

Mintz Girgan & Brightly INCORPORATED

Insurance E-News and Views

September, 2011

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www.mgbinsurance.com

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Mintz Girgan & Brightly specializes in obtaining property and liability insurance for both individuals and businesses.



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During the past year, our area has been hit with many storms which have produced widespread flooding and other storm damage. In August alone over 16 inches of water fell in New Jersey, and even homes that never had water problems in the past experienced flooding. Of course, our hope is that all of our clients and their homes make it through stormy weather without a problem. But, we know from all of the claims we received during the past month that is not the case! As such, our September newsletter will highlight some "Flood Facts" to help prepare you for next time.

Flood Facts

According to the National Flood Insurance Program (NFIP), everyone is at risk for a flood! Some quick facts highlight this statement:



- Floods and flash floods happen in all 50 states.
- New land development can increase flood risk, especially when construction changes natural runoff paths.
- Everyone lives in a flood zone - mapping defines the country into zones classified from low to high risk for flooding. Interestingly, people living outside high risk areas file over 20% of flood claims and receive approximately 33% of Federal disaster assistance for flooding.
- In a high risk area, your home is more than twice as likely to be damaged by flood as by fire.
- Flash floods often bring walls of water over 10 to 20 feet high!

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IMPORTANT:

There is a 30 day waiting period between the date of your application and the effective date of flood coverage

- A car can be carried away by just 2 feet of floodwater, and only 1 inch of water can cause severe and costly damage to your property.

- The average amount of annual flood losses in the United States over the past 10 years (2001-2010) was over \$2.7 billion! Since 1978, the NFIP has paid out over \$36.9 billion for flood insurance claims and related costs (as of 12/31/2010).

In addition to these surprising statistics, it's important to also know exactly what constitutes a flood. Many of us may consider a flood to be any suddenly accumulating or rushing water where it doesn't belong. However, that is not the definition of a flood for insurance purposes. According to the NFIP, a flood is defined as:

"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 the policyholder's property) from one of the following:

- Overflow of inland or tidal waters
- Unusual and rapid accumulation or runoff of surface waters from any source
- Mudflow
- 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

If we are all at risk, how can we protect ourselves against flood? First, it's important to know that your homeowners' policy does NOT cover losses from flood, although you may have coverage for water backup or sump pump overflow in the event of a power outage. To protect against flood loss, you may want to consider a flood insurance policy.

Who can purchase a flood insurance policy? Flood insurance coverage is available to all owners of eligible property located in a community which participates in the National Flood Insurance Program. An eligible building is defined as one that "has 2 or more outside rigid walls and a fully secured roof that is affixed to a permanent site". All buildings must resist flotation, collapse, and lateral movement. Owners and renters may insure their buildings and/or contents against flood loss up to a maximum of \$250,000 for a single-family dwelling and \$100,000 for its contents.

In most cases, the purchase of flood insurance is an optional coverage. However, some homeowners are required to purchase flood insurance by their lenders, who determine

that the property is located in a Special Flood Hazard Area (SFHA) by reviewing government flood maps. In fact, the Flood Disaster Prevention Act of 1973 and National Flood Insurance Reform Act of 1994 mandated that banks and mortgage companies require the purchase of flood insurance for homes in specific high risk areas. In addition, any homeowner who has received Federal disaster assistance after 1994 is required to purchase and maintain flood insurance for as long as they live in that dwelling.

Next, it is important to know what's covered under a flood insurance policy. In general, direct physical losses and damage to the covered building and personal property caused by flood, flood-related erosion or mudflow as defined by the NFIP is covered. This may also include parts of the buildings' foundation, such as posts, pilings, piers or support system for elevated buildings. Certain mechanical equipment installed in a basement that is necessary for the building to function is covered, too. These items would include furnaces, water heaters, clothes washers and dryers, food freezers and the food in them, air conditioners, heat pumps, and circuit breaker boxes. In addition, some costs incurred by homeowners for preventative measures when a building is in imminent danger of being flooded may be covered. This includes costs to remove property to a safe location, or to purchase sandbags and sand, plastic sheeting and lumber, and pumps may be covered up to \$1,000 with no deductible applied to this coverage.

However, it's important to know that rugs, furniture, paneling, linoleum, and other non-structural items are not covered (a complete list of covered items is available at www.fema.gov). And even if you have a flood insurance policy, certain water problems are not covered, including backups through sewers and drains, discharges or overflows from a pump or sump pump, or seepage or leaks on or through a covered property.

Don't wait until it starts raining to purchase flood insurance! There is a 30 day waiting period between the date of your application and the effective date of your coverage.

Contact your account manager at Mintz Girgan & Brightly for a flood quote today!