

What All Homeowners and Home Buyers Should Know About Flood Insurance!

This report is intended for information purposes only about the NFIP and not intended to provide legal or financial advice or assistance. For insurance, legal or financial assistance and information please contact a licensed legal, financial or insurance agent or provider.

This report is a shortened version of information provided on the FEMA website and from reports published by FEMA. This information was compressed to make for easier reading.

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1. Do I Require Flood Insurance?

If the house you are buying is in a designated Special Flood Hazard Area (high-risk area), then federally regulated or insured lenders must, by law, require the buyer to buy flood insurance as a condition of their loan.

2. What if the House is Outside the Special Flood Hazard Area?

A lender may still require you to buy flood insurance as a condition for providing the loan.

In many cases you may not be required to purchase flood insurance. Just remember that homeowners' insurance policies typically do not cover floods.

It is a good business practice for you to protect your new investment. Even if you are not required, it is strongly recommended that you still to buy flood insurance.

A home does not need to be near water to flood. In fact, FEMA reported that more than 20 percent of all NFIP flood claims come from outside mapped high-risk areas.

Floods are caused by many perils including storms, hurricanes, water backup due to inadequate or overloaded drainage systems, broken water mains, and changes to land as the result of new construction. It is not just high-risk areas that flood.

3. Will I be Covered For A Flood?

The National Flood Insurance Program (NFIP) insurance responds to cover losses even when a disaster declaration has not been made.

Generally, NFIP flood insurance claim payments do not need to be paid back.

4. What About Federal Disaster Assistance?

Availability of Federal Disaster Assistance is dependent upon a Presidential disaster declaration.

Federal Disaster Assistance is often a loan that must be repaid with interest, in addition to existing mortgages, other loans, and debts.

So, relying on Federal Disaster Assistance is not the best answer.

5. Who Can Purchase Flood Insurance?

Anyone in a community that participates in the NFIP can purchase building and/or contents coverage, with few exceptions:

Some Coastal Barrier Resources System (CBRS) areas, Otherwise Protected Areas (OPAs), and buildings principally below ground or entirely over water may not be eligible for NFIP flood insurance coverage.

6. How Do I Obtain A Flood Insurance Policy?

You can purchase NFIP flood insurance from the NFIP direct or from any licensed property and casualty insurance agent servicing flood insurance on behalf of FEMA.

The NFIP flood insurance rules and regulations are the same, regardless of where the coverage is purchased, and therefore the premium for an individual risk should also be the same.

If the seller of the property currently has an NFIP flood insurance coverage on the building, that policy can be assigned to the buyer at the time of property closing.

If the mortgage company requires flood insurance as a condition of the loan and the borrower has an escrow account for other insurance premiums, the lender must escrow flood insurance premiums, too — making it easy to ensure that you will not get caught without flood insurance when it is needed the most.

7. How Much Does Flood Insurance Cost?

Flood insurance premiums vary, depending upon the date the building was constructed, the flood zone, elevation and the degree of risk for flooding.

To obtain a quote, please ask your real estate agent to provide you with names of insurance companies or call 1-888-435-6637 for assistance in locating an agent selling NFIP flood insurance in your area.

In order to obtain a flood insurance quote, you may need to obtain an Elevation Certificate (EC).

8. Where May I Find an Existing EC?

Check with the local building permit or planning and zoning office, ask the current owner, or contact a flood insurance agent.

You however may need to purchase a new Elevation Certificate from a licensed land surveyor, engineer, or architect.

9. When Is The Best Time To Buy Flood Insurance Coverage?

Immediately! There is typically a 30-day waiting period from the time of policy application and payment to the policy effective date. However, there are exceptions to this rule. For example, if the initial purchase of NFIP flood insurance is done in connection with a loan closing, there may be no waiting period.

10. What Is A Special Flood Hazard Area (SFHA)?

These are the areas with the highest risk for floods and are shown on Flood Insurance Rate Maps as Zones, beginning with the letter A or V.

Over a 30-year mortgage, homes in these zones have a 26-percent chance of experiencing a flood.

11. How Will I Know If A Building Is In a SFHA?

Your real estate agent should be able to assist, but you can also check with the local community or visit www.floodsmart.gov to learn more about the flood risk of the area. Copies of flood maps can be viewed and downloaded from <http://msc.fema.gov>.

Your lender will notify you if flood insurance is required as a condition of their mortgage loan.

Important Contact Information

For more information about NFIP flood insurance, contact your insurer or agent, or call, 1-800-427-4661.

To locate an insurance agent selling flood insurance in your area, call, 1-888-435-6637.

If you are deaf/hard of hearing or have a speech disability and use relay services, call 711 from your TTY or use VRS to call, 1-800-638-6620.

Disclosure

The information provided in this report was adapted from reports provided courtesy of FEMA and from information provided on the FEMA website. The information in this report is intended only to assist home buyers and homeowners to better understand the topic of Flood insurance. This report is not intended to provide financial, legal or insurance advice and is provided for information purposes only. Each individual homeowner, home buyer, home seller, real estate agent, or any other user should do their own due diligence with regards to any and every aspect or term discussed or implied in this report. For Legal, Financial or Insurance assistance, please contact a licensed service provider.

Information contained in this report courtesy of FEMA.

This report was compiled by Lee Van Der Heyde – Real Estate Broker Associate licensed in Florida.