



Brethren Mutual Aid Agency Inc.,

An Overview of...

...Flood Insurance

Flood insurance coverage provides protection to a home or other property against damage from flooding. A variety of events can cause flood damage, including high water from creeks and rivers entering a home, leaking basement walls and rainwater runoff. Many homeowners are unaware that standard homeowner's insurance policies do not cover flood damage. Insurance companies sell flood insurance as a separate product from homeowner's insurance. Homeowners should be aware of how flood insurance works, what it protects and who must have coverage.

Brethren Mutual Aid Agency Inc.

3094 Jeep Road
Abilene, KS 67410-6064

Phone: 800.255.1243 / Fax:
800.238.7535 / maabrethren.com

FLOOD INSURANCE EXPLAINED

Most flood insurance policies are part of the National Flood Insurance Program (NFIP) administered by the Federal Emergency Management Agency (FEMA). Insurance agents for various insurance companies sell these policies in areas that participate in the NFIP. In

order to qualify, a specific area must follow various flood related guidelines. Some insurance companies also provide flood insurance outside of the NFIP program, but the costs of these policies are very high.

Coverage Amounts

NFIP insurance policies provide up to \$250,000 in coverage from flood damage to a home and up to \$100,000 in coverage for a home's contents. In many parts of the country, this insurance amount may not be sufficient to cover possible damages. To cover the gap between the NFIP coverage and the actual value of the home, homeowners may purchase additional

flood insurance referred to as excess coverage. When considering excess coverage, a homeowner should carefully read her NFIP policy to determine what the policy covers. For example, NFIP policies may not fully cover detached garages and outbuildings, expensive personal property or pools.

Mandated Coverage

Homeowners using a government-backed mortgage may be required to have flood insurance coverage. Coverage is mandatory for homes located in high-risk areas. To determine an area's risk, FEMA's Flood Smart website provides address specific information.

Even if flood insurance is not required, homeowners can use this website to determine the risk of flooding to their home when determining whether to buy flood insurance coverage.

Coverage Types

There are two basic types of flood insurance coverage: building and content coverage. Building coverage pays only for damage to the structure of the home (walls, floors, etc.) while content coverage pays only for items inside the home (clothing, furniture, etc.). Another important distinction in flood insurance coverage is replacement and cash-value policies. In replacement coverage, the policy will pay for the cost

to replace the home or objects damaged by flooding up to the coverage limit. A cash-value policy only covers the current value of the item. For example, if a flood destroys a 5-year-old television, replacement coverage will pay for a new television. However, cash-value insurance will pay the homeowner for the value of the 5-year-old television, which may be only a small percentage of the replacement cost

