them
- \* Oil tanks and the oil in them, natural gas tanks and the gas in them
- \* Pumps and/or tanks used in conjunction with solar energy
- \* Furnaces, water heaters, air conditioners, and heat pumps
- \* Electrical junction and circuit breaker boxes and required utility connections
- \* Foundation elements
- \* Stairways, staircases, elevators, and dumbwaiters
- \* Unpainted drywall walls and ceilings, including fiberglass insulation
- \* Cleanup

The NFIP recommends both building and content coverage be purchased for the most comprehensive protection.

"People who live on top of the hill don't need flood insurance." Not true, according to the Federal Emergency Management Agency (FEMA), and just one of the many myths surrounding the agency's National Flood Insurance Program (NFIP). When it comes to flood insurance, not having the facts can literally cost you your life's savings. Owners of both homes and businesses need to know the flood insurance myths and facts.

