

# Fact Sheet: Should I Buy Flood Insurance?

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Flooding from Hurricane Harvey resulted in more than 87,000 flood insurance claims 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.

In Texas and other states recently impacted by hurricanes, the NFIP streamlined the claims process to make it easier for policyholders to receive advance payments more quickly and in larger amounts so they could jump-start their rebuilding. Policyholders were able to get advance payments up to \$5,000 without an adjuster visit or additional documentation. Some were able to get advance payments up to \$20,000 if they had photos/video of the damage and receipts or a contractor's estimate. FEMA also increased the fees paid to adjusters by an



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average 26 percent to be competitive with industry standards and to ensure that customers received the best care possible.

NFIP policy holders can choose their amount of coverage. The maximum for 1-4 family residential structures is \$250,000 in building coverage and \$100,000 in contents coverage. For residential structures of 5 or more units, the 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](http://www.fema.gov/national-flood-insurance-program).

### **When should I buy a policy?**

As soon as possible. FEMA urges you to buy flood insurance before a flood event occurs. NFIP cannot pay a claim if you don't have a policy in effect when damage occurs. An insurance policy from NFIP becomes effective 30 days after you buy it, 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, as long as 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.

## 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 only the cost of actual damage caused by the flood.
- 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](http://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](http://www.fema.gov/Texas-disaster-mitigation).

*For more information on Hurricane Harvey and Texas recovery, visit the [Hurricane Harvey disaster web page](#), the [FEMA Harvey Facebook page](#), the [@FEMARegion6 Twitter account](#) and the [Texas Division of Emergency Management website](#).*

