

NATIONAL FLOOD INSURANCE PROGRAM

DESK REFERENCE GUIDE FOR STATE INSURANCE COMMISSIONERS



FEMA



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Introduction to the National Flood Insurance Program (NFIP)

As a state insurance commissioner, you may have consumers contact you with complaints about their flood insurance carrier. When it comes to flood insurance, though, policies through the NFIP are federally regulated and thus may not always be under your jurisdiction.

Did You Know?



The NFIP is the **nation's largest single-line insurance program**, providing nearly **\$1.3 trillion in coverage** against flooding for approximately **5 million policyholders**.¹

While you don't address flood insurance issues at the community level, it's still important to be able to share NFIP information with your state's residents. You can help policyholders in need of assistance by providing the appropriate resources and taking action before, during and after a flood disaster.

ABOUT FEMA & THE NFIP

The NFIP is a federal program, administered by FEMA, that enables property owners in participating communities to purchase flood insurance in exchange for adopting and enforcing regulations that reduce future flood damage. It is a partnership between the federal government, the property and casualty insurance industry, states, local officials, lending institutions and property owners.

The NFIP protects policyholders across more than 22,600 U.S. communities. Through its flood insurance and floodplain management standards, the NFIP reduces the costs and damage of flooding and helps families, individuals and businesses recover more quickly.

Communities elect to participate in the NFIP through an agreement with the federal government to adopt and enforce floodplain management regulations in special flood hazard areas (SFHAs). NFIP flood insurance is only available to consumers whose communities participate in, and are in good standing with, the NFIP—regardless of their flood zone.



Key Takeaway

Flood insurance claims can be started after consumers' homes or properties are damaged. Because flood insurance is a contract, unlike federal disaster assistance, no presidential disaster declaration is necessary.

¹ Numbers are current as of March 2023

Your Role

ONGOING RESPONSIBILITIES

Educating property owners and renters on flood risks and the benefits of flood insurance is the first step to protecting the communities you serve. Below are different actions, offices, programs and resources that may be of assistance as you help your constituents minimize their risk of loss.

Encourage Property Owners & Renters To Secure Flood Insurance Coverage

Flooding is the most common and costly natural disaster in the United States, with 99% of counties in the United States having experienced a flood.

Most Americans are unaware that standard homeowners and renters insurance policies do not cover flood damage or that flood insurance is typically not effective for 30 days, meaning it cannot be purchased in advance of a known flood event. Many people don't have flood insurance because they live in low- to moderate-risk flood areas where it may not be required by federally regulated lenders, so they assume they don't need it. Risk in these areas is reduced but not eliminated, so flood insurance is still recommended.

Fast Fact



On average, **40% of NFIP claims come from outside high-risk flood zones.**

To encourage property owners and renters to secure flood insurance coverage, explain that risk varies depending on flood frequency, multiple flood types—river overflow, storm surge, coastal erosion and heavy rainfall—and distance to a water source, as well as property characteristics such as elevation.

Educate your constituents that only flood insurance will cover the cost of property damage in the event of a flood. Explain that all individuals in an eligible structure in an NFIP-participating community can purchase flood insurance and encourage residents to obtain a quote for both building and contents coverage. A licensed insurance agent can obtain a quote from the NFIP for the consumer's desired coverage once they complete a flood insurance application.

For more information regarding where to direct interested consumers and who can sell flood insurance, visit **page 6**.

Learning about the flood insurance purchasing process can help you answer consumer questions. For more information on purchasing flood insurance, visit floodsmart.gov/flood-insurance.

Advocate for Flood Insurance Policyholders

The NFIP is a federal program and is therefore not subject to state, local, tribal or territorial regulations. When issues arise with the sale of flood insurance, the actions of the insurance agents are regulated by federal or state governments based upon the circumstances of the issue at hand.

Federal issues include the disputation of policy language or the appeal of denied claims. **State issues** include allegations of agent error in the sale of insurance. This may include a delayed application submission resulting in non-coverage for damage that would have been covered had the agent submitted the application correctly.

You can still assist policyholders who have complaints against their insurance company by providing resources. Learn more about the NFIP's claims process, policies and appeals on **page 12**.

Enact Floodplain Management Actions

Floodplain management is a community- or state-based effort to prevent or reduce the risk of current and future flooding.

Stakeholders such as federal and state agencies, local communities and property owners carry out floodplain management functions.

This work may include zoning, building codes, enforcement, education, adopting and enforcing flood maps and other tasks. While FEMA has minimum floodplain management standards for communities participating in the NFIP, adopting higher standards will lead to safer, stronger, more resilient communities.

FEMA provides tools and resources to help communities navigate NFIP requirements and implement higher floodplain management standards. If contacted with requests for floodplain management assistance, you may refer them to floodplain management resources such as:

- Floodplain Management 101: fema.gov/floodplain-management
- Community Status Book: fema.gov/community-status-book
- Answers to Questions About the NFIP: agents.floodsmart.gov/nfip-answers-to-questions

In addition, the Community Rating System (CRS) is a voluntary program that incentivizes communities to implement floodplain management practices that exceed the NFIP's minimum requirements. For more on the CRS, visit fema.gov/community-rating-system.

Understand Flood Insurance Sales

As established by Congress, the sale of flood insurance is subject to NFIP rules and requirements. FEMA has elected to have state-licensed insurance companies' agents and brokers sell flood insurance to consumers. These agents and brokers provide NFIP customers with the same state-regulated standards as when selling other lines of insurance. They can sell NFIP flood insurance policies under the Write Your Own (WYO) Program or through NFIP Direct.

The **WYO Program** is a joint effort between the insurance industry and FEMA that enables approximately 50 participating insurance companies to write and service federal flood insurance policies in their name. States must license and regulate the private insurance companies participating in the WYO Program to engage in the business of property insurance in those states in which they wish to sell flood insurance. NFIP flood insurance is sold through independent (non-captive) agents who work for many insurance companies as well as captive agents who work for only one insurance company.

Insurance companies participating in the WYO program must enter into an annual arrangement with FEMA. These companies write policies and process claims while the federal government pays all losses. All WYO companies offer identical coverage and premiums.

The goals of the WYO Program are to:

1. Increase the NFIP policy base and the geographic distribution of policies.
2. Improve service to NFIP policyholders through the infusion of insurance industry knowledge.
3. Provide the insurance industry with direct operating experience writing and servicing flood insurance.

FEMA also writes and services policies outside the WYO program through the NFIP's direct servicing agent, **NFIP Direct**. NFIP Direct is FEMA's wholly owned insurance company that issues NFIP flood insurance policies. NFIP Direct also functions as the default carrier for flood insurance policies should a WYO company choose to leave the NFIP.

Learn more about NFIP Direct at nfipdirect.fema.gov. For more information on how to buy flood insurance, visit floodsmart.gov/how-buy-flood-insurance. Find a list of flood insurance providers by state at floodsmart.gov/find.

BEFORE A FLOOD DISASTER

This section outlines critical information that may be helpful to your constituents before a disaster occurs.

Explain Flood Insurance Coverage Details

According to the NFIP Standard Flood Insurance Policy (SFIP), a flood is defined as:

1. *“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 (one of which is your property) from:*
 - a. *Overflow of inland or tidal waters;*
 - b. *Unusual and rapid accumulation or runoff of surface waters from any source;*
 - c. *Mudflow.**
2. *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 surface 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.”

The SFIP offers two types of flood insurance coverage: building and contents. The NFIP encourages property owner to purchase both types of coverage. Lenders may require a certain amount of flood insurance coverage if the property owner holds a federally backed mortgage. Some lenders may require the escrow of all premiums and fees related to flood insurance.





Did You Know?

A standard renters insurance policy does not cover flood damage; therefore, renters would need to seek out NFIP contents coverage in addition to their normal rental insurance policy to insure their personal items against flood damage. **This separate insurance policy can cover thousands of dollars of potential personal property damage.**

An NFIP flood insurance policy covers physical damage to an insured structure or personal property directly caused by a flood. For example, the policy covers damage caused by a sewer backup if the backup directly results from flooding. If another problem causes the backup, the policy will not cover the damage. In addition, the flood must affect two or more acres of normally dry land or two or more properties, one of which belongs to the property owner.

NFIP flood insurance would cover rain that directly results in flash flooding that enters a home; however, if the rain is propelled into a covered structure by another cause such as wind, that damage would not be covered. For information on distinguishing the cause of damage, visit the Wind Damage Versus Floodwater Damage: What You Need to Know When Filing a Claim Fact Sheet at agents.floodsmart.gov/wind-vs-water-damage-act-sheet.

In addition, there are specific coverage limitations in basements and areas below the lowest elevated floor. These limitations are outlined in the fact sheet, What Does Flood Insurance Cover in a Basement?, at agents.floodsmart.gov/basement-coverage-fact-sheet.

Knowing what is covered under the SFIP can help you better support your constituents. For specifics on what flood insurance covers, visit floodsmart.gov/whats-covered or the following:

- NFIP Summary of Coverage Brochure: agents.floodsmart.gov/nfip-summary-of-coverage
- NFIP Summary of Coverage Residential Condominium Buildings Brochure: agents.floodsmart.gov/rcbap-summary-of-coverage
- NFIP Summary of Coverage Commercial Property Brochure: floodsmart.gov/commercial-summary
- NFIP Summary of Coverage Group Flood Insurance Policy Brochure: floodsmart.gov/gfip-summary

Educate the Public on Flood Insurance Purchase Exclusions

Generally, NFIP flood insurance policies become effective 30 days from purchase. This 30-day waiting period applies to most new policies, including the process of increasing the amount of coverage on an existing policy. It is designed to prevent consumers from purchasing flood insurance when flooding is imminent or already happening.



Fast Fact

The SFIP does not cover damage from a flood already in progress prior to coverage becoming effective. Evidence that a flood may be in progress might include ongoing flooding in the community where the insured structure is located or flooding that causes damage from an opened spillway, breached levee, released dam or inundated waterway.

Ensuring your constituents are fully aware of the NFIP Flood-in-Progress Policy Exclusion and waiting period can help them make educated decisions before a disaster occurs. However, there are several exceptions to the 30-day waiting period. They include:



Loans & Closing

When the initial purchase of flood insurance is in connection with the making, increasing, extension or renewal of a mortgage loan.



Flood Map Updates

When the initial purchase of flood insurance is in connection with FEMA and a local community revising or updating a Flood Hazard Boundary Map (FHBM) or flood map, done within a year of the flood map revision.



Flood After Fire

When a property is affected by flooding on burned federal land as a result of, or exacerbated by, post-wildfire conditions.

For more information on the waiting period, visit the NFIP Flood-in-Progress Policy Exclusion Infographic at agents.floodsmart.gov/flood-in-progress or review Answers to Questions About the NFIP at agents.floodsmart.gov/nfip-answers-to-questions.

Encourage Flood Loss Avoidance Measures

The NFIP financially supports flood insurance policyholders who proactively protect themselves against flood loss. Flood loss avoidance is a term used to describe the preventative actions one can take to minimize or prevent flood damage to insured property.

The NFIP's flood policies will cover up to \$1,000 in reasonable expenses to protect insured property and up to \$1,000 to move insured property away from a flood or imminent danger of a flood. No deductible is applied to this coverage.

To be eligible for this benefit, the insured property must be located in a community where:

- A general condition of flooding exists; or
- An official has issued an evacuation or civil order for the community requiring measures to preserve life and property from flooding.

Proactive measures taken in and around the property to protect both structures and personal belongings include purchasing and placing sandbags, water pumps, plastic sheeting and more. Other costs may also be covered such as labor, moving and storage expenses. Policyholders should keep copies of all receipts for submission to their insurance agent, flood insurer or adjuster.

Share flood loss avoidance details and measures using the NFIP Understanding Flood Loss Avoidance Flyer at agents.floodsmart.gov/flood-loss-avoidance.



Organize Disaster Response Efforts

Before disaster looms, there are proactive actions you can take to ensure the safety of your constituents. Prepare by:

- Identifying and staffing the communications channels you'll use to reach residents before, during and after the event (i.e., setting up a call center, chat line or email account to respond to inquiries).
- Identifying spaces for insurance company mobile headquarters near, but not in, damaged areas.
- Organizing public meetings for insurance companies to answer constituents' questions.
- Determining how to report the data needed to monitor recovery.
- Outlining any public statements you will want to make (fraud, claims information, expediting recovery) in the aftermath and the appropriate outlets.
- Meeting with state and local emergency managers to ensure access for insurance adjusters to promptly begin their work following a flood.
- Encouraging citizens to follow the direction of local officials regarding evacuations and road closures.

In addition, it's important to follow the advice of weather professionals before, during and after a disaster. For more information on potential flooding types and news terms, review [Flooding and Related Weather Events Publication at \[agents.floodsmart.gov/nfip-flooding-weather-events\]\(https://agents.floodsmart.gov/nfip-flooding-weather-events\)](https://agents.floodsmart.gov/nfip-flooding-weather-events).



AFTER A FLOOD DISASTER

The safety and recovery of your constituents is the main priority following a flood. Flood damage can be costly, and recovery may seem daunting for those affected. This section outlines key information that may be helpful to consumers after a flood disaster occurs.

Offer Contact Information

Policyholders may call their state regulatory authority or local community official for questions or concerns regarding their flood insurance claim. Recommend the following options as helpful contacts:

- The insured's carrier;
- The insured's flood insurance agent;
- The insured's flood insurance adjuster; or
- The insured's adjusting firm handling the claim.

Assist with the Initial Claim

Policyholders should immediately report any flood loss to the insurance company or agent who wrote the policy. They should separate their damaged and undamaged property, making sure to not discard anything before the adjuster sees it unless the damaged item presents a health hazard or local law requires them to discard it. Policyholders should be sure to take photographs, documenting the flood damaged items before disposing.

Generally, an adjuster will contact the policyholder within one-to-two days of receiving the notice of loss. However, timelines may differ depending on the severity of local conditions. The adjuster will then work with the policyholder remotely or in-person to scope the loss—which includes taking measurements, photos and notes of the damage. From there, the adjuster will create a claim estimate detailing the costs to repair or replace the insured flood-damaged items.

Typically, the policyholder must finish a Proof of Loss form within 60 days of the loss which is a policyholder's sworn statement of the amount they are claiming, including necessary supporting documentation.

Policyholders usually receive their claim payment after their insurance carrier agrees on the amount of damage and receives their completed and signed Proof of Loss. Once the policyholder receives final payment for the loss, the claim process is complete.

Find additional content on the NFIP claims process in the Flood Insurance Manual, NFIP Claims Manual and NFIP Claims Handbook at fema.gov/flood-insurance/work-with-nfip/manuals.

Suggest Advance Payments

To accommodate the needs of policyholders during major flood events, FEMA may allow advance payments to policyholders on their flood insurance claims. Insurance carriers may offer up to \$5,000 on a flood claim without an adjuster visit or additional documentation.

When authorized by FEMA, insurance carriers may issue a larger advance payment of up to \$20,000 to kick-start recovery. Policyholders should speak with their insurance agent for more information on advance payments.

Inform Policyholders About Claim Appeals

If a policyholder disagrees with the claim amount received or disputes a denial, they or an authorized representative may appeal the decision directly to FEMA. Appeals must take place within 60 days of the date of the policyholder's denial letter.

Any policyholder with a denied or partially denied claim may file an appeal to FEMA. Policyholders submitting an appeal to FEMA retain the right to file suit against the insurer within the one-year statute of limitations. Once the policyholder sues the insurance carrier, FEMA cannot consider any appeals.

For more information regarding the NFIP appeals process, review the NFIP Claims Handbook at agents.floodsmart.gov/claims-handbook.

Promote Disaster Assistance

After a presidentially declared disaster, FEMA may provide additional assistance to survivors. FEMA's programs help meet essential needs and assist NFIP policyholders—and the public—with first steps toward recovery.

The **Individuals and Households Program (IHP)** may provide funds and services to survivors when insurance does not cover losses to damaged or destroyed property. By law, IHP cannot provide money for losses covered by your insurance.

While some funding is available through IHP, most disaster aid from the Federal Government is in the form of loans from the **U.S. Small Business Administration (SBA)** that borrowers must repay. Applicants to IHP may be required to seek help from SBA before they're eligible for certain programs.

Applicants do not have to submit an SBA loan application for consideration for **FEMA rental assistance**. FEMA's IHP may offer financial assistance to homeowners or renters to acquire temporary housing following a disaster. If the survivor is denied FEMA temporary housing assistance, they may need to appeal the denial.

Additional guidance on financial support is available at fema.gov/assistance/individual/program or in the booklet, *Recovering Financially After a Flood*, at agents.floodsmart.gov/financial-recovery-flooding.

Important Note



FEMA programs **may not return homes or belongings to their pre-disaster condition.**



Reduce or Prevent Claim Payout Delays

Like other lines of insurance, a property mortgage holder must be listed on any insurance payments issued to the policyholder. In the past, FEMA has seen cases where the mortgage holder holds the claim payment in escrow for an extended period.

Delays or limited disbursement of funds prevent the property owner from beginning the recovery process. Work with regulated banking institutions to encourage a timelier claim payment for the policyholder for a speedier recovery.

Work with Supporting Departments, Entities & Partners

FEMA Mapping and Insurance eXchange (FMIX)

FMIX helps consumers with questions about flood mapping and insurance. It connects customers with technical experts specializing in modeling, GIS mapping, insurance underwriting, claims and the Hazus loss-estimation software. In addition, it provides information on Flood Insurance Rate Maps (FIRMs), Letters of Map Revision (LOMRs), Letters of Map Amendment (LOMAs) and flood zone definitions.

- Phone Number: **877-336-2627**
- Hours: Monday–Friday, 8 a.m.–7 p.m. (ET)
- Email: FEMA-FMIX@fema.dhs.gov
- Live Chat: Monday–Friday, 9 a.m.–5 p.m. (ET)
- Website: floodmaps.fema.gov/fhm/fmx_main.html

Flood Insurance Advocate

The Office of the Flood Insurance Advocate (OFIA) advocates for the fair treatment of policyholders and property owners by providing education and guidance on all aspects of the NFIP, identifying trends affecting the public and making recommendations for program improvements to FEMA leadership.

- Website: fema.gov/flood-insurance/advocate
- Ask the Advocate: fema.gov/webform/flood-insurance-advocate-ask-question

For OFIA to best assist, it is important for policyholders to first review the NFIP webpages. Visit floodsmart.gov for more information on the NFIP and the NFIP Resource Library at agents.floodsmart.gov/resourcelibrary to view and download helpful flood insurance resources. Policyholders should also engage their flood insurance agent or company.

Disaster Assistance Improvement Program (DAIP)

DAIP exists to support survivors after a disaster with information on registering for federal disaster assistance, understanding the various types of assistance and checking on the status of a disaster application. They can be contacted at:

- FEMA Helpline: **800-621-3362**
- Website: disasterassistance.gov
- Individual Assistance Address Lookup: disasterassistance.gov/get-assistance/address-lookup

Planning, Building Inspections or Zoning Offices

Planning, building inspections or zoning offices provide valuable information regarding local flood management policies. These offices in each city provide:

- Copies of flood risk maps;
- Copies of existing elevation certificates and elevation information; and/or
- Building permits and local regulations or ordinances governing development in an SFHA or anywhere with at least a 1% chance of experiencing a flood each year.


Constituents can contact these offices through their local government's resources.

Recommend Risk Reduction Programs

FEMA oversees several programs to help communities and individuals manage their flood risk. Find a summary of popular programs below or view all of FEMA's risk reduction programs at fema.gov/grants/mitigation.

Flood Mitigation Assistance (FMA)

Designed to reduce or eliminate flood insurance claims, this program provides funding to state, local, tribal and territorial communities for projects that reduce or eliminate the long-term risk of flood damage to structures insured under the NFIP. Typical projects may include the acquisition of repetitive loss properties and neighborhood-scale flood defense investments. For more information on FMA, visit fema.gov/grants/mitigation/floods.



Pre-Disaster Mitigation Grant Program (PDM)

This program assists states, U.S. territories, federally recognized tribes and local communities in implementing a sustained pre-disaster natural hazard mitigation program. The goal is to minimize overall risk to the population and structures from future hazard events while reducing reliance on federal funding in future disasters.

PDM awards planning and project grants and provides opportunities to raise public awareness about reducing future losses before disaster strikes. Grants fund mitigation plans and eligible projects that reduce or eliminate long-term risk to people and property from natural disasters. Examples of these grants include but are not limited to buy-outs of flood-prone homes, elevating flood-prone structures, and building tornado and high-wind safe rooms. Find additional content on PDM at fema.gov/grants/mitigation/pre-disaster.

Hazard Mitigation Grant Program (HMGP)

This program helps communities implement hazard mitigation measures—any action taken to reduce or eliminate long-term risk to people and property from natural hazards—following a presidential major disaster declaration. Mitigation planning is key to breaking the cycle of disaster damage, reconstruction and repeated damage.

HMGP funds projects that reduce or eliminate losses from future disasters. Projects must protect public or private property and provide a long-term solution to a problem. The grants are for projects to protect public or private property or to purchase property that experienced a flood or is in danger of repetitive damage. Learn more about HMGP at fema.gov/grants/mitigation/hazard-mitigation.



Building Resilient Infrastructure and Communities (BRIC)

This program provides funding on an annual basis to help communities undertake hazard mitigation projects to reduce the risks they face from potential natural hazard events. BRIC's goal is to shift the federal focus away from reactive disaster spending toward research-supported, proactive investment in community resilience.

The program's funds are intended to support communities through capability- and capacity-building, encouraging and enabling innovation, promoting partnerships, enabling large products, maintaining flexibility and providing consistency. Visit [fema.gov/grants/mitigation/building-resilient-infrastructure-communities](https://www.fema.gov/grants/mitigation/building-resilient-infrastructure-communities) for additional information on BRIC.





ADDITIONAL GUIDANCE & CONTACT INFORMATION

Visit the Office of the Flood Insurance Advocate (OFIA) at fema.gov/flood-insurance/advocate to learn more about fair treatment of policyholders and property owners.

Visit floodsmart.gov/disaster-response for resources to use before and after a flood, as well as social media packages to communicate key messages to your constituents.

Download Answers to Questions About the NFIP at agents.floodsmart.gov/nfip-answers-to-questions to gain valuable information about flood insurance policies, what to do before and after a flood, flood maps, flood mitigation actions and more.

The NFIP has valuable resources to learn about flood insurance and help connect you with the information you need to serve your community better. Visit agents.floodsmart.gov/puborderform to order free copies of this publication and others. To view and download digital-only publications, visit the NFIP Resource Library at agents.floodsmart.gov/resourcelibrary. All digital-only publications have been optimized for print.

To learn more about the NFIP, visit floodsmart.gov or call the NFIP at **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. FEMA manages the NFIP.

If you use a relay service, such as video relay service (VRS), captioned telephone service or others, give FEMA the number for that service.