



National Flood Insurance Program

# Summary of Coverage

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FEMA

## Choosing Deductibles

Choosing the amount of your deductible is an important decision. As with car or homeowners insurance, choosing a higher deductible will lower the premium you pay, but will also reduce your claim payment.

You can choose different deductibles for Building Property and Personal Property coverage. The deductibles will apply separately to Building Property and Personal Property claims. Your mortgage company may require that your deductible be no more than a certain amount.

Review the Declarations Page in your flood insurance policy for amounts of coverage and deductibles. Talk with your insurance agent, company representative, or lender about raising or lowering deductibles within an allowable range.

### Reminder: Keep Your Receipts

While you are not expected to keep receipts for every household item and article of clothing, do try to keep receipts for electronic equipment, wall-to-wall carpeting, major appliances, and other higher-cost items. Your adjuster will be able to process your claim more quickly when you can prove how much items cost at the time of purchase. Also keep receipts for any repairs made with a flood insurance settlement.

## What Is Covered by Flood Insurance—and What Is Not

Physical damage to your building or personal property “directly” caused by a flood is covered by your flood insurance policy. For example, damages caused by a sewer backup are covered if the backup is a direct result of flooding. If the backup is caused by some other problem, the damages are not covered.

The following charts provide general guidance on items covered and not covered by flood insurance. Refer to your policy for the complete list. (For information on flood insurance coverage limitations in areas below the lowest elevated floor and in basements, see page 3 of this document.)

### General Guidance on Flood Insurance Coverage

#### What is insured under

#### **BUILDING PROPERTY** coverage:

- The insured building and its foundation.
- The electrical and plumbing systems.
- Central air-conditioning equipment, furnaces, and water heaters.
- Refrigerators, cooking stoves, and built-in appliances such as dishwashers.
- Permanently installed carpeting over an unfinished floor.
- Permanently installed paneling, wallboard, bookcases, and cabinets.
- Window blinds.
- A detached garage (up to 10 percent of Building Property coverage); detached buildings (other than detached garages) require a separate Building Property policy.

- Debris removal.

#### What is insured under **PERSONAL PROPERTY** coverage:

- Personal belongings such as clothing, furniture, and electronic equipment.
- Curtains.
- Portable and window air conditioners.
- Portable microwave ovens and portable dishwashers.
- Carpets not included in building coverage (see above).
- Clothes washers and dryers.
- Food freezers and the food in them.
- Certain valuable items such as original artwork and furs (up to \$2,500).

#### What is **NOT** insured under either **Building Property** or **Personal Property** coverage:

- Damage caused by moisture, mildew, or mold that could have been avoided by the property owner.
- Currency, precious metals, and valuable papers such as stock certificates.
- Property and belongings outside of a building such as trees, plants, wells, septic systems, walks, decks, patios, fences, seawalls, hot tubs, and swimming pools.
- Living expenses such as temporary housing.
- Financial losses caused by business interruption or loss of use of insured property.
- Most self-propelled vehicles such as cars, including their parts (see Section IV.5 in your policy).

## How Flood Damages Are Valued

The value of flood damage covered under the Dwelling Form is based on either Replacement Cost Value or Actual Cash Value.

### Replacement Cost Value (RCV)

RCV is the cost, without depreciation, to replace that part of a building that is damaged. To be eligible, three conditions must be met:

1. The building must be a single-family dwelling; *and*
2. The building must be your principal residence at the time of loss, meaning you live there at least 80 percent of the year; *and*
3. Your building coverage is at least 80 percent of the full replacement cost of the building, or is the maximum available for the property under the NFIP.

### Actual Cash Value (ACV)

ACV is Replacement Cost Value at the time of loss, less the value of its physical depreciation.

Some building items such as appliances and carpeting are always adjusted on an ACV basis. For example, wall-to-wall carpeting could lose from 10 to 14 percent of its value each year, depending on the quality of the carpeting. This depreciation would be factored into the adjustment.

Personal property is always valued at ACV.

## Special Considerations for Multiple Claims

Owners of NFIP-insured residential property, identified as "severe repetitive loss" (SRL) property, may be eligible for a FEMA mitigation grant for property improvements that reduce the likelihood of future flood damages. Participation in the SRL program is voluntary, but property owners who refuse an offer of mitigation may expect an increase in their flood insurance premium rate equal to 150% of the chargeable rate for the property at the time the offer was made.

An NFIP-insured property is defined as a severe repetitive loss property when it meets one of the following criteria since 1978, regardless of ownership:

1. Four or more separate flood claim payments have been made and each claim payment exceeds \$5,000 (including building and contents payments), *or*
2. At least two separate flood claim payments (building payments only) have been made and the cumulative payments exceed the current value of the property.

### A FINAL NOTE

This document provides general information about flood insurance coverage. However, please be aware that your Standard Flood Insurance Policy, your application, and any endorsements, including the Declarations Page, make up your official contract of insurance. Any differences between this information and your policy will be resolved in favor of your policy. If you have questions, call your insurance agent or company representative.

## What Is Increased Cost of Compliance (ICC) Coverage?

Most NFIP policies include ICC coverage, which applies when flood damages are severe. ICC coverage provides up to \$30,000 of the cost to elevate, demolish, or relocate your home. If your community declares your home "substantially damaged" or "repetitively damaged" by a flood, it will require you to bring your home up to current community standards.

The total amount of your building claim and ICC claim cannot exceed the maximum limit for Building Property coverage (\$250,000 for a single-family home). Having an ICC claim does not affect a Personal Property claim (up to \$100,000), which is paid separately.

Details about eligibility are in Section III.D. of your policy.

Congress created the National Flood Insurance Program (NFIP) in 1968 to reduce future flood damage through floodplain management, and to provide people with flood insurance through individual agents and insurance companies. The Federal Emergency Management Agency (FEMA) manages the NFIP. As required by Congress, this document was prepared by the NFIP to help flood insurance policyholders understand their policy.



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For more information about the NFIP and flood insurance, call  
**1-800-427-4661**  
or contact your insurance company or agent.

<http://www.fema.gov/business/nfip>  
<http://www.floodsmart.gov>