

THE COMMUNITY BUILDER

Good News! National Flood Insurance Program

The National Flood Insurance Program (NFIP) has been in existence since 1968. If it were a dam or a levee, it would have been replaced long ago. This much needed and often maligned program has seen a lot of action and nearly as much inaction over the years.

It was created to give property owners the ability to insure against flood loss. Flood is defined as an overflowing of water onto land that is normally dry. Generally speaking, if the water touched the ground before it entered the building or your unit, it is considered flood damage. General Property insurance will not cover flood loss. The NFIP has provided much needed coverage for flood damage reparations for an estimated 5.6 million homes nationwide. With participation agreed upon between local communities and the federal government, the program would then establish and manage flood plain ordinances to reduce future flood risks in exchange for federally funded insurance protection that property owners could purchase. Maps were created to identify flood zones and special flood zone hazard areas, and the Federal Emergency Management Agency (FEMA) was put in charge of overseeing the program.

A lot has happened since that time. Many times, the NFIP has been in danger of not being renewed, leaving owners with no protection against flood loss. The losses incurred in 2005 by Katrina and Rita put the NFIP in the red to the tune of some \$18 billion, which was borrowed from the U.S. Treasury.

The good news...

On July 6, 2012, President Obama signed the Biggert-Waters Flood Insurance Reform Act of 2012, extending the National Flood Insurance Program through September 30, 2017. Known as the Biggert-Waters Flood Insurance Reform Act, the act is more than the usual extension. It is a much needed overhaul of the program, which experts think can right the financial wrongs, thanks to fiscal reforms that have been built into the legislation.

What this all means is that a better form of protection is now available and will be available in a number of forms to owners of both commercial and private property. For many, it is unthinkable to be without this type of coverage. The lack



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of coverage for this peril can put closings on hold due to the mortgage requirement that it be carried if the unit or building is in a flood zone, and have another very real and detrimental effect on your community. If your association currently carries flood insurance, your coverage and more benefits will be available well into the future.

While researching information for this article, I came across some frequently asked questions with responses that may be of interest. They are as follows:

Q. In a flood, what is covered in my basement?

A. Flood insurance covers your home's foundation elements and equipment that are necessary to support the structure (for example: furnace, water heaters, circuit breakers, etc.). It is important to note that some items in your basement are covered under building coverage (like a furnace, hot water heater and circuit breaker) and others are covered under contents coverage that must be purchased in addition to building coverage (for example: your washer and dryer, or your freezer and the food in it).

Q. Does flood insurance cover flood damage caused by hurricanes, rivers or tidal waters?

A. Yes, providing that if confined to your property, the flood water covers at least two acres. A general condition of flood also exists if two properties are affected, one of which is yours.

Q. Is flood damage from wind-driven rain covered?

A. No. When rain enters through a wind-damaged window or door, or comes through a hole in the wall or roof, the NFIP considers the resulting puddles and damage to be windstorm related.

Flood insurance covers overflow of inland or tidal waters, and unusual and rapid accumulation or runoff of surface waters from any source. However, the flood must be a general and temporary condition, or 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 yours). Although flood insurance specifically excludes wind

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and hail damage, the good news is that most homeowners insurance provides such coverage.

