Help Protect Your Customer’s New Home

What to Know and Say About Flood Risk and Flood Insurance

Buying a new home can be confusing, which is why potential buyers rely on you, their Realtor, to help them protect their financial investment. Flood risk and flood insurance are important topics that homebuyers should consider early in the home buying process.

Understanding Flood Risks

What you should know.

- Floods can happen anywhere, at any time.
- A floodplain, or Special Flood Hazard Area, is land at a high risk of a major flood.
- This area is also called a 100-year flood zone. The term can be misleading. It does not mean that a flood will occur only once every 100 years. Rather the area has a 1 percent or greater chance of a major flood occurring in any given year.
- On average, properties in a Special Flood Hazard Area have a 1 in 4 chance of experiencing a flood during the lifetime of a 30-year mortgage.
- You can access flood maps in a number of ways:
  - Contact a community official
  - Visit msc.fema.gov
  - Call 1-800-358-9616

Flood Insurance Basics

What you should know.

- FEMA’s National Flood Insurance Program enables homeowners, business owners and renters in participating communities to purchase federally backed flood insurance.
- Federally backed flood insurance is available to communities that adopt and enforce floodplain management standards to reduce flood damage.
- Flood insurance is sold and serviced by approximately 90 private insurance companies in more than 21,800 communities nationwide. No matter which company is used, the price for a given level of coverage remains the same.
- Your customer can purchase flood insurance for both the building and its contents. Flood insurance covers residential buildings up to $250,000 and non-residential up to $500,000. Contents coverage can be purchased up to $100,000 for residential buildings and $500,000 for non-residential.
- The typical 30-day waiting period for flood insurance coverage to become effective is waived at the closing of a loan if there has been a change to the Flood Insurance Rate Map (FIRM).
- Flood insurance in excess of the $250,000 federal limit may be available through other insurance companies.
- Residents in non-participating communities can purchase flood insurance from private insurers.

What you should say.

- Anywhere it can rain, it can flood. It is important to know your property’s flood risk and your insurance options.
- Most homeowners insurance doesn’t cover floods.
- Damage from flooding affects thousands of homes every year—and it can be costly.
- Even if you aren’t required to purchase flood insurance, it could be a good option because your home could still be at risk for flooding.

- Talk to your insurance agent about your flood insurance options and how your flood insurance premium might be different from the seller’s.
- Flood insurance usually is available from the agent who sells your homeowners policy.
- Visit FloodSmart.gov or call 1-800-427-2419 to find an agent and learn how to prepare for floods.