

Flood Insurance

29. What is the NFIP definition of a Flood?

A flood is an excess of water on land that is normally dry. The official definition used by the National Flood Insurance Program states that a flood 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 from:

- Overflow of inland or tidal waters;
- Unusual and rapid accumulation or runoff of surface waters from any source;
- Mudflow

30. Who may purchase a flood insurance policy?

NFIP coverage is available to all owners of eligible property (a building and/or its contents) located in a community participating in the NFIP. Owners and renters may insure their property against flood loss. Owners of buildings in the course of construction, condominium associations, and owners of residential condominium units in participating communities all may purchase flood insurance.

31. Is there a waiting period for flood insurance to become effective?

Yes. There is typically a 30-day waiting period for an NFIP policy to go into effect, unless the coverage is mandated that it be purchased as required by a federally backed lender or is related to a community flood map change. The exceptions in which the 30-day waiting period does not apply are:

*In connection with making, increasing, extending, or renewing a loan, whether conventional or otherwise, flood insurance that is initially purchased in connection with the making, increasing, extending, or renewal of a loan shall be effective at the time of loan closing, provided that the policy is applied for and the presentment of premium is made at the time of or prior to the loan closing.

*In connection with lender requirement, the 30-day waiting period does not apply when flood insurance is required as a result of a lender determination that a loan on a building in an SFHA that does not have flood insurance coverage should be protected by flood insurance. The coverage is effective upon the completion of an application and the presentment of payment of premium.

*When the initial purchase of flood insurance is in connection with the revision of updating a Flood Hazard Boundary Map (FHBM) or Flood Insurance Rate Map (FIRM): During the 13-month period beginning on the effective date of the map revision, the effective date of a new policy shall be 12:01 a.m., local time, following the day after the application date and the presentment of premium. This rule applies only where the FHBM or FIRM is revised to show the building to be in an SFHA when it had not been in an SFHA.

TYPES OF 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 NFIP encourages people to purchase both types of coverage. Your mortgage company can require that you purchase a certain amount of flood insurance coverage. For information about your specific limits of coverage and deductibles, refer to the Declarations Page in your flood insurance policy. It's also a good idea to review your policy with your insurance agent or company representative.

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32. What is (and is not) covered by flood insurance?

Generally, physical damage to buildings or personal property directly caused by a flood is covered by flood insurance policies. For example, damages caused by a sewer backup are covered if the backup is a direct result of flooding. However, if the backup is caused by some other issue, the damages are not covered. The following charts provide general overview of items covered. It is not a comprehensive list.

General Guidance on Flood Insurance Coverage

What is insured under Building Property coverage

- The insured building and its foundation.
- The electrical and plumbing systems.
- Central air conditioning equipment, furnaces, and water heaters.
- Refrigerators, cooking stoves, and built-in appliances such as dishwashers.
- Permanently installed carpeting over an unfinished floor.
- Permanently installed paneling, wallboard, bookcases, and cabinets.
- Window blinds.
- Detached garages (up to 10 percent of Building Property coverage). Detached buildings (other than garages) require a separate Building Property policy.
- Debris removal.

What is insured under Personal Property coverage

- Personal belongings such as clothing, furniture, and electronic equipment.
- Curtains.
- Portable and window air conditioners.
- Portable microwave ovens and portable dishwashers.

- Carpets not included in building coverage (see above).
- Clothes washers and dryers.
- Food freezers and the food in them.
- Certain valuable items such as original artwork and furs (up to \$2,500).

What is not insured by either Building Property or Personal Property coverage

- Damage caused by moisture, mildew, or mold that could have been avoided by the property owner.
- Currency, precious metals, and valuable papers such as stock certificates.
- Property and belongings outside of a building such as trees, plants, wells, septic systems, walks, decks, patios, fences, seawalls, hot tubs, and swimming pools.
- Living expenses such as temporary housing.
- Financial losses caused by business interruption or loss of use of insured property.
- Most self-propelled vehicles such as cars, including their parts (see Section IV.5 in your policy).

Coverage type	Residential	Non-residential/business
Structure	\$250,000	\$500,000
Contents	\$100,000	\$500,000



Flood Insurance Rating

33. What Is Risk Rating 2.0?

Risk Rating 2.0 is a new pricing methodology and representing the most significant change to the way the NFIP calculates flood insurance premiums since the program began in 1968. Premiums calculated under Risk Rating 2.0 reflect an individual property's specific flood risk, as opposed to being placed in a general risk category based on location and property type.

34. Why Did the NFIP Introduce Risk Rating 2.0?

The NFIP updated its rating methodology to calculate flood insurance premiums for individual properties based on actual flood risk. This is intended to produce rates that are more equitable, and to inform policy holders of their true flood risk.

35. How Have Flood Insurance Premiums Been Calculated Previously?

The NFIP's rating structure followed the general insurance practices in place when the NFIP was established, and had not fundamentally changed since the 1970s. It used several basic characteristics to classify properties and assign rates. Structures were evaluated by location within a flood zone on a Flood Insurance Rate Map (FIRM), occupancy type, and elevation relative to the Base Flood Elevation (BFE). This rating system did not take into account the individual flood risk or the cost to rebuild, and considered only two sources of flood risk: river flooding and coastal flooding.

36. How Are Premiums Calculated Under Risk Rating 2.0?

Premiums are calculated based on the specific features of an individual property, including distance from water, type of flooding, flood frequency, structure foundation type, height of the lowest floor relative to BFE, prior claims, and the structure's replacement cost value. FEMA has provided a [Rate Explanation Guide](#) and a [Discount Explanation Guide](#) to illustrate how certain rating variables affect premiums. Risk Rating 2.0 also adds pluvial flood risk—flooding from heavy rainfall.

