



This document was prepared by the National Flood Insurance Program (NFIP) to help you understand your flood insurance policy. It provides general information about deductibles, what is and is not covered by flood insurance, and how items are valued at the time of loss.

This document is based on the Standard Flood Insurance Policy General Property Form, which is used to insure five or more family residential buildings and non-residential buildings. A residential Condominium Building Association must use this Form if there is more than 25% non-residential occupancy in a condominium building. Information in this document is specific to commercial property and does not necessarily apply to other types of property covered by the same form.

### Two Types of Flood Insurance Coverage

The NFIP's General Property Form offers commercial policyholders coverage for:

1. Building Property up to \$500,000
2. Personal Property up to \$500,000

For businesses, Personal Property refers to the contents of the business (see page 2) and will include stock as defined in the policy. The NFIP encourages everyone to purchase both types of coverage. Your lender might require that you purchase a certain amount of flood insurance coverage.

For information about your specific limits of coverage and deductibles, refer to the Declarations Page of your flood insurance policy. You also should review your policy with your insurance agent or company representative.

### What Is a Flood?

Flood insurance covers direct physical loss caused by flood. In simple terms, a flood is an excess of water on land that normally is dry. The official definition used by the NFIP is "A general and temporary condition of 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 your property) from:

- overflow of inland or tidal waters;
- unusual and rapid accumulation or runoff of surface waters from any source;
- mudflow\*; or
- collapse or subsidence of land along the shore of a lake or similar body of water as a result of erosion or undermining caused by waves or currents of water exceeding anticipated cyclical levels that result in a flood as defined above."

\*Mudflow is defined as "A river of liquid and flowing mud on the surfaces of normally dry land areas, as when earth is carried by a current of water. Other earth movements such as landslide, slope failure, or a saturated soil mass moving by liquidity down a slope, are not mudflows."

### About Your Flood Policy

There are three important facts you should know about your coverage under a Standard Flood Insurance Policy General Property Form.

1. It is a single-peril policy; it only covers damage caused by flood as defined by the policy.
2. Subject to the policy limits, it pays for direct physical damage to your insured property up to the Actual Cash Value (See "How Flood Damages Are Valued") of the actual damages or the policy limit of liability, whichever is less. Note: The deductible always is taken from the loss and not from the limit of liability.
3. Personal Property coverage, also known as contents coverage, is not included with building property coverage.

## 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 it also will reduce your claim payment.

You can choose a deductible for Building Property and Personal Property coverage. The deductibles will apply separately to Building Property and Personal Property claims. Your lender may limit how high of a deductible you choose.

Review the Declarations Page in your flood insurance policy for amounts of coverage and deductibles you currently have. Talk with your insurance agent, company representative, or lender about raising or lowering deductibles.

### Reminder: Keep Your Receipts

In case of a future loss, it is strongly suggested that you safely store all financial records related to your building and/or business. Should you have a loss, these documents should be made available for the adjuster's review. Keeping receipts would be vital to you in support of the loss you might incur and wish to claim under your policy.

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

Direct physical damage to your building or its contents by or from 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 by your flood policy.

The following chart provides general guidance on items covered and not covered by flood insurance. Refer to your policy for the complete list.

### General Guidance on Flood Insurance Coverage

#### What IS insured under Building Property coverage:

- Insured building and its foundation
- Electrical and plumbing systems
- Water heaters
- Central air conditioning equipment, furnaces, and ventilating equipment
- Permanently installed carpeting over an unfinished floor
- Permanently installed paneling, wallboard, bookcases, and cabinets
- Pumps and machinery for operating pumps
- Awnings and canopies
- Walk-in freezers
- Outdoor antennas and aerials attached to buildings
- Fire extinguishing apparatus and fire sprinkler systems

#### What IS insured under Personal Property coverage:

- Furniture and fixtures, machinery and equipment, and other personal property owned by you and used in your business (See Section IV of your policy for exclusions)
- Stock as defined in Section II of your policy (merchandise held in storage or for sale, raw materials, and in-process or finished goods)
- Portable and window air conditioners
- Portable microwave ovens and portable dishwashers
- Carpets or rugs not included in building coverage (see Building Coverage)
- Clothes washers and dryers

- Food freezers (other than walk-ins) and the food in any freezer
- Certain valuable items such as original artwork and furs (Limited to \$2,500 in total)
- Non-licensed self-propelled vehicles if stored inside the insured building and used to service the described location (e.g., tractor) or designed to assist a person with a disability
- Up to 10 percent of contents coverage to improvements made to a building the insured occupies as a tenant

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

- Damage caused by moisture, mildew, or mold that could have been avoided by the property owner
- Damage caused by sewer or drain backup unless there is a flood in the area that caused the backup
- Currency; precious metals; and valuable papers such as stock certificates, script, and recorded data
- Property and belongings outside of a building, or in another structure, such as trees, plants, wells, septic systems, walkways, decks, patios, fences, seawalls, hot tubs, and swimming pools
- Financial losses caused by business interruption or loss of use of insured property
- Most self-propelled vehicles such as cars, including their parts

## General Guidance on Flood Insurance Coverage Limitations in Areas below the Lowest Elevated Floor and Basements

Flood insurance coverage is limited in areas below the lowest elevated floor (including crawl spaces) depending on the flood zone and date of construction (refer to Part III, Section A.8 in your policy) and in basements regardless of zone or date of construction. As illustrated below, these areas include:

1. Basements regardless of flood zone or date of construction
2. Enclosed areas beneath post-FIRM elevated buildings including crawl spaces

### What IS insured under Building Property coverage:

- Foundation walls, anchorage systems, and staircases attached to the building
- Central air conditioners
- Cisterns and the water in them
- Drywall for walls and ceilings (in basements only)
- Nonflammable insulation (in basements only)
- Electrical outlets, switches, and circuit breaker boxes
- Fuel tanks and the fuel in them, solar energy equipment, well water tanks and pumps
- Furnaces, hot water heaters, heat pumps, and sump pumps
- Elevators, dumbwaiters, and related equipment

### What IS insured under Personal Property coverage:

- Washers and dryers
- Food freezers (other than walk-ins) and food in any freezer
- Portable and window air conditioners

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

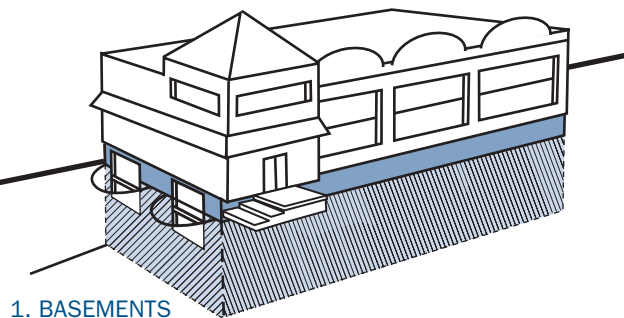
- Paneling, bookcases, shelving, and window treatments such as curtains and blinds
- Carpeting, area carpets, and other floor coverings such as tile
- Drywall for walls and ceilings (below lowest elevated floor and not in a basement)
- Walls and ceilings not made of drywall
- Most personal property such as clothing, electronic equipment, kitchen supplies, and furniture
- Refrigerators and the food in them

### Additional coverages:

The General Property Form provides the following additional coverages:

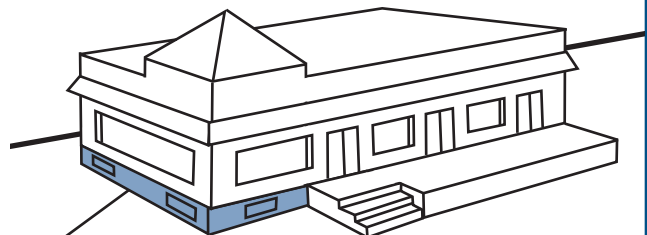
- Expenses for removal of non-owned debris from insured property and owned insured debris anywhere
- Expenses up to \$1,000 for loss avoidance measures such as sandbagging and up to \$1,000 to move insured property to a safer location when flooding is imminent
- Damage up to \$10,000 caused by pollutants if the discharge, escape, or seepage is caused by or the result of a flood. These are not additional amounts of insurance.

For all areas below the lowest elevated floor of a post-FIRM elevated building there is limited coverage. Some examples are:



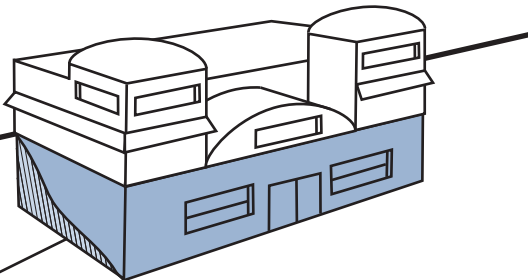
**1. BASEMENTS**

Coverage limitations apply to basements, which are any area of the building, including a sunken room or sunken portion of a room, having its floor below ground level on all sides.



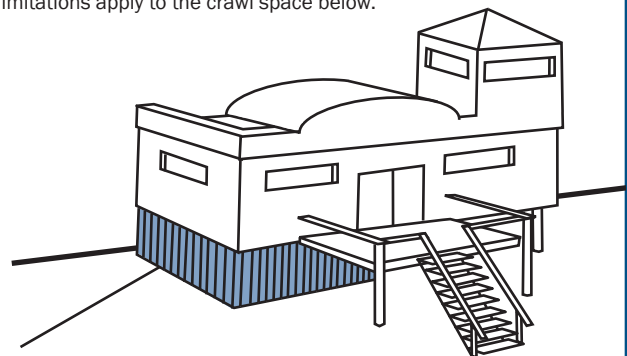
**2. CRAWL SPACE**

When a building is elevated on foundation walls, coverage limitations apply to the crawl space below.



**3. ELEVATED BUILDING ON FULL STORY FOUNDATION WALLS**

Coverage limitations apply to the enclosed areas (lower floor) even when a building is constructed with what is sometimes called a walkout.



**4. ELEVATED BUILDING WITH ENCLOSURE**

Coverage limitations apply to an enclosed area at ground level under an elevated building. An elevated building allows water to flow freely under the business space, thus putting less strain on the building in the event of flooding. An enclosure is the area below the lowest elevated floor that is fully shut in by rigid walls.

## How Flood Damages Are Valued

The value of flood damage in the General Property Form is based on Actual Cash Value for losses to the insured building and its insured personal property including stock and inventory. Actual Cash Value is the cost to replace an insured item of property at the time of loss, less the value of its physical depreciation.

## What Is Increased Cost of Compliance Coverage?

Most NFIP policies include Increased Cost of Compliance (ICC) coverage, which may apply to insured buildings when flood damages are substantial. You must have building coverage to qualify for ICC coverage. ICC coverage provides up to \$30,000 of the cost to elevate, demolish, or relocate the insured building or to floodproof structures with qualified basements. If your community declares your building “substantially damaged” or a “repetitive loss structure” by a flood(s), it will require you to bring your structure up to current community floodplain management building standards. You may use ICC coverage to help cover those costs.

Payment of an ICC claim is in addition to the amount of your building claim. However, the total amount of your building claim and ICC claim cannot exceed the maximum limit available for Building Property coverage (\$500,000). Having an ICC claim does not affect a personal property claim (up to \$500,000), which is paid separately.

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

## 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.



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.