



National Flood Insurance Program

Flood Insurance Guide for Community Associations

Featuring Information About National Flood
Insurance Coverages for CAs and Their Members



FEMA



Floods—Nature’s Number-One Disaster

Floods are the most common and costly natural catastrophe. In terms of economic disruption, property damage, and loss of life, floods are “nature’s number-one disaster.”

For that reason, flood insurance is almost never available under industry-standard homeowner’s and renter’s policies. The best way for Americans to protect their property and their dreams against loss to flood is to purchase flood insurance through the National Flood Insurance Program.

National Flood Insurance—The Nation’s Number-One Defense

Congress established the National Flood Insurance Program (NFIP) in 1968 to help control the growing cost of federal disaster relief. The NFIP is administered by the Federal Emergency Management Agency (FEMA), part of the U.S. Department of Homeland Security. The NFIP offers federally backed flood insurance in communities that adopt and enforce effective floodplain management ordinances to reduce future flood losses.

Since 1983, the chief means of providing flood insurance coverage has been a cooperative venture of FEMA and the private insurance industry known as the Write Your Own (WYO) Program. This partnership allows

qualified property and casualty insurance companies to “write” (that is, issue) and service the NFIP’s Standard Flood Insurance Policy (SFIP) under their own names.

Today, more than 85 WYO insurance companies issue and service the SFIP under their own names. As of December 31, 2006, more than 5.4 million federal flood insurance policies are in force. These policies represent over \$1 trillion in flood insurance coverage for homeowners, renters, and business owners throughout the United States and its territories.

Why That’s Important for Your Community Association

The Community Associations Institute (CAI) reports that in 2006 there were 286,000 community associations (CAs) in the U.S. Planned communities make up 52-55% percent of that total; condominiums, 38-42% percent; and cooperatives, 5-7%. “More than 57 million Americans,” says CAI, “live in association-governed communities.” And the popularity of CAs is growing, CAI data indicates.

This brochure has been developed to increase “flood preparedness” and knowledge of NFIP flood insurance coverages appropriate for community associations and their members. After reading the brochure, check with your CA’s management to find out whether the association is adequately insured against the risk of flood. Also, ask your insurance agent whether you need personal coverage against flood.

How the NFIP Works

The NFIP is based on the voluntary participation of communities of all sizes. In the context of this program, a “community” is a political entity—whether an incorporated city, town, township, borough, or village, or an unincorporated area of a county or parish—that has legal authority to adopt and enforce floodplain management ordinances for the area under its jurisdiction.

National Flood Insurance is available only in communities that apply for participation in the NFIP and agree to implement prescribed flood mitigation measures. Newly participating communities are admitted to the NFIP’s Emergency Program. Most such communities quickly earn “promotion” to the Regular Program.

Emergency Program

The Emergency Program is the initial phase of a community’s participation in the NFIP. In return for the local government’s agreeing to adopt basic floodplain management standards, the NFIP allows local property owners to buy modest amounts of flood insurance coverage.

Regular Program

In return for agreeing to adopt more comprehensive floodplain management measures, an Emergency Program community can be “promoted” to the Regular Program. Local property owners immediately become eligible to buy greater amounts of flood insurance coverage.

In addition, Regular Program communities are eligible to participate in the NFIP’s Community Rating System (CRS). Under the CRS, policyholders can receive premium discounts of 5 to 45 percent as their cities and towns adopt more comprehensive flood mitigation measures.

NFIP Flood Insurance Policy Forms and Products

There are three forms of the NFIP’s Standard Flood Insurance Policy (SFIP). They are the Dwelling Form, the General Property Form, and the Residential Condominium Building Association Policy. WYO company agents use these forms to write flood policies for a variety of building types and insurance needs. You may review and print any of the policy forms at

www.fema.gov/business/nfip/sfip.shtm

Flood insurance products appropriate for community associations, their members, or both are the:

- Residential Condominium Building Association Policy
- Condominium Association Policy
- Dwelling Form
- General Property Form
- Preferred Risk Policy.

Comparative information about these products is presented in the Flood Insurance Selection Chart on pages 4-5.

The following elements are common to all SFIPs.

- “Flood” is defined, in part, as “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.”
- The policy term is 1 year.
- Only one building (and/or its contents) may be insured under one SFIP. “Blanket coverage” is not permitted.

FLOOD INSURANCE SELECTION CHART
NFIP Insurance Products for Community Associations and Their Members

PRODUCT	PURPOSE	ELIGIBILITY	BUILDING COVERAGE	CONTENTS COVERAGE	SPECIAL CONSIDERATIONS
Residential Condominium Building Association Policy (RCBAP) Issued to residential condominium association on behalf of association and unit owners.	Insures residential condominium building and commonly owned contents.	Residential condominium building in Regular Program ¹ community and with 75% or more of its floor area in residential use. Building types: detached single-family, townhouse/rowhouse, low-rise, high-rise.	Up to lesser of Replacement Cost of building, or \$250,000 times number of units (residential and nonresidential). Standard Deductibles, \$500, \$1,000; Optional Deductibles up to \$25,000.	Up to lesser of Actual Cash Value of commonly owned contents, or \$100,000. Standard Deductibles, \$500, \$1,000; Optional Deductibles up to \$25,000.	If the building is not insured for at least the lesser of the maximum amount of insurance available for it, or 80% of its Replacement Cost, the unit owners will not be fully reimbursed for a loss. The RCBAP does not insure the personal property of unit owners. A unit owner may buy contents coverage for personal property under the Dwelling Form. Unit owners may buy supplemental building coverage under the Dwelling Form. However, the total of a unit owner's supplemental building coverage plus his or her share of RCBAP building coverage may not exceed \$250,000.
Condominium Association Policy (CAP) Issued to condominium association on behalf of association and unit owners. (Written on General Property Form, below.)	For condominiums not eligible for RCBAP, insures condominium building and commonly owned contents.	Condominium building in Regular Program ¹ community and with less than 75% of its floor area in residential use. Building types: detached single-family, townhouse/rowhouse, low-rise, high-rise.	Up to lesser of Actual Cash Value of building, or \$500,000. Standard Deductibles, \$500, \$1,000; Optional Deductibles up to \$5,000.	Up to lesser of Actual Cash Value of commonly owned contents, or \$500,000. Standard Deductibles, \$500, \$1,000; Optional Deductibles up to \$5,000.	The CAP does not insure the personal property of unit owners. A unit owner may buy contents coverage for personal property under the Dwelling Form. Unit owners' supplemental building coverage under the Dwelling Form is not available.
Dwelling Form Issued to unit owner or homeowner.	Provides building coverage and contents coverage for: • Dwelling unit in a residential condominium building; or • Dwelling unit in a noncondominium building.	Dwelling unit in a residential condominium building; or Detached single-family, noncondominium residence; or Residence in a noncondominium building. Building types: detached single-family, townhouse/rowhouse, low-rise.	In Regular Program ¹ community, up to \$250,000. In Emergency Program ¹ community, up to \$35,000. Standard Deductibles, \$500, \$1,000; Optional Deductibles up to \$5,000.	In Regular Program ¹ community, up to \$100,000. In Emergency Program ¹ community, up to \$10,000. Standard Deductibles, \$500, \$1,000; Optional Deductibles up to \$5,000.	Because the RCBAP and CAP do not insure the personal property of residential condominium unit owners, unit owners may buy contents coverage for personal property under the Dwelling Form. If a residential condominium association does not carry the RCBAP or CAP, a unit owner may buy building coverage under the Dwelling Form. If a residential condominium association carries the RCBAP or CAP (residential only), a unit owner may buy supplemental building coverage under the Dwelling Form. However, the total of a unit owner's supplemental building coverage plus his or her share of RCBAP or CAP building coverage may not exceed \$250,000 in a Regular Program ¹ community or \$35,000 in an Emergency Program ¹ community.
General Property Form Issued to residential cooperative on behalf of cooperative and unit lessees.	Insures residential cooperative building and commonly owned contents.	Residential cooperative building in Regular Program ¹ community or Emergency Program ¹ community and with 75% or more of its floor area in residential use. Building types: detached single-family, townhouse/rowhouse, low-rise, high-rise.	Up to \$250,000. Standard Deductibles, \$500, \$1,000; Optional Deductibles up to \$5,000.	Up to \$100,000 for commonly owned contents. Standard Deductibles, \$500, \$1,000; Optional Deductibles up to \$5,000.	Cooperatives are not eligible for coverage under the RCBAP. The General Property Form written for cooperative coverage does not insure the personal property of unit lessees. A unit lessee may buy contents coverage for personal property under the Dwelling Form. Unit owners' supplemental building coverage under the Dwelling Form is not available.
Preferred Risk Policy (PRP) Issued to homeowner. (Written on Dwelling Form, above.)	Provides low-cost, fixed combinations of building and contents coverage, or contents-only coverage, for: • Townhouse/rowhouse residential condominium building; or • Residence in a noncondominium building that includes no more than four residences.	In Regular Program ¹ community located in low-to moderate-risk flood zone (identified as "B," "C," or "X" on Flood Insurance Rate Maps): • Townhouse/rowhouse in a residential condominium association; or • Detached single-family, noncondominium residence; or • Residence in a noncondominium building that includes two to four residences. Building types: detached single-family, townhouse/rowhouse, low-rise.	Fixed combinations from \$20,000 (with \$8,000 contents coverage) to \$250,000 (with \$100,000 contents coverage). Deductible, \$500.	Fixed combinations from \$8,000 (with \$20,000 building coverage) to \$100,000 (with \$250,000 building coverage). \$8,000 to \$100,000 contents-only coverage. Deductible, \$500.	The PRP is not available in Emergency Program ¹ communities or in high-risk flood zones (zones whose identifier on Flood Insurance Rate Maps is, or begins with, "A" or "V"). Except for townhouse/rowhouse buildings, residential condominium units are not eligible for PRP coverage. Buildings that have a history of repeated flooding, regardless of any change(s) in ownership, are not eligible for coverage.

¹For explanations of the NFIP's Regular Program and Emergency Program, see "How the NFIP Works" on page 3.



What Your Community Association Can Do

1. Find out whether your community participates in the NFIP.

Contact the local government office in charge of zoning ordinances and building permits—or ask your insurance agent or company. Also, you can check the NFIP's Community Status Book online at

www.fema.gov/fema/csb.shtm

for a list of NFIP participating communities. Bear in mind that federally backed National Flood Insurance is available only in communities that participate in the NFIP.

Chances are, your community already participates. More than 20,000 U.S. communities, including virtually all of those that have a significant risk of flooding, participate in the NFIP. Some of those also participate in the NFIP's Community Rating System, which awards discounts on flood insurance premiums to policyholders whose communities surpass the minimum standards for flood mitigation.

2. Make "flood preparedness" a regular agenda item at meetings of your CA's Board of Directors and general membership.

Help us spread the word about the economic and human costs of flooding and about the

wisdom of buying flood insurance, even in areas where flood is not perceived as a significant threat. Nearly one-fourth of all flood losses occur in "medium-risk" and "low-risk" areas.

Encourage your community association to tell its members about the realities of flooding. Many otherwise well-informed people do not realize, until their homes have been flooded, that their standard homeowner's insurance policy specifically excludes coverage for flood losses.

3. Organize outreach activities to promote flood preparedness and flood resistance.

Insert NFIP informational "stuffers" in your mailings to association members and mention flood insurance in your newsletters. Display NFIP pamphlets and fact sheets in the association office, at the community center, and in building lobbies. Informational materials can be ordered free of charge with the NFIP Public Awareness Materials Order Form. This form and instructions for its use are available online at

www.fema.gov/pdf/nfip/pamof.pdf

Consider sponsoring or cosponsoring awareness-building events for your CA or the larger community. Possibilities include a weekend "Be Flood Prepared" Day for members of the CA—or a Flood Forum held in conjunction with a regular meeting of your local Town Council, City Council, or Chamber of Commerce. For large gatherings, the NFIP Regional Office that serves your

“No Need” for Flood Insurance?

- **You don't have to live next to a river, lake, or ocean to be at risk of flooding. The NFIP regularly pays claims for flooding caused by such events as unusually rapid springtime snowmelt, backup of storm sewers during heavy rainfall, or failure of a distant levee or dam.**
- **In areas at high risk of flooding, there is a 26-percent chance of being flooded during the life of a typical 30-year residential mortgage.**
- **Flood insurance is required by federal law in some instances. To get federally secured financing to buy, refinance, build, repair, reconstruct, or improve buildings in areas at high risk of flooding, the homeowner may be required to purchase flood insurance.**
- **Between 20 and 25 percent of all NFIP claims occur in areas at medium or low risk of flooding.**
- **The owner of a residence in a one- to four-family residential building located in a Regular Program community and an area at medium or low risk of flooding can buy a Preferred Risk Policy (PRP) with basic building and contents coverage for an annual premium as little as \$112 . Ask your insurance agent or company whether your residence is eligible for the PRP.**
- **A typical residential building in an area at high risk of flooding is six times more likely to be damaged by flood than by fire.**
- **Federal disaster assistance might pay for some flood damage—but there's a costly catch. Disaster assistance, when authorized, usually takes the form of loans, which must be repaid with interest. The annual interest on an average federal disaster loan is greater than the annual premium for an average NFIP policy.**

