



National Flood Insurance Program FAQ's

What is the NFIP?

In 1968, Congress created the National Flood Insurance Program (NFIP) to help provide a means for property owners to financially protect themselves. The NFIP offers flood insurance to homeowners, renters, and business owners if their community participates in the NFIP. Participating communities agree to adopt and enforce ordinances that meet or exceed FEMA requirements to reduce the risk of flooding.

I am not in a high hazard flood zone area, but my Commercial Property policy either does not offer flood coverage or my policy has a higher deductible. Can I purchase coverage through the NFIP?

Yes. Preferred Risk Policies are available at lower rates provided your property meets the eligibility requirements. Example rate: \$500,000 Building and Contents Limit (\$1,000 deductible) for a building without a basement is roughly \$2,878 in annual premium.

How do I know in what flood zone my business' property is located?

We can run a Flood Zone Determination for your address. Contact KorthaseFlinn to begin this process if you are concerned about your flood zone status. Periodically, FEMA will remap the flood zone lines, so these areas can change over time.

When do I need to purchase flood insurance through the NFIP?

- If you are in a High Hazard Flood Zone, your all risk property insurance policy will almost never provide flood coverage. Check with your agent to confirm.
- You may have a lender requirement to carry flood insurance if they have determined you are in a high hazard flood zone. They will likely force place more expensive flood insurance if you do not place your own.
- You may have a high deductible for the peril of flood on your Commercial Property "All Risk" policy. A flood loss could be devastating to your balance sheet if not properly covered.

My mortgagee/lender is requiring me to maintain flood insurance on my property, but advised they will cover it if I do not. What are my options?

- If your lender requires flood insurance on your property, they can and will likely force place coverage at your expense. Force placed coverage is always more expensive. If this is your scenario, please call us and we can assist you in placing your own NFIP policy. Your mortgage holder will receive a copy of the policy as proof that coverage is placed.

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What is covered by the NFIP policy?

The Commercial/“Non-Residential” policy covers Building and/or Contents up to a \$500,000 limit each for the peril of Flood only. Flood is defined as: *“A general and temporary condition of partial or complete inundation of two or more acres of normally dry land area or 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 “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...”***

Keep in mind the policy does **NOT** provide Business Interruption coverage (i.e. financial loss sustained as a result of a shutdown). Also, the policy does **NOT** provide guaranteed replacement cost coverage. Coverage is on an Actual Cash Value basis.

As the property manager (or board member), I am responsible for securing flood insurance for a large condominium association. Are we limited to a \$500,000 building limit?

No. There is a separate program for Condominium Association buildings which provides Building coverage up to \$250,000 *per unit* and Contents coverage up to \$100,000.

What will I need to provide to my insurance agent to secure a proposal for flood insurance?

There are several pieces of information in the application process that we will ask you for, but one of the most important is an **elevation certificate** which can be ordered from a local surveyor. We can assist in locating a licensed surveyor in your area who can complete an elevation certificate for you.

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What factors affect flood insurance premiums?

Flood insurance premiums are calculated based on factors such as:

- Year of building construction
- Number of floors
- Its flood risk (i.e. its flood zone)
- Building occupancy
- The location of its contents
- The deductible you choose and the amount of building and contents coverage
- The location of the lowest floor in relation to the elevation requirement on the flood map (in newer buildings only).

If your commercial property is in a high-risk flood area and you have a mortgage from a federally regulated or insured lender, you are required to purchase a flood insurance policy.

Where can I find more information?

Visit [FloodSmart.gov](https://www.floodsmart.gov), the official site of the NFIP, or [contact Korthase Flinn](#) to speak with one of our business insurance agents regarding your flood exposure.