

NATIONAL FLOOD INSURANCE PROGRAM

## SUMMARY OF COVERAGE

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# RESIDENTIAL CONDOMINIUM BUILDINGS



FEMA



# Introduction

This document is designed to help a condominium association understand its Residential Condominium Building Association Policy (RCBAP). It provides general information about deductibles, what is covered or excluded by the National Flood Insurance Program (NFIP), and how items are valued at the time of loss.

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The specifics described below all pertain to a residential condominium building in an NFIP community. This policy type may only be purchased by a condominium owners' association and is used to insure condominiums where 75% or more of the building's floor area is for residential use. As the Association, you should review the policy with your appointed insurance agent or company representative. For information about your specific limits of coverage and deductibles, please refer to the Declarations Page of your policy.

**Individual unit owners may want to purchase their own contents policies to protect personal property in their unit. As the Association, you are encouraged to share this information with your residents should they need to purchase a separate policy for residential units.**

## WHAT IS A FLOOD?

Flood insurance covers direct physical loss caused by flood. In simple terms, a flood is an excess of water on land that normally is dry. The official definition used by the NFIP is "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 your 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 that result in a flood as defined above."

*\*Mudflow is defined as "A river of liquid and flowing mud on the surfaces of normally dry land areas, as when earth is carried by a current of water. Other earth movements such as landslide, slope failure, or a saturated soil mass moving by liquidity down a slope, are not mudflows."*

# About Your Policy

There are three important facts you should know about your coverage.

1. It is a single-peril policy. It only pays for direct physical loss by or from flood damage as defined by the policy.
2. Subject to the coverage exclusions and policy limitations, the RCBAP covers direct physical damage to the insured structure based on Replacement Cost Value (see How Flood Damage Is Paid, page 6).  
Note: The deductible is always taken from the loss and not from the limit of liability.
3. Personal Property coverage, also known as contents coverage, is not included with residential condominium building property coverage. If there are shared contents such as in a lobby or in other condo buildings, the Association needs to discuss obtaining contents coverage with the insurance agent.

Complete terms can be found in the Standard Flood Insurance Policy (SFIP) form, available at [FloodSmart.gov/SFIP](https://www.floodsmart.gov/SFIP).

*Please note that your policy only covers one building or structure. To obtain coverage for multiple structures, you may need to purchase separate policies.*

## CHOOSING DEDUCTIBLES

Choosing the amount of your deductible is an important decision. As with car or homeowner's insurance, choosing a higher deductible will lower the premium you pay, but it also will reduce your claim payment. Talk with your insurance agent, company representative, or lender about increasing or reducing deductibles.



### Reminder: Keep Your Receipts

**In case of a future loss, it is strongly suggested that you safely store all financial records related to your building and/or business.** Should you have a loss, these documents should be made available for the adjuster's review. Keeping receipts will be vital to you in support of any losses you might incur and wish to claim under your policy.

# What Is Covered By Flood Insurance — And What Is Not

Direct physical damage to your building, by or from a flood, is covered by your flood insurance policy. For example, damages caused by a sewer backup are covered only if the backup is a direct result of flooding. If the backup is not a direct result of flooding, the damages are not covered by your flood policy.

The following provides general guidance on items covered and not covered by flood insurance. Refer to your policy for the complete list.

## WHAT IS INSURED UNDER BUILDING PROPERTY COVERAGE

Some of what IS insured under an RCBAP's Building Property coverage:



The insured building and its foundation



The electrical systems



Central air-conditioning equipment



Fuel tanks and the fuel in them, solar energy equipment, and well water tanks and pumps



Permanently installed carpeting over an unfinished floor



Permanently installed paneling, wallboard, bookcases, and cabinets



Foundation walls, anchorage systems, and staircases attached to the building



Furnaces, water heaters, heat pumps, and sump pumps

## WHAT IS NOT INSURED



Damage caused by moisture, mildew, or mold that could have been avoided by the property owner (the Association)



Additional living expenses such as temporary housing



Most self-propelled vehicles such as cars, including their parts



Property and belongings outside of a building such as trees, plants, shrubs, wells, septic systems, walks, decks, patios, fences, seawalls, hot tubs, and swimming pools



Financial losses caused by business interruption or loss of use of insured property



Any damage caused by water flow beneath the earth's surface (review the exclusions section in your flood insurance policy for specific information on damage caused by seepage or drain or sewer backup)



The cost of complying with any ordinance of law requiring or regulating the construction, demolition, remodeling, renovation, or repair of property, including removal of any resulting debris



# After a Flood

After a devastating flood, flood insurance can help you recover quickly. If you experience a flood while covered by an RCBAP, here are important things to know:

## START A CLAIM

Report your loss immediately to your insurance agent or insurance company and ask them about an advance payment. Then, prepare for your flood adjuster's visit.

STEP  
**1**

Provide receipts to verify that repairs were made following the prior flood loss.

STEP  
**2**

Separate damaged and undamaged property.

STEP  
**3**

Take pictures of damaged property before disposing.

## HOW FLOOD DAMAGE IS PAID

The flood damage in the RCBAP Property Form is paid based on Replacement Cost Value (RCV) for losses to the insured building with a co-insurance penalty if not insured to within 80% of building's replacement cost. Claims for personal property (contents coverage) are always paid based on ACV. ACV is the cost to replace an insured item of property at the time of loss, less the value of its physical depreciation.



## WHAT IS INCREASED COST OF COMPLIANCE COVERAGE?

Most NFIP policies include Increased Cost of Compliance (ICC) coverage, which may apply to insured buildings when flood damages are substantial. You must have building coverage to qualify for ICC coverage.

ICC coverage provides up to \$30,000 of the cost to elevate, demolish, or relocate the insured building or to floodproof structures with qualified basements. If your community declares your building “substantially damaged” or a “repetitive loss structure” by a flood(s), it will require you to bring your building up to current community floodplain management building standards. You may use ICC coverage to help cover those costs.

Payment of an ICC claim is in addition to the amount of your building claim. However, the total amount of your building claim and ICC claim cannot exceed the maximum limit available for Building Property coverage (\$250,000 x the number of units). Having an ICC claim does not affect a personal property claim (up to \$250,000), which is paid separately.

*Details about eligibility are in Part III, Section D of your policy.*



### A Final Note

This document provides general information about flood insurance coverage. However, please be aware that your policy, application, and any endorsements, including the Declarations Page, make up your official contract of insurance. Any differences between this information and your policy will be resolved in favor of your policy.

If you have questions, call your Association's insurance agent or company representative.



## ADDITIONAL GUIDANCE AND CONTACT INFORMATION

To find a flood insurance provider, use our online tool at [FloodSmart.gov/flood-insurance/providers](https://FloodSmart.gov/flood-insurance/providers).

Visit our Flood Insurance Advocate page at [fema.gov/flood-insurance/advocate](https://fema.gov/flood-insurance/advocate) to learn more about fair treatment of policyholders and property owners.

At [floodmaps.fema.gov/fhm/fmx\\_main.html](https://floodmaps.fema.gov/fhm/fmx_main.html), we have Customer Care Center specialists to help you with questions about flood mapping and insurance. You can contact FEMA Mapping and Insurance eXchange (FMIX) directly at [FEMA-FMIX@dhs.gov](mailto:FEMA-FMIX@dhs.gov) or by calling (877) 336-2627.



FEMA



Congress created the National Flood Insurance Program (NFIP) in 1968 to reduce future flood damage through floodplain management, and to provide people with flood insurance through individual agents and insurance companies. The Federal Emergency Management Agency (FEMA) manages the NFIP. As required by Congress, this document was prepared by the NFIP to help flood insurance policyholders understand their policy.

For more information about NFIP flood insurance, contact your insurer or agent, or call **(800) 621-3362**.

If you are deaf, hard of hearing, or have a speech disability and use relay services, call **711** from your TTY.

For the most up-to-date version of this resource, please visit [agents.floodsmart.gov/RCBAP-summary-of-coverage](https://agents.floodsmart.gov/RCBAP-summary-of-coverage).