

Flood Insurance: good financial sense now affects disaster assistance later

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In Florida, less than 50 percent of those living in a high-risk flood areas carry flood insurance; after Hurricane Irma, many others probably wished they did. Information below may assist in making the decision to purchase.

- In the U.S., floods are the most common and costly of natural disasters causing millions of dollars in damage every year.
- Floods can happen anywhere. More than 20 percent of flood claims come from properties outside the high risk flood zones.
- Homeowners and renters insurance does not cover flood damage.
- Flood insurance can pay claims when there is no presidentially-declared disaster.
- Most federal disaster assistance comes in the form of low-interest disaster loans from the U.S. Business Administration (SBA) and you have to pay the loans back. The Federal Emergency Management Agency (FEMA) offers disaster grants that do not have to be paid back, but this amount is often much less than what is needed to recover. A claim against your flood insurance policy could and often does provide more funds for recovery than what you could be eligible for from a FEMA Individual Assistance grant or an SBA loan. You do not have to pay these funds back.

High Risk Areas or Special Flood Hazard Areas (SFHAs)

- In a high-risk flood area or a Special Flood Hazard Area (SFHA), there is at least a one-in-four chance of flooding during the life of a 30-year mortgage.
- The standard National Flood Insurance Program (NFIP) flood insurance policy covers the building. Contents coverage may be purchased separately.
- If you sell your home in a SFHA, the lender may require its new owners to maintain insurance coverage on the building.
- Homeowners, renters and business owners are encouraged to purchase contents coverage.



- Survivors who receive federal disaster assistance and live in a SFHA are required to maintain flood insurance on their affected property.
- Flood insurance coverage must be maintained for the address of the flood-damaged property. The flood insurance requirement is transferred to any new owner of the address and continues for as long as the address exists.
- You may receive a Certificate of Flood Insurance for a Group Policy as a part of your federal Individuals and Households Assistance program (IHP) grant.
- If you are a renter and receive federal disaster assistance, you must maintain flood insurance coverage on the contents for as long as you live at the flood-damaged rental property.

o Federal law mandates the purchase of flood insurance as a condition of disaster funding.

- Failure to maintain flood insurance will affect your ability to obtain further disaster assistance.
- An insurance policy from the NFIP becomes effective 30 days after you buy it.
- FEMA urges you to buy flood insurance before the next flood event. The NFIP cannot pay a claim if you don't have a policy in effect when damage occurs.

For more information about the NFIP and flood insurance, call 800-427-4661 or your insurance agent, or go online to www.fema.gov/national-flood-insurance-program.

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