



FEMA

W-07032

May 11, 2007

MEMORANDUM FOR: Write Your Own (WYO) Principal Coordinators
and the NFIP Servicing Agent

FROM: WYO Clearinghouse

SUBJECT: NAIC Consumer Alert on Flood Insurance

The National Association of Insurance Commissioners (NAIC) has released a new Consumer Alert entitled "Flood Insurance." It deals briefly with the danger of flooding; the definition of "flood" under the National Flood Insurance Program; the coverage limits and costs of flood insurance; where and how to purchase flood insurance; the 30-day waiting period; and flood preparation safety tips.

A slightly reformatted version of the Consumer Alert is attached. Please circulate the document to others in your organization as appropriate.

Attachment

cc: Vendors, IBHS, FIPNC, Government Technical Representative

Suggested Routing: Claims, Marketing, Training, Underwriting

Flood Insurance

*According to the Federal Emergency Management Agency (FEMA), floods are the most common, and most costly, natural disaster. Floods can happen anytime and anywhere, and they can happen fast. Also, the damage is **not** covered under a standard homeowners policy. The National Association of Insurance Commissioners (NAIC) offers some important tips on flood insurance to help you prepare.*

What Is a Flood?

A flood is an excess of water (or mud) on land that's normally dry. The National Flood Insurance Program (NFIP) defines flood to be a general and temporary condition of partial or complete inundation of two or more acres of normally dry land area, or of two or more properties (at least one of which is the policyholder's property) from overflow of inland or tidal waters; unusual and rapid accumulation or runoff of surface waters from any source; mudflow; or collapse or subsidence of land along the shore of a lake or similar body of water as a result of erosion or undermining, caused by waves or currents of water exceeding anticipated cyclical levels.

What Is Flood Insurance?

- Flood insurance is a special policy that is federally backed by the NFIP and available for both homeowners and businesses.
- You can buy flood insurance for your home or business regardless of whether the property is in or out of a floodplain, as long as the property is located in a participating community.
- You may buy flood insurance covering up to \$250,000 of flood damage to your home. A standard flood policy will cover structural damage, including damage to the furnace, water heater, air conditioner, floor surfaces (carpeting and tile) and debris clean up.

- For an additional premium, you also may buy flood coverage for up to \$100,000 of damage to the contents of your home.
- Coverage is available for up to \$500,000 for non-residential buildings and their contents.

How Much Does Flood Insurance Cost?

According to FEMA, the average homeowners flood insurance premium is a little more than \$500 a year.

Premiums for flood insurance will vary depending upon your risk level for a flood loss, the amount of coverage you choose, the type of coverage you need and your deductible.

How Can I Buy Flood Insurance?

You can purchase flood insurance for your home or business regardless of whether the property is in or out of a floodplain, directly from your property and casualty insurance agent, or insurance company if your community participates in the NFIP. To find out if your community participates, visit www.fema.gov/fema/csb.shtm.

Your insurance agent or insurance company also can confirm whether flood insurance is available to you and what it would cost.

Plan Ahead — Waiting Period

It is very important to plan ahead. A flood insurance policy normally will not go into effect until 30 days after you purchase the policy.

Additional Safety Tips

- For personal safety, identify what storm shelter is available to you and prepare an evacuation plan.
- Make sure you have bottled water, a first aid kit, flashlights, a battery-powered radio, nonperishable food items, blankets, clothing, prescription drugs, eyeglasses, personal hygiene supplies and a small amount of cash.
- If you need to evacuate your home, turn off all utilities and disconnect appliances to reduce the chance of additional damage and electrical shock when utilities are restored.
- Take proactive steps to protect your property from loss. Be sure there is no loose siding on your home and no damaged or diseased trees growing over your home.
- Take an inventory of your personal property, such as clothes, jewelry, furniture, computers and audio/video equipment. Photos and video of your home, as well as sales receipts and the model and serial numbers of items, will make filing a claim simpler. In addition, add insurance information to your inventory information — the name of your company and agent, policy number, and contact information.
- Move all of your important documents to a safe location. Take them with you when you evacuate or store them in a safe deposit box outside the area.

For more information about flood insurance, visit the NFIP Web site at www.fema.gov/business/nfip/.



The National Association of Insurance Commissioners (www.naic.org) is a voluntary organization of the chief insurance regulatory officials of the 50 states, the District of Columbia and five U.S. territories. The overriding objectives of state regulators are to protect consumers and help maintain the financial stability of the insurance industry.

For more consumer information visit InsureUonline.org.