

# Protecting Communities from Floods



*The National Flood Insurance Program (NFIP) lessens the financial devastation caused by flooding in communities across the United States by enabling homeowners, business owners and renters to purchase federally backed flood insurance; by requiring participating communities to regulate construction in high-flood-risk areas; and by encouraging mitigation best practices ([www.fema.gov/plan/prevent/bestpractices/index.shtm](http://www.fema.gov/plan/prevent/bestpractices/index.shtm)).*

## WORKING TO INSURE THE PUBLIC AND LESSEN FLOOD RISKS

The NFIP addresses the risks associated with America's number one natural disaster, flooding. The program's elements include flood hazard mapping (creation of maps that show the risk of flooding); flood insurance (insuring homes and businesses in high- and low- to moderate-risk areas nationwide); and floodplain management (encouraging communities to adopt and enforce ordinances to lessen the damage from flooding).

## FLOOD INSURANCE REQUIREMENTS AND OPTIONS

Areas with at least a 1 percent chance of flooding in a given year are known as high-risk areas, or Special Flood Hazard Areas. If a structure in a high-risk area has a mortgage from a federally regulated lender, federal law requires that it be insured against flood damage.

A residential building can be insured for up to \$250,000 and its contents for up to \$100,000. Residential renters can cover belongings for up to \$100,000, and a nonresidential property owner can insure a building and its contents for up to \$500,000 each. In general, a policy does not take effect until 30 days after flood insurance is purchased. If a structure is located in a low- to moderate-risk area, the flood risk is reduced, not removed. Twenty to 25 percent of all flood claims occur in low- to moderate-risk areas. Lower cost Preferred Risk Policies (PRPs) are available for most properties located in areas of low to moderate risk, starting as low as \$112 a year.

Homes and apartments located in low- to moderate-risk areas may be eligible for PRP rates as long as the building meets the requirements, including the flood history.

Lower premiums may also be available in communities that go beyond NFIP minimum standards of floodplain management by adopting stricter construction requirements or by adopting additional mitigation plans and preparedness activities. The NFIP's Community Rating System qualifies such communities for reduced flood insurance premiums ranging from a 5 to 45 percent discount.

A common misconception is that homeowners policies cover flood damage. This is not true. Typically, only flood insurance through the NFIP protects a property from flood-related losses.

## NFIP BY THE NUMBERS

NFIP flood insurance is available in all 50 U.S. states and its territories, to property owners and renters whose communities have agreed to adopt and enforce floodplain management ordinances that meet NFIP standards.

To date, more than 20,200 communities have agreed to adopt and enforce such floodplain management ordinances to reduce future flood losses.





## INCREASING AWARENESS AND PROMPTING ACTION

To build awareness of flood protection and spur policy growth, the NFIP created the FloodSmart integrated marketing campaign. FloodSmart informs consumers about their flood risk and protection options, and it helps insurance agents understand the importance of flood insurance and improve service in their communities. A substantial amount of information can be disseminated at the local level by reaching out to citizens and the media to help people better understand flood insurance and their policy options.

The NFIP also has published documents to clarify policyholder questions. The Flood Insurance Claims Handbook helps policyholders through the process of filing a claim. Policyholders also receive a Summary of Coverage document that provides general information about deductibles, what is and is not covered by flood insurance, and how items are valued at the time of loss. These documents, in addition to other fact sheets that provide more information about the NFIP and flood insurance, can be downloaded from the Federal Emergency Management Agency's (FEMA's) Web site at [www.fema.gov/business/nfip/library.shtm](http://www.fema.gov/business/nfip/library.shtm).

For more information about the NFIP or the FloodSmart campaign, visit [FloodSmart.gov](http://FloodSmart.gov).