

# Promoting Flood Insurance to Your Borrowers

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The National Flood Insurance Program (NFIP) helps policyholders protect their most important assets from the potential costs of flood damage. By encouraging your borrowers to purchase flood insurance, you can help protect your portfolio from possible financial risks.

## Encourage Borrowers to Get Flood Insurance

As a mortgagee, you are one of the most trusted advisors throughout your borrowers' purchasing process, and flood insurance is key to keeping your investments protected. Flood insurance **is required** for properties located in a special flood hazard area (SFHA) or for properties that have previously received federal disaster assistance funds. However, it is **highly recommended** for all properties, regardless of the flood zone. Buildings can be susceptible to flooding, even if they are not located near a water source.

## Discuss the Benefits of Flood Insurance

Flood insurance plays an important role in you and your borrowers' financial protection. After a flood, your borrowers' regular expenses do not stop. However, flood insurance can lessen their financial burden after a disaster by helping them begin cleanup and repairs sooner. The financial relief that a policy offers can help policyholders begin recovery while continuing their mortgage payments. A flood insurance policy may also safeguard you from potential financial losses, such as a borrower's property going into foreclosure, therefore reducing the financial risk to your portfolio.

## Update Your Messaging

Even if your borrower is not required to purchase flood insurance, consider integrating flood insurance messaging into all mortgage packages to help explain the benefits of insuring their property with the NFIP. Suggested messaging includes:

- “Even if your property is not located near water, it could still be at risk of flooding. Poor drainage systems, summer storms, melting snow, neighborhood construction and broken water mains can cause flooding;”
- “Most homeowners insurance does not cover flood damage;” and
- “From 2014 to 2024, almost one-third of NFIP insurance claims came from areas located in low- to moderate-risk flood zones.”

Encourage your borrowers to get a flood insurance quote today by visiting [floodsmart.gov/policy-quote](https://floodsmart.gov/policy-quote).



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