

12 THINGS EVERY HOMEOWNER SHOULD KNOW ABOUT FLOODS AND INSURANCE



According to the Federal Emergency Management Agency (FEMA), floods are the most common and costly natural disaster, and you don't have to live in a floodplain to experience flooding. Before disaster strikes, it's important to understand what your insurance covers and plan accordingly.

- 1 Homeowner's insurance does not cover flooding.** Most homeowner's insurance policies cover damage from fire, hail and windstorm. Flooding is never covered.
- 2 Flood insurance is offered through the federal government.** FEMA's National Flood Insurance Program (NFIP) offers flood insurance, but you must live in a NFIP-participating community and purchase it through a private insurer.

- 3 Federal aid doesn't cover everything.** Only half of all natural disasters trigger federal assistance. Most federal aid is offered as a low-interest disaster loan that must be repaid.
- 4 Typically, there's a 30-day waiting period before you're covered.** You can purchase flood insurance at any time, but with a few exceptions, it doesn't take effect until after the 30-day waiting period.
- 5 Flood maps change.** If you didn't live in a flood zone when you bought your home, there's a chance you could now or will in the future. Check your flood zone status at <https://msc.fema.gov/portal/search>.

River City Settlements, LLC
126 South Market Street, Suite 300
Danville, VA 24541
O: 434.710.4399
F: 434.428.6383

6

You don't have to live in a flood zone to purchase flood insurance. Flooding can occur anywhere, for a variety of reasons, so anyone can purchase it. According to FEMA, individuals living outside of high-risk flood zones file more than 20 percent of flood insurance claims.

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You may be required to carry flood insurance. Flood insurance is mandatory for residents who have accepted federal disaster assistance in the past. Lenders can also require any borrower who has a federally insured mortgage to carry it.

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The average cost of flood insurance is more than \$700 a year*, but discounts may be available. Flood insurance premiums are based on the value of a property and its proximity to a floodplain. Discounts are generally available for those who live in areas with low to moderate risk of flooding or in communities that participate in a Community Rating System.

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The full annual premium is due at purchase. Unlike homeowner's insurance, a flood insurance premium cannot be paid monthly. However, some insurers allow you to pay with a credit card so you can budget accordingly.

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Understand what is and isn't covered. Flood insurance coverage for the structure of a home is sold separately from coverage for its contents. Buildings are covered for replacement costs, while contents are based on actual cash value. Flood insurance does not cover most items in basements or living expenses, should you have to move out of your home after it floods.

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Know your coverage limits. Residential flood insurance coverage maxes out at \$250,000 for the structure of a home and \$100,000 for its contents. If the value of your home or its contents exceeds coverage limits, you may purchase excess coverage through private insurers.

12

There are steps you can take in an effort to lower your flood insurance premium. Making certain improvements to your property may reduce your risk of flooding and lower your flood insurance premium. If you are considering elevating your home, there are programs available to help subsidize the cost.

To get more information about how you can protect yourself from financial loss with flood insurance, visit www.floodsmart.gov or call the National Flood Insurance Program at 1.800.427.4661.

*As reported by the Federal Emergency Management Agency (FEMA).

