

Think you don't need flood insurance? Think again

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The recent Rio Grande Valley floods resulted in flood insurance claims valued at more than \$31.1 million being filed so far by Texas homeowners, business owners and renters. But some Texans who experienced losses did not have flood insurance

Why do I need flood insurance?

Standard homeowner's insurance policies do not cover flood. Flood is most often called an excluded peril, meaning it's not covered. You should consider flood insurance even if you're not required to purchase it or if you live outside a high-risk flood zone, called a Special Flood Hazard Area.

Flood zones are areas where there is a higher statistical probability of a flood occurring, but that doesn't mean floods don't occur elsewhere. In fact, in Texas over the last five years, a number of floods exceeded the statistical probability, putting more homes and properties in harm's way than were expected.

Flood insurance can protect you from the catastrophic financial impact of flooding. Just a few inches of water can mean thousands of dollars of loss to your home or business. As long as your community participates in the National Flood Insurance Program (NFIP), as a homeowner or business owner you can get building and contents coverage included in your NFIP policy. Renters can get coverage for contents only. Policies issued by the NFIP pay even if a federal disaster is not declared.

NFIP policy holders can choose their amount of coverage. The maximum for a one-to-four family residential structures is \$250,000 in building coverage and \$100,000 in contents coverage. For residential structures of five or more units, the



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Page 1 of 3

maximum is \$500,000 in building coverage and \$100,000 in contents coverage. The maximum for businesses is \$500,000 in building coverage and \$500,000 in contents coverage.

Where can I buy flood insurance?

- You can buy flood insurance by contacting your insurance company or agent.
- For an agent referral call 800-427-4661 or you may visit www.fema.gov/national-flood-insurance-program.

When should I buy a policy?

As soon as possible. NFIP cannot pay a claim if you don't have a policy in effect when damage occurs. An insurance policy from NFIP becomes effective after a 30 day waiting period, unless the purchase is associated with the origination, renewal or extension of a federally backed loan on property in a high-risk area.

I am not in a flood hazard area, but I'd like to purchase flood insurance. Is this possible?

Yes, if your community participates in NFIP, you are eligible to purchase a flood policy with the same coverage you would receive if you lived in a high-risk area. A Preferred Risk Policy (a lower-cost flood insurance policy) provides both building and contents coverage for properties in moderate-to-low risk areas for one price.

Can I get flood insurance if I'm renting a property?

Yes. If you live in a community that participates in NFIP and you are a renter, you can get flood insurance to cover the contents of your home, apartment or business at a rented location.

How much does a policy cost?

Your insurance agent can talk with you about cost of coverage for your property. There are ways to lower your cost and your insurance agent can discuss your options. And, you do not have to purchase flood insurance for the full value of your property. You can buy what you can afford. Policies can cost as little as \$129 per year.

How much will I get from NFIP after my building or contents are damaged by a



flood?

There are some misconceptions about the amount a policyholder will receive following flood-caused damage. While a policy may state it covers losses up to a certain amount:

- The amount paid to the policyholder on a homeowner's flood insurance policy will cover the replacement cost of your home or the actual cash value of damages up to the policy limit.
- The amount paid on contents will cover only actual losses caused by the flood.
- The amount paid to businesses covered for structure and contents will be only for actual losses by the flood.

Where can I get more information on flood insurance?

Visit www.FloodSmart.gov or call 800-621-3362 (press 2) from 5 a.m. to midnight. Additional resources on repairing/rebuilding safer and stronger are available at www.fema.gov/Texas-disaster-mitigation.



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