



Get FloodSmart

FloodSmart.gov

Flood Insurance: How It Works



The National Flood Insurance Program

Historically, flooding has brought damage and destruction to communities across the United States. In order to help alleviate the financial devastation caused by flooding, Congress created the National Flood Insurance Program (NFIP) in 1968. The NFIP, overseen by the Federal Emergency Management Agency (FEMA), enables homeowners, business owners, and renters in participating communities to purchase federally backed flood insurance. This insurance is designed to provide an alternative to disaster assistance to meet the escalating costs of repairing flood damage to buildings and their contents. You can get flood insurance:

- If you live or own a business in a high-risk area (or Special Flood Hazard Area, known as an SFHA).
- If you live or own a business in a moderate-to low-risk area—and possibly at a lower cost.
- If your home or business has been flooded before.
- If your mortgage company doesn't require it.

Flood Insurance Basics

All properties are at some risk for flooding. The NFIP is dedicated to making property owners and renters aware of the need for flood insurance—not only among those who live and work in high-risk areas, but those in moderate- to low-risk areas, too. Properties located outside of the mapped high-risk areas are not exempt from flooding. Their risk, while reduced, is not removed.

Consumers need to know that most homeowners policies do not cover flooding. Only a flood insurance policy will financially protect you from flood damage costs. Flood insurance is available to homeowners, business owners, and renters for both a building and its contents.

Homeowners can insure a home for up to \$250,000 and its contents for up to \$100,000. Renters can cover their belongings for up to \$100,000. Non-residential property owners can insure a building and its contents for up to \$500,000 each. The average premium for a yearly flood insurance policy is about \$700 per year.

Flood Insurance Requirements

Residents and business owners who live or work in an SFHA are required to purchase flood insurance if they have acquired a loan from a federally regulated and insured lender, and they must carry the insurance for the life of the loan. Those outside of mapped SFHAs can also purchase flood insurance, and they may be eligible for a lower-cost policy (called a Preferred Risk Policy). The NFIP encourages all residents to learn about their flood risk and to protect themselves with flood insurance.

How to Purchase Flood Insurance

Flood insurance is sold and serviced by insurance agents in more than 22,000 communities nationwide. To purchase a policy, call your insurance agent or **1-800-427-2419** to find an agent in your area, or visit

[FloodSmart.gov/purchasefloodinsurance](https://www.floodsmart.gov/purchasefloodinsurance).



FEMA

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Waiting Period

- There typically is a 30-day waiting period when purchasing a new policy. There are exceptions to the waiting period. Talk to your agent to see if any of those exceptions apply to your situation.

What's Insured under Building Property Coverage*

- The insured building and its foundation
- The electrical and plumbing systems
- Central air-conditioning equipment, furnaces, and water heaters
- Refrigerators, cooking stoves, and built-in appliances such as dishwashers
- Permanently installed carpeting over an unfinished floor
- Permanently installed paneling, wallboard, bookcases, and cabinets
- Window blinds
- Detached garages (up to 10 percent of building property coverage); detached buildings (other than garages) require a separate building property policy
- Debris removal

What's Insured under Personal Property (Contents Coverage)*

- Personal belongings such as clothing, furniture, and electronic equipment
- Curtains
- Portable and window air-conditioners
- Portable microwave ovens and portable dishwashers
- Carpets not included in building property coverage (see above)
- Clothes washers and dryers (even in a basement)
- Food freezers and the food in them (even in a basement)
- Certain valuable items, such as original artwork and furs (up to \$2,500)

What's Not Insured Either by Building Property or Personal Property Coverage*

- Damage caused by moisture, mildew, or mold that could have been avoided by the property owner
- Currency, precious metals, and valuable papers such as stock certificates
- Property and belongings outside of a building, such as trees, plants, wells, septic systems, walks, decks, patios, fences, seawalls, hot tubs, and swimming pools
- Living expenses such as temporary housing
- Financial losses caused by business interruption or loss of use of insured property
- Most self-propelled vehicles such as cars, including their parts (see Section IV.5 in your policy)

** This is a partial list of coverage. Refer to the Standard Flood Insurance Policy (SFIP) for a description and full list of coverage and exclusions.*