## Flood Insurance 101

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#### What is flood insurance?

Homeowners insurance doesn't cover damage from flooding, only flood insurance fills this gap. The National Flood Insurance Program (NFIP) is the provider of most flood insurance policies; it is a division of FFMA.

You can also purchase flood insurance through private insurance agents. Please evaluate these policies carefully, their coverage is different than NFIP policies, i.e. temporary housing assistance. Private insurance policy holders are <u>not</u> eligible for FEMA grants for home elevations, buyouts or Increased Cost of Compliance (ICC) funds for flood mitigation measures.

#### What does flood insurance cover?

There are two main flood insurance coverage types:

**Building Property:** Covers your home from roof to foundation, including anything integrally attached to your house (like cabinets). Rule of thumb: it covers everything that remains in your house when you move. Most detached structures are not included, you'll need a separate policy for them. Sometimes detached garages can be included.

Please note: Flood insurance doesn't usually cover mold/mildew damage or outdoor property damage, i.e. a pool.

**Personal Contents:** Protects household items including furniture, appliances and clothing. It doesn't cover money, paper valuables, precious metals or cars (covered by auto insurance).

Residential NFIP policies have a maximum coverage of \$250,000 for buildings and \$100,000 for personal property. Private insurance has a wider range of options in coverage amounts.

**Increased Cost of Compliance (ICC)** coverage can be part of an NFIP policy, it provides up to \$30,000 to help cover the cost of mitigation measures that will reduce future flood risk, see details here.

## How is flood insurance priced?

All flood insurance policy premiums are based on flood risk. FEMA's method of setting flood insurance rates is called **Risk Rating 2.0**, which is based on a variety of factors including: home's elevation, age, number of floors, square footage, proximity to river, etc. See the <u>details</u> here.

Once this data has been input, a 'universal quote' is developed, meaning there is only one FEMA NFIP rate, regardless of which insurance agency you work with. This rate is not negotiable.

Pequannock pro-actively participates in the NFIP's <u>Community Rating System</u> and has made flood mitigation measures a top priority. Due to these efforts, Pequannock is a Class 5 CRS Community, which results in floodplain residents receiving a **25% discount on flood insurance!** 

#### Do I need flood insurance?

Anyone can purchase flood insurance, even if you don't live in the floodplain. In fact, nationwide over 20% of flood claims are *outside* the floodplain - it is often a good idea, even for low flood risk homes.

If your home deemed to be a high flood high risk, you <u>must</u> purchase flood insurance in order to receive a federally-backed home loan or federal financial assistance. To determine a property's flood risk, please contact the Flood Resilience Officer via our <u>online form</u>, call 973-835-5700 x164, or visit their office at 471 Newark-Pompton Turnpike.

**Important Note**: Only *Building Property* flood insurance is *required*. The purchase of Personal Contents flood insurance is entirely voluntary.

# How do I buy flood insurance?

A local flood insurance agent can help you purchase a policy. Oftentimes this is your current insurance agent; if not, ask them for a referral. <u>Here are details</u> on the National Flood Insurance Program, local agents can be found <u>here</u>.

**Important Note**: NFIP flood insurance policies have a <u>30 day waiting period</u> before taking effect, private insurance companies' policies do not. Please consider purchasing flood insurance well in advance of any potential flood events.

If you have additional questions, please contact Pequannock's Flood Resilience Officer via our <u>online form</u>, or call 973-835-5700 x164. We can evaluate your current insurance policy, elevation certificate, and physical characteristics of your home. We may also be able to suggest mitigation measures to lower your insurance premiums.