



FEMA

W-10044

April 16, 2010

MEMORANDUM FOR: Write Your Own (WYO) Principal Coordinators and the
The National Flood Insurance Program (NFIP) Servicing Agent

A handwritten signature in black ink, appearing to read "Dennis L. Kuhns".

FROM: Dennis L. Kuhns
Division Director
Risk Insurance Division
Federal Insurance and Mitigation Administration

SUBJECT: NFIP Reauthorization until May 31, 2010

On April 16, 2010, Congress passed and the President signed H.R. 4851, which extends the NFIP through May 31, 2010. The extension was retroactive to February 28, 2010.

cc: Vendors, IBHS, FIPNC, Government Technical Representative

Required Routing: All Departments



FEMA

Frequently Asked Questions About Flood Insurance

Release Date: August 11, 2005

Release Number: 1595-049

» [More Information on Florida Hurricane Dennis](#)

ORLANDO, Fla. -- Flood insurance policyholders who suffered damages from Hurricane Dennis may have a number of questions about their policies. In an effort to provide the most up-to-date information and ease their concerns, National Flood Insurance Program (NFIP) officials have put together answers to the most frequently asked questions.

Who do I go to first for help with questions about my NFIP policy?

You should call your insurance agent or insurance company first.

Does my NFIP policy cover all the buildings on my property?

The Standard Flood Insurance Policy provides coverage for one building per policy. The only exception is 10 percent coverage for a detached garage. However, the total payment for flood damage to the detached garage and the house together cannot exceed the building policy limit. For coverage to apply, the garage can only be used for parking and storage. Any other use would void this coverage; for example, if the garage has a workshop, the coverage would not apply. All other buildings on the premises need separate coverage. (Coverage is also available for owners of condominium units.) The maximum coverage available is \$250,000 for residential properties and \$500,000 for commercial properties.

Are the contents of my home covered under my NFIP policy?

Contents are not automatically included. If contents coverage is desired, a specific amount must be named and a separate premium charged, but it doesn't need to be a separate policy. The maximum coverage available for contents is \$100,000 for residential policies and \$500,000 for commercial policies.

Can I insure my condominium?

Yes. The condominium association can purchase a master policy to cover the common elements in the building. Individuals can buy both building and contents coverage, and

they may be able to insure against potential assessments they would get from the association for uncovered damage.

What is Actual Cash Value?

Actual Cash Value (ACV) is the cost to repair or replace an insured item of property at the time of the loss, less physical depreciation. The value of physical depreciation is based on the age and condition of the item. Personal property, such as contents, is always paid at ACV.

What is Replacement Cost Value?

Replacement Cost Value is the cost to repair or replace an insured item of property at the time of the loss without a deduction for physical depreciation. It is available for buildings, but not for contents. Replacement Cost Value is automatically included when the insured property is the primary residence and the amount of coverage is equal to 80 percent or more of the replacement cost of the building. For example, if the actual cost to replace your home is \$200,000, and your flood insurance policy is for \$160,000, then any damage from a flood will be covered at actual replacement cost up to \$160,000. All policyholders should save the receipts for any repairs they make because the receipts document the actual replacement cost, and may be necessary to get the full benefit of the policy.

Do I have to pay a deductible?

Yes. All policies have separate deductibles for both buildings and contents coverage (if contents coverage has been purchased).

I have a living area in my basement. Is that covered?

Strict exclusions of coverage apply in any basement. A basement is defined as any room or portion of a room that has its floor below grade on all sides. In some cases, sunken living rooms can be defined as a basement. Building coverage in basements is limited to systems that service the building, such as electrical boxes and heat pumps. Generally, contents in basements are not covered with a few exceptions such as washers, dryers, freezers and the food in freezers. (Similar exclusions of coverage also apply in any enclosure below an elevated structure if the structure is "Post-FIRM" and located in an area at high risk for flooding.)

What does Post-FIRM mean?

FIRM stands for Flood Insurance Rate Map. Post-FIRM means the structure was built after the effective date of the initial Flood Insurance Rate Map for the community or Dec. 31, 1974, whichever is later. To put it simply, buildings that already existed before the flood maps were adopted are treated somewhat differently from those built afterward.

Does my NFIP policy cover my additional living expenses when I cannot return home?

No. There is no coverage for “Additional Living Expenses” or “Loss of Use or Business Interruption.”

Does my NFIP policy cover mold or mildew?

Damage from mold and/or mildew resulting from the aftereffects of a flood may be covered. Each case is evaluated on an individual basis. Mold and/or mildew conditions that existed prior to a flood are not covered. After a flood, the policyholder is responsible for taking reasonable and appropriate actions to reduce and /or eliminate mold and/or mildew.

Does my NFIP policy cover water backed up from the sewer?

Backup of water from sewers is excluded, except when caused by a flood.

What is Increased Cost of Compliance, or ICC?

This coverage provides up to \$30,000 to comply with the community’s floodplain management regulations when a non-compliant building has been substantially damaged by flooding and is in a designated floodplain.

Does my NFIP policy cover landscaping?

No. There is no coverage for landscaping or trees. Other exclusions are found in the Standard Flood Insurance Policy.

What do I do if I do not agree with my adjuster?

You should work with your adjuster as long as possible. Ask your adjuster to work with your contractor if your disagreement involves the building claim. If you cannot agree with your adjuster, ask for assistance from his supervisor. If you cannot resolve your differences, contact your insurance company. Your policy explains your options in a disputed claim, but first make every effort to work it out with your insurance company.

If I do not have insurance but would like to purchase it, what do I do?

Call your insurance agent, or call the NFIP at 1-888-435-6637. Flood insurance is available to any homeowner or business owner who lives in an NFIP-participating community. These are communities that have agreed to pass and enforce certain stormwater and floodplain management ordinances.

Information about flood insurance is also available on the Web at www.fema.gov/nfip or www.FloodSmart.gov.