

# Facts about Flood Insurance

- A homeowners policy does not cover flooding.
- Everyone lives in a flood zone.
- You don't need to live near water to be flooded. Floods are caused by storms, melting snow, hurricanes, and water backup due to inadequate or overloaded drainage systems, dam or levee failure, etc.
- You can buy Federal flood insurance if your community is one of over 19,000 communities participating in the National Flood Insurance Program (NFIP).
- AFI is an agent for one of the largest flood insurance servicing companies in the program.

## Deductibles

The minimum available deductibles for a flood insurance policy are \$1,000, which applies separately to the dwelling and contents. These deductibles indicate that no covered loss of \$1,000 or less will be paid. You may carry higher deductibles thereby reducing your premium.

The deductibles may be increased during the policy term, but cannot be decreased except at renewal. Some mortgage companies will not accept the higher deductibles, so be certain your mortgage company knows about any change you plan to make.

## Policy Fee

The initial premium and all renewal premiums include a policy fee which is mandated by FEMA for operating expenses. This policy fee is displayed separately on the policy declaration page.



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# FLOOD INSURANCE



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# FLOOD INSURANCE

The flood insurance policy defines flood as a general and temporary condition of partial or complete inundation of two or more acres of normally dry land area or two or more properties (at least one which is your property) from:

- The overflow of inland or tidal waters.
- The unusual and rapid accumulation or runoff of surface waters from any source.
- Mudflow.

## Restrictions and requirements concerning the application for flood insurance:

- Neither the insurance company nor agent is authorized to bind coverage.
- Federal flood insurance regulations require a 30-day waiting period after presentment of full premium before coverage begins, unless the flood insurance is obtained in accordance with a new loan closing.
- Please note, a policy condition states that no refund of any part of the premium payment will be made if the flood policy is cancelled while you retain an interest in this property.
- Credit card payments are accepted for new issues, renewals, and mid-term changes.

Renewal premiums will be billed directly to you (or your mortgage company if you specify) by our flood servicing company and not through AFI.

## Insurance Amount

To allow the most favorable settlement in the event of a loss, it is recommended that you insure your dwelling for its rebuilding cost or for the maximum amount of flood insurance available.

## Building Coverage

Coverage applies primarily to residential buildings and condominium units designed for principal use as a dwelling place.

You can apply up to 10% of your dwelling coverage to a detached garage. This is not an additional amount of insurance. It does not apply if the garage is used for dwelling purposes (such as an apartment over the garage) or for manufacturing or farming purposes or as a boathouse.

If you have a structure other than a garage on your property, you will need to consider a separate flood policy to provide coverage for that building.

## Contents Coverage

Flood coverage for your contents is a separate part of the flood policy. We encourage you to purchase this portion of the policy.

Again, your homeowner contents coverage will not cover your contents in the event of a flood.

## Flood Policy Exclusions

The Policy does not cover:

- losses already in progress on the effective date of the policy
- damage which results solely from causes at the location of the insured property
- causes within the control of the insured
- Additional living expenses

Specifically excluded from coverage are: outdoor landscaping, trees, shrubs, lawns, patios, pavements, decks, pools, fences, swimming pools, retaining walls, seawalls, bulkheads, wharves, piers, bridges and docks.



## There is limited basement coverage

For flood insurance purposes, a basement is defined as: Any area of a building which has its floor subgrade (below ground level) on all sides.

## Loss Settlement

If you live in the insured home as your primary residence (at least 80% of the year), Building loss settlement would be based upon replacement cost for flood loss to the structure, provided you are insured to 80% or more of the full replacement cost of the dwelling at the time of the loss (or the maximum amount available), but only on the amount of flood coverage you carry on the structure, or the maximum amount available.

If you carry building coverage less than 80% replacement coverage or if your home is rented or occupied only occasionally, loss settlement would be paid on the basis of actual cash value which is the amount needed to repair or replace the damaged property minus a deduction for depreciation.

Claim payment will not exceed the amount of coverage that is listed on your declarations page.

All contents losses are settled on the actual cash value basis.

## Did you know?...

Before most forms of Federal disaster assistance are offered, the President must declare a major disaster?

People living in floodplains are four times more likely to have a flood than a fire during their 30 year mortgage?

You can buy flood insurance no matter where you live—in high, low, or moderate risk-free areas—as long as your community participates in the NFIP.