

Things to Know about Flood Insurance



What is a Flood?

A flood is a general and temporary condition of partial or complete inundation of two or more acres of normally dry land area or of two or more properties (at least one of which is the policyholder's property) from:

- ◆ Overflow of inland or tidal waters
- ◆ Unusual and rapid accumulation or runoff of surface waters from any source
- ◆ Mudflow
- ◆ Collapse or subsidence of land along the shore of a lake or similar body of water as a result of erosion or undermining caused by waves or currents of water exceeding anticipated cyclical levels that result in a flood as defined above.

So, in plain English, a flood is an excess of water (or mud) on land that's normally dry.

Floods often happen when bodies of water overflow or tides rise due to heavy rainfall or thawing snow. But you don't have to live near water to be at risk of flooding. A flash flood, which can strike anywhere without warning, occurs when a large volume of rain falls within a short time.

More and more buildings, roads and parking lots are being built where forests and meadows used to be, which decreases the land's natural ability to absorb water. Coupled with changing weather patterns, this construction has made recent floods more severe and increased everyone's chance of being flooded.

Dangerous or damaging floods don't always mean dramatic, rushing waters through the streets of your hometown. Just a single inch of water can cause costly damage to your home. Keep this in mind when you're considering flood insurance.

You Should Know...

Flood losses are not covered by your homeowners insurance policy or business insurance policy.

You may be thinking you have coverage on your home or business policy because you remember "Backing of Sewer and Drain" discussed or have seen the charge on your policy. Backing of Sewers and Drains is *not* flood insurance and can be null and void should a flood occur. Insurance companies created this endorsement to cover an incident caused by a backed-up sewer. It was not designed to respond to biblical rains or flash floods which cause city sewer systems to reach capacity, thus creating sewers to back up.

Floodwaters have the power to damage your home and sense of security, as well as your financial future. When floods occur, how can you protect your most important investments?

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your options >>**

Your Options:

Option 1

Hope that You'll Receive Federal Disaster Relief.

Many people wrongly believe that the U.S. Government will cover their financial needs if they suffer damage due to flooding. Unfortunately, federal disaster assistance is only available if the President formally declares a disaster. Even if you do receive disaster assistance, it's often a loan you have to repay (with interest) in addition to your mortgage loan that you still owe on the damaged property.

Most importantly, you must consider the fact that if your home is flooded and disaster assistance isn't offered, you'll be responsible to pay the massive damage costs alone.

The bottom line? If you're looking for secure protection from financial loss due to flood damage, federal disaster assistance is not the answer.

Option 2

Buy Flood Insurance for Definite Protection.

Many people wrongly believe that when disaster strikes, flood insurance policyholder claims are paid even if a disaster is not federally declared.

Flood insurance means you'll be reimbursed for covered losses. And unlike

federal aid, you'll never have to repay it.

As long as your community participates in the National Flood Insurance Program (NFIP), you're eligible to purchase flood insurance. As a homeowner, you can insure your home up to \$250,000 and its contents up to \$100,000. If you're a renter, you can cover your belongings up to \$100,000. As a non-residential property owner, (business) you can insure your building and its contents up to \$500,000.

In general, a policy does not take effect until 30 days after you purchase flood insurance. So, if the weather forecast announces a flood alert for your area and you go to purchase coverage, it's already too late. You will not be insured if you buy a policy only a few days before a flood.

A flood insurance policy is easy to purchase and offers invaluable peace of mind. With flood insurance, you eliminate the gap in your homeowners' insurance. Flood insurance and homeowners' insurance is not the same.



As Your Agent...

We felt the need to revisit this topic and your options.

Most of our clients are in non-flood zones. Non-flood zones offer flood protection at less cost. Zones B, C and Z are zones that have a 1% chance of flood in a thirty year period.

Homes and businesses in designated flood zones that are considered 'low-risk' zones have had an increase in flood activity. Are the maps and elevations wrong, or are municipalities over-developing, causing stress to the storm systems? We do not have the answers or a crystal ball to know if your community is next. It's apparent that there is a significant increase of flood activity in areas that have never had problems before.

There are limitations in a flood policy, particularly on your contents in the basement and on remodeled basements or recreation rooms. Flood Insurance falls short in these areas. Because of this, many property dwellers get discouraged and decide against buying it. However, the reality is that the policy is still worth having. Wouldn't it be better to have a limited policy than no policy at all? Flood Insurance is *disaster insurance*. The policy focuses on life safety and necessity issues, which, in the big picture, is more important than the replacement of a remodeled recreation room.

Whether or not you decide to purchase Flood Insurance is your choice. We felt it necessary to fully explain your options before the flood season hits.

To communicate your decision, we ask that you read and return the attached form. If we do not hear from you, we will assume you are satisfied with your current program. Remember, Flood Insurance has a mandatory 30-day waiting period and the premium must be paid-in-full annually. Insurance companies do not offer payment plans. If interested, please respond immediately. If you do not hear back from us in five days, please call; it's likely we did not receive your request.

Earthquake and Identity Theft

These are two perils which can be added to a Homeowners or Business policy by endorsement. Although earthquake have not been a severe threat in Ohio, we have felt a few subtle tremors in past years.

Identity theft is a rather new danger today and one that insurance companies have responded to by forming an endorsement which can be added to your home or business policy. The endorsement will repay you for the purchases made by the thief. The endorsement helps off-set the costs associated with correcting the problem.

Information in this bulletin was obtained in full or in party from the following:

<http://www.floodsmart.gov/floodsmart/pages/index.jsp>

http://www.fema.gov/nfip/manual05_04.shtm