

Fact Sheet: Understand what your flood insurance policy covers before hurricane season

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AUSTIN, Texas — Understanding your National Flood Insurance Program (NFIP) policy is an important part of your preparation for hurricane season.

NFIP offers two types of coverage for homeowners: building property coverage up to \$250,000 and contents coverage up to \$100,000.

A standard flood insurance policy pays for the replacement cost of your home or the actual cash value of damages, up to the policy limit. Flood insurance, unlike some homeowner policies, does not have a guaranteed replacement cost policy that will pay above the liability limit.

Policies pay out to policyholders based on either the replacement cost value or the actual cash value. The type of claim determines how the claim is adjusted.

The replacement cost value is the cost to repair or replace a part of the home that is damaged, with a deduction for wear and tear. For you to be eligible for the replacement cost value, you must meet three conditions:

- Your home must be a single-family dwelling;
- Your home must be your principle residence at the time of loss, meaning you live there 80 percent of the year; and
- Your amount of flood insurance for building coverage must be at least 80 percent of the full replacement cost of your home, or be the maximum amount of insurance available for the property under NFIP.



The actual cash value is the replacement cost value, less depreciation for physical wear and tear.

- Some items such as appliances and carpeting are always adjusted at the actual cash value.
- Personal property is always adjusted at the actual cash value.

Texans can go to www.facebook.com/FEMAHarvey/, <https://twitter.com/femaregion6> and www.fema.gov/disaster/4332 throughout May to learn how NFIP can protect them from disaster. Texas NFIP 2018 is a whole month dedicated to sharing tips with Texans about how they can prepare themselves and their homes for hurricane season. Use #TXNFIP18 to find information online and share with your friends and family.

For Texas disaster mitigation information, visit www.fema.gov/texas-disaster-mitigation and for additional information about mitigation, visit www.fema.gov/what-mitigation. For information on protecting properties from disaster, visit www.fema.gov/protect-your-property.

For information on Hurricane Harvey and Texas recovery, visit the Texas Division of Emergency Management website at <https://www.dps.texas.gov/dem/>.

