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 may 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 is also a good idea to review your policy with your insurance agent or company representative.

Two Types of Flood Insurance Coverage

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 is normally dry. The official definition used by the National Flood Insurance Program 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..."
Choosing Deductibles

Choosing the amount of your deductible is an important decision. As with car or homeowners insurance, choosing a higher deductible will lower the premium you pay, but will also reduce your claim payment.

You can choose different deductibles for Building Property and Personal Property coverage. The deductibles will apply separately to Building Property and Personal Property claims. Your mortgage company may require that your deductible is no more than a certain amount.

Review the Declarations Page in your flood insurance policy for amounts of coverage and deductibles. Talk with your insurance agent, company representative, or lender about raising and lowering deductibles.

Reminder: Keep Your Receipts

While you are not expected to keep receipts for every household item and article of clothing, do try to keep receipts for electronic equipment, wall-to-wall carpeting, major appliances, and other higher cost items. Your adjuster will be able to process your claim more quickly when you can prove how much items cost at the time of purchase.

What is Covered by Flood Insurance—and What is Not

Physical damage to your building or personal property “directly” caused by a flood is covered by your flood insurance policy. For example, damages caused by a sewer backup are covered if the backup is a direct result of flooding. If the backup is caused by some other problem, the damages are not covered.

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

General Guidance on Flood Insurance Coverage

<table>
<thead>
<tr>
<th>What is insured under BUILDING PROPERTY coverage</th>
<th>What is insured under PERSONAL PROPERTY coverage</th>
<th>What is NOT insured by either Building Property or Personal Property coverage</th>
</tr>
</thead>
<tbody>
<tr>
<td>• The insured building and its foundation.</td>
<td>• Personal belongings such as clothing, furniture, and electronic equipment.</td>
<td>• Damage caused by moisture, mildew, or mold that could have been avoided by the property owner.</td>
</tr>
<tr>
<td>• The electrical and plumbing systems.</td>
<td>• Curtains.</td>
<td>• Currency, precious metals, and valuable papers such as stock certificates.</td>
</tr>
<tr>
<td>• Central air conditioning equipment, furnaces, and water heaters.</td>
<td>• Portable and window air conditioners.</td>
<td>• Property and belongings outside of a building such as trees, plants, wells, septic systems, walks, decks, patios, fences, seawalls, hot tubs, and swimming pools.</td>
</tr>
<tr>
<td>• Refrigerators, cooking stoves, and built-in appliances such as dishwashers.</td>
<td>• Portable microwave ovens and portable dishwashers.</td>
<td>• Living expenses such as temporary housing.</td>
</tr>
<tr>
<td>• Permanently installed carpeting over an unfinished floor.</td>
<td>• Carpets not included in building coverage (see above).</td>
<td>• Financial losses caused by business interruption or loss of use of insured property.</td>
</tr>
<tr>
<td>• Permanently installed paneling, wallboard, bookcases, and cabinets.</td>
<td>• Clothes washers and dryers.</td>
<td>• Most self-propelled vehicles such as cars, including their parts (see Section IV.5 in your policy).</td>
</tr>
<tr>
<td>• Window blinds.</td>
<td>• Food freezers and the food in them.</td>
<td>• Debris removal.</td>
</tr>
<tr>
<td>• Detached garages (up to ten percent of Building Property coverage). Detached buildings (other than garages) require a separate Building Property policy.</td>
<td>• Certain valuable items such as original artwork and furs (up to $2,500).</td>
<td>• Debris removal.</td>
</tr>
</tbody>
</table>
Flood insurance coverage is limited in areas below the lowest elevated floor (including crawlspace) depending on the flood zone and date of construction (refer to Part III, Section A.8 in your policy) and in basements regardless of zone, or date of construction. As illustrated below, these areas include 1) basements, 2) crawlspaces under an elevated building, 3) enclosed areas beneath buildings elevated on full story foundation walls that are sometimes referred to as “walkout basements,” and 4) enclosed areas under other types of elevated buildings.

### What is insured under BUILDING PROPERTY coverage
- Foundation walls, anchorage systems, and staircases attached to the building.
- Central air conditioners.
- Cisterns and the water in them.
- Drywall for walls and ceilings (in basements only).
- Nonflammable insulation (in basements only).
- Electrical outlets, switches, and circuit breaker boxes.
- Fuel tanks and the fuel in them, solar energy equipment, well water tanks and pumps.
- Furnaces, hot water heaters, heat pumps, and sump pumps.

### What is NOT insured by either Building Property or Personal Property coverage
- Paneling, bookcases, and window treatments such as curtains and blinds.
- Carpeting, area carpets, and other floor coverings such as tile.
- Walls and ceilings not made of drywall.
- Most personal property such as clothing, electronic equipment, kitchen supplies, and furniture.

### What is insured under PERSONAL PROPERTY coverage
- Washers and dryers.
- Food freezers and the food in them (but not refrigerators).
- Portable and window air conditioners.
- Fuel tanks and the fuel in them, solar energy equipment, well water tanks and pumps.
- Furnaces, hot water heaters, heat pumps, and sump pumps.

### 1. BASEMENTS
Coverage limitations apply to "basements," which are any area of the building, including a sunken room or sunken portion of a room, having its floor below ground level on all sides.

### 2. CRAWLSPACE
When a building is elevated on foundation walls, coverage limitations apply to the "crawlspaces" below.

### 3. ELEVATED BUILDING ON FULL STORY FOUNDATION WALLS
Coverage limitations apply to the enclosed areas (lower floor) even when a building is constructed with what is sometimes called a "walkout basement."

### 4. ELEVATED BUILDING WITH ENCLOSURE
Coverage limitations apply to "enclosed areas" at ground level under an "elevated building." An elevated building allows water to flow freely under the living quarters, thus putting less strain on the building in the event of flooding. An "enclosure" is the area below the lowest elevated floor that is fully shut in by rigid walls.
How Flood Damages Are Valued

The value of flood damage in the Dwelling Form is based on either Replacement Cost Value or Actual Cash Value.

Replacement Cost Value (RCV)

RCV is the cost to replace that part of a building that is damaged (without depreciation). To be eligible, three conditions must be met:

1. The building must be a single-family dwelling, and
2. Be your principal residence, meaning you live there at least 80-percent of the year, and
3. Your building coverage is at least 80-percent of the full replacement cost of the building, or is the maximum available for the property under the NFIP.

Actual Cash Value (ACV)

ACV is Replacement Cost Value at the time of loss, less the value of its physical depreciation.

Some building items such as carpeting are always adjusted on an ACV basis. For example, wall-to-wall carpeting could lose between 10 to 14 percent of its value each year, depending on the quality of the carpeting. This depreciation would be factored in the adjustment.

Personal property is always valued at ACV.

Special Considerations for Multiple Claims

Property owners of “severe repetitive loss properties” may be eligible for a FEMA mitigation grant for property improvements that reduce the likelihood of future flood damages. Property owners who refuse the grant money could be required to pay increased flood insurance premiums.

A property is defined as a “severe repetitive loss property” when it meets one of these conditions:

1. Four or more separate flood claim payments have been made and each claim payment exceeds $5,000, or
2. At least two flood claim payments have been made and the cumulative payments exceed the value of the property.

A FINAL NOTE

This document provides general information about flood insurance coverage. However, please be aware that your Standard Flood Insurance Policy, your 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 insurance agent or company representative.

What is Increased Cost of Compliance (ICC) coverage?

Most NFIP policies include ICC coverage, which applies when flood damages are severe. ICC coverage provides up to $30,000 of the cost to elevate, demolish, or relocate your home. If your community declares your home “substantially damaged” or “repetitively damaged” by a flood, it will require you to bring your home up to current community standards.

The total amount of your building claim and ICC claim cannot exceed the maximum limit for Building Property coverage ($250,000 for a single-family home). Having an ICC claim does not affect a Personal Property claim (up to $100,000), which is paid separately.

Details about eligibility are in Part III, Section D of your policy.
For more information about the NFIP and flood insurance, call
1-800-427-4661
or contact your insurance company or agent.

http://www.fema.gov/business/nfip
http://www.floodsmart.gov