

THE NATIONAL FLOOD INSURANCE PROGRAM

What is the National Flood Insurance Program?

The National Flood Insurance Program (NFIP) was established with the passage of the National Flood Insurance Act of 1968. The NFIP is a federal program enabling property owners in participating communities to purchase flood insurance as protection against flood losses while requiring State and local governments to enforce floodplain management ordinances that reduce future flood damages. More than 21,000 communities participate in the NFIP.

Flood Insurance Coverage

The NFIP's Dwelling Form offers coverage for: 1) Building Property, up to \$250,000, and 2) Personal Property (Contents), up to \$100,000. The Dwelling Form is used to insure one-to-four-family residential buildings and single-family dwelling units in a condominium building. Contents and building coverage are purchased separately (for the Preferred Risk Policy, there's an option for combination coverage for both contents and building coverage), but there are always separate deductibles. Unless you have contents coverage, your flood-damaged contents are not covered.

Physical damage to your building or personal property "directly" caused by a flood is covered by your flood insurance policy. Flood insurance coverage is limited in areas below the lowest elevated floor (including crawl spaces) depending on the flood zone and date of construction and in basements regardless of zone, or date of construction. These areas include 1) basements, 2) crawl spaces under an elevated building, 3) enclosed areas beneath buildings elevated on full-story foundation walls that are sometimes referred to as "walkout basements," and 4) enclosed areas under other types of elevated building. To find a chart on what is specifically covered or not covered visit https://www.fema.gov/media-library-data/20130726-1620-20490-4648/f_679_summaryofcoverage_11_2012.pdf.

Who Can Buy Flood Insurance?

If you are a renter, homeowner (residential policy), or business owner and your property is located in a NFIP-participating community, you can purchase a policy. Contact your insurance agent to find out if your community participates in the National Flood Insurance Program. You can also find out if your community participates in NFIP by going to <https://www.fema.gov/national-flood-insurance-program-community-status-book>.

How to Buy Flood Insurance

You can only purchase flood insurance through an insurance agent or an insurer participating in the NFIP. You cannot buy it directly from the National Flood Insurance Program (NFIP). If your insurance agent does not sell flood insurance, you can contact the NFIP Referral Call Center at **1-800-427-4661** to request an agent referral.

Questions to Ask Insurance Agent

Talk to your insurance agent about flood insurance. Here are helpful questions to ask your agent:

Does my community participate in the National Flood Insurance Program?

What flood zone do I live in? What is my property's flood risk?

Is flood insurance mandatory for my property? Will the lender require it?

Do I qualify for a Preferred Risk Policy?

Does my community participate in the National Flood Insurance Program's Community Rating System (CRS)? If so, does my home qualify for a CRS rating discount?

What will and won't be covered?

Will the federal government back my flood insurance policy?

How much coverage should I get for my building and for my contents?

How can I reduce the cost of my flood insurance?

Are there additional expenses or agency fees?

Will my policy provide Replacement Cost Value or Actual Cash Value—and what's the difference between the two?

Who should I call if I have a flood claim?

How can I pay for my policy?

How do I renew my policy?

Flood Insurance Waiting Period

Typically, there is a 30-day waiting period from date of purchase until your policy goes into effect. Here are the exceptions:

If a building is newly designated in the high-risk Special Flood Hazard Area (SFHA) and you purchase flood insurance within the 13-month period following a map revision, there is a 1-day waiting period.

If you purchase flood insurance in connection with making, increasing, extending, or renewing your mortgage loan, there is no waiting period.

If you select additional insurance as an option on your insurance policy renewal bill, there is no waiting period.

If a property is affected by flooding on burned Federal land and the policy is purchased within 60 days of the fire-containment date, there may be no waiting period. Waiving of the waiting period is determined at the time of claim.

Homeowner Flood Insurance Affordability Act of 2014 Surcharge

As of April 1, 2015, every National Flood Insurance Program (NFIP) policy includes an annual surcharge required by the Homeowner Flood Insurance Affordability Act of 2014 (HFIAA). The amount of the surcharge depends on the use of the insured building and September 2017 the type of policy form insuring the building, regardless of its flood zone designation. Policies for owner-occupied single-family detached buildings and individual condominium units that are the primary residence of a policyholder insured under the Dwelling Policy form will include a \$25 surcharge. Additionally, contents-only

policies insured under the Dwelling Form and held by a tenant in the tenant's primary residence will include the \$25 surcharge. Policies for all other buildings will include a \$250 surcharge, which also applies to policies insured under the Residential Condominium Building Association Policy form, regardless of the number of units, attached and detached, or use of the building. In fact, even if the condominium association is being surcharged \$250 for the entire building, a unit-owner with an individual policy that includes building coverage, can also be surcharge appropriately; based on the use. Lastly, all buildings insured under the General Property form will include a \$250 surcharge. Policies covering buildings designed for use by more than one family will be charged a \$250 surcharge, even if the landlord uses the building as a primary residence, or the building is owned by a condominium association. The HFIAA surcharge is not considered premium and is not included when calculating limits on insurance rate increases.

FURTHER HELP IS AVAILABLE

For appointments concerning consumer and other personal legal matters, call the Legal Assistance Branch of the Office of the Staff Judge Advocate located at Building 275, Plummer Street, Defense Language Institute, Presidio of Monterey (831-242-5084 or DSN 768-5084).