



FLOOD INSURANCE

Water damage is a common and costly homeowner loss, but coverage under the homeowner policy is limited. Homeowner policies cover water losses that originate inside the home—broken pipes and hoses, for example. However, coverage is excluded for losses that originate outside the home, such as heavy rain, snow melt or broken water mains. And so, even if you don't live near a body of water, you may want to consider flood insurance to fill the homeowner coverage gap.

National Flood Insurance Program (NFIP): NFIP is a government sponsored insurance program administered by FEMA. Policies can be purchased through FEMA or an insurance broker, with no difference in premium. NFIP also maps the nation's flood plains, which are used to determine a location's probable frequency and severity of flooding. The flood zone is the primary factor in determining flood insurance premiums.

NFIP definition of flood: In order for a loss to be covered under an NFIP policy, the flood must 1) affect two or more properties or 2) cover two or more acres if the flood is confined to just your property.

The difference between basic and excess flood coverage: The NFIP flood policy provides basic flood coverage with limits of \$250,000 for your dwelling and \$100,000 for your personal property. Many people in low risk areas purchase basic coverage with the expectation that these limits will be adequate for any flooding that they may experience.

Private insurers offer excess flood coverage, with limits over the NFIP's basic limit. Excess limits are available up to the dwelling and personal property limits on your homeowner policy.

Flood insurance cost: Basic coverage for homes in a low risk zone is typically \$400 to \$800 annually. If you live in a higher risk zone, premiums increase accordingly. (NFIP may also require that you obtain an elevation certificate, at your expense, in order to evaluate your risk and determine a premium.) Excess flood premiums are based on your home's replacement cost limit as well as your flood zone.

Flood insurance through TrueNorth: Most of our high net-worth insurers offer basic and excess flood coverage, either as an endorsement to the homeowner policy or as separate policies. Their coverage complies with NFIP standards and many offer enhanced features, including broadened coverage or a less restrictive definition of flood. If you live in a low risk zone, your Account Manager already has the information needed to obtain a quote. For high risk zones, you may have to provide additional information, including an elevation certificate.

Many people are unaware of the homeowner policy exclusion and flood insurance as a means of filling the gap. Your Account Manager will be happy to answer your questions and obtain a quotation for your consideration.