

Flood Insurance FAQs

Question: My home was damaged by the flood. Will my homeowner's policy pay for the damages?

Answer: No. Most people who live in flood-hazard areas know from experience that homeowners' policies do not cover loss due to flood. Water damage due to flood is specifically excluded from coverage under the homeowner's policy. In insurance terms, flood is an "excluded peril" from the homeowners' policy. Therefore, flood insurance, which is a separate policy, must be purchased through the federal government.

*Keep in mind that flood insurance is not just for properties in a floodplain. Nearly 30 percent of all flood insurance claims are for properties outside the special flood-hazard areas.

Question: Can you explain the federal flood insurance program?

Answer: The federal government established the National Flood Insurance Program (NFIP) in 1968 to make flood insurance available to property owners in communities that adopt and enforce floodplain management ordinances to reduce further flood losses. The program is administered by the Federal Insurance Administration (FIA) which is a part of the Federal Emergency Management Agency (FEMA). To be eligible the property must be within a local jurisdiction (i.e., city, township, county) that has agreed to participate in the NFIP by enforcing flood plain management standards. You do not need to be in a flood plain to be eligible to purchase flood insurance; you need only reside in a participating jurisdiction. Rates for insurance coverage vary. The NFIP writes this insurance directly through agents in the state and also contracts with insurance companies to write the National Flood Insurance policy on their paper. The latter is known as the Write Your Own program (WYO). The WYO policies are identical to the NFIP direct-written policies and are underwritten by the NFIP. The premium for a particular property is the same regardless of which agent or WYO company writes the policy.

Question: How many people in North Carolina have federal flood insurance through NFIP?

Answer: In North Carolina there are more than 81,000 flood insurance policies in effect representing more than \$10 billion in coverage.

Question: How do I file a claim if I have purchased federal flood insurance?

Answer: Consumers who have purchased a flood insurance policy should first contact their insurance agent.

Question: I don't have federal flood insurance, but I added a sewer backup endorsement to my homeowner's policy. I had sewage backup into my basement. Am I covered?

Answer: Homeowners Policy - The standard homeowner's policy does not cover water damage due to the backup of sewer or sump pump. Many companies will sell additional coverage for this by a separate "endorsement" or addition to the basic policy.

Commercial Property Policy - Most commercial property policies do not cover water damage due to the backup of sewer or sump pump. Coverage can be added, like a homeowner's policy, by endorsement.

National Flood Policy - The National Flood Insurance policy provides coverage for sewer backup even if the flood water has not touched the house if there is a general condition of flooding in the area, the flood was the proximate cause of the sewer backup, damage occurs within 72 hours after the flood recedes, and the property is insured to 80 percent of its value. The policy is silent about sump pump coverage.

Question: What coverage do I have if the flood water damages my home or building and its contents?

Answer: Homeowner Policy - The standard homeowner's policy does not cover water damage due to flood.

Mobile Home Policy - Some mobile home policies do provide flood coverage; check with your agent or company.

Commercial Property Policy - The standard commercial property policy does not cover water damage due to flood. However, some carriers have added limited coverage to their deluxe policies or added it to their other policies by "endorsement."

National Flood Policy - The National Flood Insurance policy covers loss due to water damage resulting directly from flood.

Question: What kind of coverage is available for water damage to my home or building and its contents as a direct result of seepage in the basement?

Homeowner Policy - The standard homeowner's policy does not cover water damage due to the seepage of water through the walls or floor of a basement. There is no endorsement available for this exposure.

Commercial Property Policy - The standard commercial property policy does not cover water damage due to seepage. A few companies provide coverage by endorsement.

National Flood Policy - The National Flood Insurance policy provides coverage for seepage even if the flood water has not touched the house if there is a general condition of flooding in the area, the flood was the proximate cause of the seepage, damage occurs within 72 hours after the flood recedes, and the property is insured to 80 percent of its value.

Question: I had to close my business because of the flood. Will insurance cover my lost income?

Answer: Commercial Property Policy - Most commercial property policies will provide business income protection within the policy or by endorsement. The coverage only applies to a covered cause of loss. Therefore, if the policy provides flood coverage, the coverage also applies to business income. To learn if you are covered, check with your insurance agent or company.

National Flood Policy - The National Flood Insurance policy does not provide coverage for loss of use, loss of access, business interruption, additional expense, or loss of profits.

Question: I purchased "special coverage" for some of my personal property which was added to my homeowner's policy (or tenant's policy). Are these items covered for flood?

Answer: Homeowner/Tenants Policy - The following types of personal property can be scheduled to be covered in a specific endorsement to the standard homeowner/tenant's policy: jewelry, furs, computer, cameras, musical instruments, silverware, golf equipment, fine arts, postage stamps, rare and current coins. Check with your insurance agent or company.

Question: Does my renters policy cover water damage caused by flood?

Answer: No. The renters or tenant's policy does not cover loss due to flood. Renters may purchase coverage through the National Flood Insurance Program or Write Your Own program.

Question: I recently sustained fire damage on property that was flooded. Is there any coverage?

Answer: Homeowner Policy - The standard homeowner policy excludes flood as a covered cause of loss; however, it specifically gives back coverage for fire, explosion, and theft in the event of flood.

Commercial Property Policy - Most commercial property policies exclude flood as a covered cause of loss; however, it specifically gives back fire and explosion and in some cases theft or sprinkler leakage in the event of flood.

National Flood Policy - The National Flood Insurance policy does not provide coverage for fire or other named perils.

Question: My vehicle was covered by the flood water. Will the damage be covered by my auto policy?

Answer: The "comprehensive" section of the automobile policy provides coverage for damages due to flood.

Question: I had to leave my home because of a mandatory flood evacuation. Are my additional living expenses covered?

Answer: Homeowner Policy - The standard homeowner policy provides loss of use and additional living expenses, but only for any covered peril. Flood is not a covered peril; therefore, there is no coverage under the policy.

National Flood Policy - The National Flood Insurance policy does not provide coverage for loss of use or additional living expenses.

Question: During the course of fighting the flood, someone drove their vehicle across my lawn causing damage. Is there any coverage?

Answer: The standard homeowner policy provides an additional coverage for damage to the lawn caused by vehicles not owned or operated by a resident of the premises. The amount of coverage is generally five percent of the dwelling limits. Check with your insurance agent or company.

Question: The power was shut off in my neighborhood and all the food in my refrigerator and freezer spoiled. Is there any coverage?

Answer: Homeowner Policy - The standard homeowner policy does not cover food spoilage as a result of power failure off premises. Some comprehensive policies, however, have added a limited amount of coverage, i.e., \$500, while other companies endorse the policy to cover food spoilage.

Commercial Property Policy - Most commercial property policies do not cover food spoilage due to power failure. Most companies offer coverage through the use of an endorsement.

National Flood Policy - The National Flood Insurance policy does cover loss of refrigerated products but only if caused by flood and if the power and cooling equipment is situated on the premises.

Question: When the flood waters receded, it left a large amount of debris on my property. Is their coverage for removal of this debris?

Answer: Homeowner Policy - The standard homeowner policy provides a certain amount for debris removal, but only if covered peril causes the loss. Since flood is not a covered peril, there would be no coverage.

Commercial Property - Most commercial property policies provide coverage for debris removal if a covered peril causes the loss.

National Flood Policy - The National Flood Insurance policy covers insured debris removal anywhere and non-insured debris only if it is on the insured property. Uninsured debris on the insured's lawn would not be covered.

Question: Are there any other types of losses and insurance coverages I should be aware of?

Answer: Boats - Boats may be covered by a separate endorsement to a homeowners policy or by a separate boat owners policy.

Livestock Losses - The farm owners policy may provide coverage for livestock on a blanket or schedule basis. Also, animal mortality policies provide coverage for drowning.

Farm Equipment - Farm equipment is usually not covered, although some farm owners policies may provide some specific coverages.

Question: Who can I call if I have more insurance coverage questions?

Answer: You should first try to contact your local insurance agent or your insurance company for specifics about your policy.

The North Carolina Department of Insurance is also available to help consumers with insurance related questions. You may call the Consumer Division at 855-408-1212 (toll free).

The National Flood Insurance Program will respond to questions about the federal flood insurance policy and claims. They can be reached by calling 800-427-4661.

Question: If I have problems with my insurance company, agent, or adjuster, where can I turn?

Answer: If you believe you are being treated unfairly, you may file a complaint with the North Carolina Department of Insurance. You may call the Department's Consumer Division at 855-408-1212 (toll free) for assistance.