



# Common Questions: Flood Insurance

*Flood insurance will soon be a requirement for many property owners in your community. Some levees, including **[maybe the one near you]** do not currently meet federal flood safety standards. This does not necessarily mean your home or building is likely to flood soon. However, it does mean there is a flood risk to your property. Because of this risk, federal law may require you to carry flood insurance protection. The following addresses questions you may have about the federal flood insurance requirement, including how to save money by purchasing a low-cost Preferred Risk Policy before you are subject to the requirement.*

## What is the federal flood insurance requirement?

Federal law requires you to carry flood insurance if: (a) your home or building has at least a 1 percent chance of flooding in any given year, and (b) you obtained your mortgage from a federally regulated or insured lender. Flood insurance is recommended, but not required, if you do not carry a mortgage on your property or if you obtained your mortgage from a lender who is not regulated or insured by the federal government.

## Who determines the level of flood risk to my property?

The Federal Emergency Management Agency (FEMA) develops flood hazard maps, called Flood Insurance Rate Maps, to help determine the flood risk to your property. FEMA maintains these maps for flood-prone communities across the country. To produce Flood Insurance Rate Maps, FEMA gathers information from local flood officials, federal agencies and other sources. The maps are divided into flood zones that show a high, moderate or low risk to properties located within the zone boundaries. Flood insurance is required in high-risk zones, called Special Flood Hazard Areas. Special Flood Hazard Areas have at least a 1 percent chance of flooding in any given year. Further, in Special Flood Hazard Areas, there is a 1-in-4 chance your home will flood over the life of a 30-year mortgage.

## Where can I view flood insurance rate maps?

To view the current effective Flood Insurance Rate Maps for your community, visit the FEMA Map Service Center at [www.msc.fema.gov](http://www.msc.fema.gov) or contact **[Your local Government/Agency that keeps the Flood Insurance Rate Maps]**.

## I have lived in my home for years and never experienced a flood. Why do I now have to carry flood insurance?

Flood risks change over time. Because of this, the past is not always a reliable indicator of your current risk. Levees decay. Weather patterns fluctuate. New methods to test levee safety improve the ability to identify risks and predict flooding. Flood maps evolve to reflect these changes. In 2003, FEMA began a Flood Map Modernization program to update the nation's Flood Insurance Rate Maps. Local flood maps have not been revised in (2) years. The new flood maps show the current risk to your property and community.

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## Does my homeowners insurance cover damage caused by flooding?

Homeowners insurance seldom covers flood damage. In most cases, property owners must purchase flood insurance to protect against damage caused by flooding. Please contact your insurance agent if you have a question about whether your current homeowners policy covers flood damage.

## When am I required to purchase flood insurance?

Flooding can happen anywhere, at any time. The safest choice is to apply now for flood insurance. However, under federal law, most mortgage holders will be required to purchase flood insurance when they are mapped into a high-risk area. Local flood authorities and/or your lender will notify you of this date.

## Where do I buy flood insurance?

You can purchase a flood insurance policy from USA INSURANCENET CORP <http://WWW.USAINSURANCENET.COM> or any other agent selling Flood Insurance.

## How much will flood insurance cost?

The cost of your flood insurance policy will depend on factors that include, but are not limited to, the type of property you own, the level of flood risk to your property and the amount of coverage you choose to carry. However, you can likely save money by purchasing a low-cost Preferred Risk Policy before you are subject to the federal flood insurance requirement. For a Flood Insurance Cost quote contact: USA INSURANCENET CORP <http://WWW.USAINSURANCENET.COM>

## What is a Preferred Risk Policy and how do I apply for one?

Preferred Risk Policies are a product of the National Flood Insurance Program. They are sold by most insurance agents and cost about half the price of a standard flood insurance policy. Preferred Risk Policies provide you with flood insurance protection that is the same as a standard policy, but at significant savings. Preferred Risk Policies are only available in areas of low or moderate flood risk. To apply for a Preferred Risk Policy contact: USA INSURANCENET CORP <http://WWW.USAINSURANCENET.COM>

## Can I carry a Preferred Risk Policy for as long as I am required to carry flood insurance?

No, once your property has been mapped into a high-risk area, you cannot purchase or renew a Preferred Risk Policy. When it is time for renewal, the Preferred Risk Policy will be rewritten as a standard policy. Contact your insurance agent to discuss additional ways to save.

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## How much flood insurance am I required to carry?

Under federal law, the minimum amount of flood insurance coverage that you must carry is the lesser of: The outstanding principal loan balance for your property. For example, if you carry a \$150,000 mortgage on your home, you must purchase a flood insurance policy that insures your home for \$150,000;

- (a) The maximum amount of flood insurance coverage that is available through the National Flood Insurance Program. Currently, this amount is \$250,000 for residential and \$500,000 for nonresidential properties. As an example, if you have a \$300,000 mortgage on your home, you can satisfy the federal flood insurance requirement by purchasing a policy that provides you with \$250,000 in flood insurance protection.

## What will happen if I do not buy flood insurance when it is required?

If you do not purchase flood insurance, your lender can force-place a flood insurance policy on your property that typically costs significantly more than the policy you could have purchased on your own. Force-place means your lender will buy a policy and bill you for it. By law, federally regulated or insured lenders must require flood insurance in high-risk areas for property on which they have issued a loan.

## How long will flood insurance be required for my property?

Your property will remain subject to the federal requirement to carry flood insurance until flood-control improvements have brought the levees in your community up to federal standards and maps have been updated to reflect this. However, living near levees always carries risk, regardless of whether flood insurance is a choice or requirement. All levees, including those near your property, are built to provide a specific level of protection. But storms can overwhelm flood-control systems, causing levees to fail or be overtopped. Where levee failures occur, flood insurance can mean the difference between recovery and financial ruin.

## Where can I get more information about flood insurance and the federal flood insurance requirement?

- [Contact info for local government/agency, including phone number and website];
- Visit the FloodSmart website at [www.floodsmart.gov](http://www.floodsmart.gov); or
- Contact your insurance agent; web address is: <http://WWW.USAINSURANCENET.COM>

