



What is Covered Under Flood Insurance – A Complete Guide

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If your home is involved in a flood, you may find comfort in having [homeowners insurance](#) (<https://www.supermoney.com/2018/05/how-to-find-renters-or-home-insurance-that-covers-everything/>). But don't lull yourself into a false sense of security.

Insurance and risk management expert, Matthew Struck, says, "Standard insurance doesn't cover flood damage at all. Many homeowners are stunned to discover this fact when their homes are flooded."

Struck adds, "Unless you live in a high hazard flood zone and your mortgage company specifically requires [flood insurance](https://www.supermoney.com/reviews/flood-insurance) (<https://www.supermoney.com/reviews/flood-insurance>), the subject often doesn't come up."

However, low hazard does not mean 'no hazard' in the world of flooding. "A majority of homes involved in Texas' Hurricane Harvey flooding in 2017 didn't have flood insurance. And most of them were located in 'low hazard' flood zones," adds Struck.

So, what exactly is covered under flood insurance? And is it right for you? Here's everything you need to know.

Who should consider flood insurance?

The short answer – everyone. However, a [2016 poll by the Insurance Information Institute](https://www.iii.org/fact-statistic/facts-statistics-flood-insurance) (<https://www.iii.org/fact-statistic/facts-statistics-flood-insurance>) found that only 12% of American homeowners had a flood insurance policy.

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Every homeowner should consider flood insurance. It's a very low risk/high reward investment for the peace of mind.”

Flood insurance is no longer limited to high-risk areas

James Howard – author of *Socioeconomic Effects of the National Flood Insurance Program*(<https://jameshoward.us/books/socioeconomic-effects-national-flood-insurance-program/>) – says, “Climate change is pushing new weather patterns. That means flood insurance should no longer be limited to those in flood plains next to ocean or rivers. Flash flooding from sudden superstorms has become more common.”

All 50 states have experienced flash floods(<https://www.fema.gov/media-library/assets/images/103646>) in the last five years, according to the Federal Emergency Management Agency (FEMA). And 25% of floods(<https://www.fema.gov/faq-details/Low-Risk-Flood-Zone>) occur in low risk areas.

So, even if you aren’t in a FEMA-mapped flood zone and not required to buy flood insurance, it’s a good idea to purchase it anyway.

Read this article and discover 5 ways to save on flood insurance(<https://www.supermoney.com/2018/07/5-ways-to-save-on-flood-insurance-crs-freeboard-and-more/>).

Low risk and high reward investment

Rajan Pandit is managing partner at Pandit Law(<http://www.panditlaw.com/>), a company specializing in flood litigation. He says, “Every homeowner should consider flood insurance. It’s a very low risk/high reward investment for the peace of mind.”

And flood insurance is relatively inexpensive if you’re not in a flood zone.

Pandit explains, “If a home is not in a designated flood zone, obtaining a ‘maximum’ flood insurance policy(<https://www.supermoney.com/reviews/flood-insurance>) (\$250,000 structure and \$100,000 contents for homes) can be as cheap as just a few hundred dollars per year.”

Flood insurance isn’t just for homeowners

Flood insurance can also be a good idea even if you’re renting.

Ann Myhr is Senior Director of Knowledge Resources at The Institutes(<https://www.theinstitutes.org/>). She says, “Tenants in apartment buildings and condominium owners who live in flood-prone areas should look into their own coverage. They’re not covered for flood damage(<https://www.supermoney.com/2018/05/how-to-find-home-insurance-that-covers-water-damage/>) to any personal property under their landlords’ or condominium association insurance.”

Some home improvements can help reduce the cost of flood insurance. For example, as the table below shows, adding freeboard height to your property can save you a lot of money. Read this article to learn more about freeboard height and other ways to save on flood insurance(<https://www.supermoney.com/2018/07/5-ways-to-save-on-flood-insurance-crs-freeboard-and-more/>)

What constitutes flooding?

The National Flood Insurance Program(<https://www.fema.gov/national-flood-insurance-program/definitions#F>) defines a flood as a general and temporary condition where at least two acres of normally dry land or two properties are inundated by water from:

- Mudflow
- Overflow of inland or tidal waters
- Abnormal and rapid accumulation or runoff of surface waters from any source
- Collapse of land along the shore of a lake or other body of water due to erosion caused by waves or excess water

In the case of damaged property, at least one of the damaged properties must belong to the policyholder.

When is flooding not a flood?

When it comes to insurance requirements, water from a drain, sewer backup, or overflowing sump pump is not considered a flood.

Flood insurance options

There are two main options for flood insurance.

The first is through the federal government's [National Flood Insurance Program](https://www.fema.gov/disaster/4277/updates/basic-facts-about-national-flood-insurance-program) (https://www.fema.gov/disaster/4277/updates/basic-facts-about-national-flood-insurance-program) (NFIP). This is administered by the Federal Emergency Management Agency (FEMA).

The second option is [private flood insurance](https://www.supermoney.com/reviews/flood-insurance) (https://www.supermoney.com/reviews/flood-insurance). There are more private insurance companies offering flood insurance today than ever before. The [Insurance Information Institute](https://www.iii.org/fact-statistic/facts-statistics-flood-insurance) (https://www.iii.org/fact-statistic/facts-statistics-flood-insurance) wrote \$589 million in private flood insurance premiums in 2017. This is up 57% from 2016.

There are reasons why private flood insurance is more popular. It can sometimes be more affordable than federally-backed insurance. Private policies may also provide broader, more favorable coverage, including higher limits.

What's the difference?

Federal flood insurance coverage is backed by taxpayer money. Such insurance is dependent on the money that the government has available. Private flood insurance companies are for-profit businesses that get their funding from policy premiums and reinsurers.

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It's not uncommon to see neighbors with similarly built homes and similar levels of floodwater to receive substantially different amounts of money.”

To be eligible for NFIP coverage, your home must be located in a participating community. You'll buy the coverage through an insurance agency, not the government. The policy won't go into effect until 30 days after carrier issues it.

As Pandit sees it, there is a big problem with NFIP flood insurance policies – inconsistent payouts. “The NFIP policy itself is identical for all customers, yet each carrier improperly imparts its own view of the policy,” he says.

“It's not uncommon to see neighbors with similarly built homes and similar levels of floodwater to receive substantially different amounts of money.”

What does flood insurance cover?

With a NFIP flood insurance Policy from FEMA, you can get coverage to protect your home, belongings, or both. Here's an overview of the flood damage it may cover.

Structure coverage

The policy covers the house structure and foundation. It also covers items permanently installed in the home.

This includes:

- Built-in appliances, including stove, refrigerator, and dishwasher
- Water heater
- Flooring
- Drywall
- Electrical system
- Plumbing system
- Sheathing
- Heating and air-conditioning (HVAC) system
- Attached cabinets
- Attached bookcases
- Detached garage (other detached buildings need a separate policy)

The maximum structure coverage is \$250,000. If your home's value exceeds this limit, you may want to look into excess flood insurance. It's also a good idea if you want more coverage than what a standard flood insurance policy offers. For instance, additional living expenses (ALE).

Personal contents coverage

- Furniture
- Clothing
- Electronics
- Portable appliances like washer, dryer, and microwave
- Window A/C units
- Curtains/blinds
- Freezer and the food in it
- Some valuables, such as art—up to \$2,500

The maximum personal contents coverage you can receive is \$100,000.

Exclusions to Flood Insurance

It's important to know what flood insurance coverage does and doesn't include. Typically you can expect it to provide protection for:

- Additional living expenses (ALE), if you can't live in your home
- Damaged property outside the insured building. This includes landscaping, decking, patios, fences, swimming pools, and septic systems
- Money, stock certificates, and precious metals
- Vehicles (auto insurance may kick in for some damage)
- Limited or no coverage for items below ground in basements and crawl spaces

Don't procrastinate

When it comes to Mother Nature's unpredictability, flood insurance offers precious peace of mind. Find the best policy for your situation before it's too late. According to the National Flood Insurance Program, only 15% of homes in Harris County, which includes Houston, had flood insurance before Hurricane Harvey. Harvey caused an estimated \$125 billion in damages, second only to Hurricane Katrina, according to the Office for Coastal Management.

Even if your home is not in a high-risk area, it's worth finding out what a flood insurance policy would cost.

Click here(<https://www.supermoney.com/reviews/flood-insurance>) to compare flood insurance companies and terms side-by-side.

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