



FEMA

Congressional Advisory

March 29, 2011
No.: R3-CA 11-09
Contact: Frank Ferreira
Phone: 215-931-5716
E-mail: frank.ferreira@dhs.gov

WHO NEEDS FLOOD INSURANCE?

PHILADELPHIA – As the spring flooding season approaches, the Region III office of the Federal Emergency Management Agency (FEMA) reminds everyone to include a key ingredient in their household’s flood safety plan—flood insurance. Flooding is the most costly disaster in the United States. Common flooding misconceptions, oversights and myths can lead to (or compound) disaster. As such, the following are a few myths FEMA wants to dispel in its ongoing effort to help protect lives and property:

MYTH: Flooding doesn’t occur in my community.

FACT: The risk of a flood is real.

You can live miles away from water and still be a victim of flooding. In fact, nearly 1 in 4 flood insurance claims are paid on policies in low-to-moderate-risk areas. That’s partly because it doesn’t take a major body of water, or even a major storm, to cause a flood. Anything from a broken sewer line to a slow moving rainstorm can cause flooding. Bottom line, your home has a 20 percent chance of being damaged by a flood over the life of a 30-year mortgage in high-risk areas.

MYTH: Flood insurance is too expensive.

FACT: Flood insurance is affordable.

The problem may be widespread, but the solution is simple. About 100 private insurance companies nationally can provide flood insurance backed by the federal government. Policies are available to homeowners, condo owners, apartment owners, renters and business owners alike. If you live in a low or moderate-risk area, a flood policy can cost just over \$100 a year. In the most high-risk areas, the cost of flood insurance is around \$500 a year.

MYTH: You must live in a high-risk flood zone to be eligible for flood insurance.

FACT: Anyone can purchase a policy as long as the local community participates in the National Flood Insurance Program (NFIP). Property owners and renters can visit <http://www.fema.gov/fema/csb.shtm> to see if their community participates in the NFIP.

MYTH: Flooding always leads to federal assistance.

FACT: Disaster aid is not often available.

Before a community is eligible for federal disaster assistance, it must be declared a federal disaster area. This happens in less than 50 percent of flooding incidents. The main form of federal assistance after a federally declared disaster is a loan. Many people don't think they need flood insurance because they believe federal disaster assistance will bail them out. But that thinking is not safe. Even when disasters are declared, aid is usually in the form of a loan which must be paid back with interest.

Flood insurance, on the other hand, pays for all covered losses, and unlike loans, that money doesn't have to be paid back. You can cover your home's structure for up to \$250,000, and its contents for up to \$100,000. For businesses, structural coverage is available up to \$500,000, and up to \$500,000 for contents.

Additional information regarding flooding and flood insurance can be obtained at <http://www.floodsmart.gov/>.

PLEASE NOTE: There is typically a 30-day waiting period from date of purchase before a new flood policy goes into effect. Here are the only exceptions:

- If your lender requires flood insurance in connection with the making, increasing, extending, or renewing of your loan.
- If an additional amount of insurance is required as a result of a map revision.
- If flood insurance is required as a result of a lender determining that a loan that does not have flood insurance coverage should be protected by flood insurance.

If you have any questions, please feel free to contact Region III's Congressional Affairs at 215-931-5716.

FEMA's mission is to support our citizens and first responders to ensure that as a nation we work together to build, sustain, and improve our capability to prepare for, protect against, respond to, recover from, and mitigate all hazards. Region III covers Delaware, District of Columbia, Maryland, Pennsylvania, Virginia and West Virginia. Stay informed of FEMA's activities online: videos and podcasts available at <http://www.fema.gov/medialibrary> and www.youtube.com/fema. Follow us on Twitter at www.twitter.com/femaregion3.