

Myths and Facts About the National Flood Insurance Program (NFIP)

Who needs flood insurance?

Everyone!

And everyone in a participating community of the NFIP can buy flood insurance. Over 18,000 communities across the country have joined the program. In some instances, people have been told that they cannot buy flood insurance because of where they live.

To clear misconceptions about federal flood insurance, the NFIP has compiled this list of common myths about the program and the real facts behind them.

MYTH 1: *You can't buy flood insurance if you are located in a high-risk flood area*

FACT 1: You can buy federal flood insurance no matter where you live if your community belongs to the NFIP. The program was created in 1968 to provide flood insurance to people who live in areas with the greatest risk of flooding, called Special Flood Hazard Areas (SFHA's). In fact, under the Flood Disaster Protection Act of 1973, lenders must require borrowers whose property is located within an SFHA to purchase flood insurance as a condition of receiving a federally-backed mortgage loan. Lenders should notify borrowers that their property is located in an SFHA and that affordable federal flood insurance is available.

Please refer to the [Community Status Book](#) to find out if your community is a participant of the National Flood Insurance Program.

MYTH 2: *You can't buy flood insurance immediately before or during a flood.*

FACT 2: You can purchase flood coverage at anytime. However, there is a 30-day waiting period after you've applied and paid the premium before the policy is effective. But if the title of a property is transferred, there's no waiting period - the policy goes into effect the day you apply and pay the premium. The policy does not cover a "loss in progress", defined by the NFIP as a loss occurring as of 12:01 a.m. on the first day of the policy term. In addition, you cannot increase the amount of insurance coverage you have during a loss in progress.

MYTH 3: *Homeowners' insurance policies cover flooding.*

FACT 3: Unfortunately, many homeowners do not find out until it is too late that their homeowners' policies do not cover flooding. Federal flood insurance protects your most valuable assets - your home and belongings.

MYTH 4: *Flood insurance is available only for homeowners.*

FACT 4: Flood insurance is available to protect homes, condominiums, apartments and commercial structures. It covers owners and renters.

MYTH 5: *You can't buy flood insurance if your property has been flooded.*

FACT 5: It doesn't matter how many times your home, apartment or business has flooded. You are still eligible to purchase flood insurance, provided your community is participating in the NFIP.

MYTH 6: *Only residents of high-risk flood zones need to insure their property.*

FACT 6: Even if you live in an area that is not flood-prone, it's advisable to have flood insurance. One-third of the NFIP's claims come from outside high-risk flood areas. The NFIP's Preferred Risk Policy is designed for residential properties located in low-to-moderate flood risk zones.

MYTH 7: *The NFIP does not offer any type of basement coverage.*

FACT 7: Yes, it does. The NFIP defines a basement as any area of a building with a floor that is sub-grade, or below ground level on all sides. Basement coverage under an NFIP policy includes cleanup expenses and items used to service the building, such as elevators, furnaces, hot water heaters, washers and dryers, air conditioners and freezers. Required utility connections, circuit breaker boxes, pumps and tanks used in solar energy systems are also included. What's not covered under the policy: the contents of a finished basement and improvements, such as finished walls, floors and ceilings.

Source:

<http://wyohomelandsecurity.state.wy.us/flood.htm>