

# Safeguard Your Future with Flood Insurance

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Tropical Storm Imelda caused extensive damage in Texas last month. Fortunately, many Texans had flood insurance to help them recover from the storm.

So far, about 10,000 flood insurance claims related to tropical Storm Imelda have been made in Texas, and about \$45 million paid in advance claims.

- Flooding causes 90 percent of disaster damage every year in the United States.
  - In fact, about 33 percent of the National Flood Insurance Program's claims come from outside Special Flood Hazard Areas. Property owners located in low-to-moderate risk areas should ask their agents if they are eligible for the Preferred Risk Policy which costs homeowners an average of \$439 a year.
- You don't have to live in a high-risk flood zone to buy flood insurance.
  - If it rains where you live, it can flood where you live. This is why we recommend everyone buy as much flood insurance as they can afford.
- Most homeowners' insurance policies do NOT cover flood damage.
  - Unfortunately, many property owners don't find this out until it's too late. The NFIP is federally-funded and offers a separate policy that protects your home or business. If NFIP is not available in your community, you may purchase separate private flood insurance.
- Flood insurance is available even when there is no federal disaster declaration.
  - Federal disaster assistance is available only if the president declares a disaster. This disaster assistance comes in two forms: a low-interest disaster loan which must be paid back, or a FEMA disaster grant, which averages about \$5,000 per household. And both programs have strict eligibility requirements and depend on individual needs. Many disaster survivors may not qualify. By comparison, the average flood insurance claim is nearly \$30,000.



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Page 1 of 2

- The federal government requires homes backed by a federally regulated lender in a high-risk flood area to have flood insurance.
  - Lenders must notify borrowers of their flooding risk prior to closing if their property is in a high-risk area.
- A community must participate in the NFIP for individuals to purchase an NFIP policy.
  - Today, more than 22,000 communities in the U.S. participate in the NFIP. Of those communities, about 15 percent of their floodplains are located outside Special Flood Hazard Areas (SFHAs). In fact, there are some participating communities that are not located in an SFHA at all. Homeowners and individuals whose communities do not participate in the NFIP and would still like to purchase flood insurance can do so through a private insurance carrier. Ask your insurance agent about your options.
  - No one is uninsurable under the NFIP (unless in a nonparticipating community which is very rare or their house is directly over water).
- Renters can also purchase flood insurance.
  - Renters can purchase flood insurance to protect their personal property. Contents are insured for up to \$100,000.
- Floods cost America, on average, \$8.2 billion each year (according to 2015 data).
- Recovering from just one inch of water inside your building can cost about \$27,000.
- Floods can happen anywhere - 98% of counties in the United States have experienced a flood.
- For homes in the Special Flood Hazard Area, there is a 26% chance the homeowner will experience a flood at some point during the life of a 30-year mortgage.
- The average premium for a flood insurance policy is just \$700 a year.
- In 2016, the average flood insurance claim to policyholders in the U.S. was \$62,000.
- You can learn more at [www.floodsmart.gov](http://www.floodsmart.gov) or [www.fema.gov/nfip](http://www.fema.gov/nfip)



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