

# FLOOD INSURANCE BASICS

Catastrophic floods can impact consumers anywhere in the country. Whether you live in an area that has a low or high risk of flooding, you should buy flood insurance if you own or rent property.

The National Flood Insurance Program (NFIP) defines flooding as a general and temporary condition where two or more properties or two or more contiguous acres of normally dry land are inundated by water or mudflow.

Not everyone faces the same level of risk of loss from flooding; The NFIP helps communities understand their risk with flood maps which are divided into three categories:



1

High-risk areas have at least a 1% chance of flooding annually. All homeowners in these areas with mortgages from federally regulated or insured lenders are required to buy flood insurance.

2

Moderate-to-low risk areas have less chance of flooding annually, but there is still a possibility of a flood. Flood insurance in these areas isn't required, but is recommended for all property owners and renters.

3

Where flood-hazard analysis hasn't been conducted, but a flood loss still can occur.

## FLOOD FACTS

- Property owners and renters should buy flood insurance even if you aren't in a high-risk area.
- Your chances of being flooded are much greater than some other risks you face daily.
- If you live in a 100-year floodplain, there's more than a 1 in 4 chance that you'll be flooded during a 30-year mortgage. During a 30-year mortgage, you are 27 times more likely to experience a flood than have a fire.
- Just one inch of water can cause \$20,000 or more in damages to your property.
- Your homeowners or renter's policy typically doesn't cover flood damage.
- No home is safe from the devastation of a flood; 25% of flood losses occur to homes outside of a high-risk area (category 1 or above).

# FLOOD POLICIES

The NFIP standard flood insurance policy pays for direct physical damage to your insured property up to the replacement cost or actual cash value (ACV) of actual damages, or the policy limits of coverage, whichever is less.



## HOMEOWNERS STRUCTURE

Flood insurance policies cover up to \$250,000 of flood damage to a home's structure, including:

Damage to the furnace, water heater, air conditioner and floor surfaces (carpeting and tile)

Debris removal and clean up

Coverage for basements, crawlspaces and ground level enclosures on an elevated home is limited, so talk to your agent about any restrictions in the policy

## HOMEOWNERS CONTENT

Personal property inside your home is not covered under the Building Property coverage form. However, coverage is available up to \$100,000 for an additional premium.

Clothes, washer and dryer

Television and furniture

Other personal belongings

## BUSINESS OWNERS

Personal property is not covered under Building Property policy form. However, coverage is available for up to \$500,000 and an additional premium.

## HOW TO BUY FLOOD INSURANCE

Homeowners, condo owners, renters, and business owners are eligible to purchase flood insurance through the NFIP if your community participates in the program. Private flood insurance (not part of the NFIP) may also be available. Flood insurance is sold by licensed insurance agents.

The NFIP offers an agent locator. Contact a local agent by calling 1-800-427-4661 or visit [www.floodsmart.gov/topics/writing-policies/wyo-insurance-companies](http://www.floodsmart.gov/topics/writing-policies/wyo-insurance-companies) and filter by "Hawaii" for a list of local agents in the state.



It is important to note that the NFIP insurance policy doesn't go into effect immediately after you buy it. NFIP policies have a 30-day waiting period unless a policy is bought at the same time as a newly purchased home.

If your community doesn't participate in the NFIP, contact your licensed insurance agent to ask about private flood insurance. If your agent can't write a private flood policy, they may refer you to another licensed agent.

If you choose a private flood insurance policy, shop around and compare coverage and premiums before you decide which policy to buy.

## HOW MUCH DOES FLOOD INSURANCE COST?



In Hawai'i, pricing can range from \$900 to \$2,000 or more annually, depending on risk factors. Premiums will vary depending on your location and flood zone, the risk of loss in your area, the amount and type of coverage needed and the preferred deductible amount.

## DO I LIVE IN A HIGH RISK AREA?

To determine which flood zone you live in visit:  
<https://msc.fema.gov/portal>

While you might not live in a high risk zone, there are other important reasons to buy flood insurance. Examples include:

Torrential rains  
Hurricane Lane dropped over 50 inches of rain, causing massive property flooding.

Changes in terrain caused by wildfires, erosion, and building development increase water run off and the chance of flooding in urban and rural areas.

For more information visit [www.floodsmart.gov](http://www.floodsmart.gov)