



Flood Insurance - Frequently Asked Questions

Q: How do I secure flood coverage to protect my home or business?

A: Homeowners and business owners of insurable property have the ability to purchase Flood insurance from the National Flood Insurance Program (NFIP). The NFIP is a federal program, which allows property owners located in participating communities to buy flood insurance, at capped limits, to protect their homes and businesses from a flood loss. Flood insurance is always available for participating communities to purchase from the NFIP.

Please Note: NFIP Flood coverage cannot be purchased from the NFIP directly. Please call your Propel Sales Executive to obtain coverage.

Q: Is there a waiting period before my coverage is active?

A: Yes - Flood coverage purchased through the NFIP is typically subject to a 30-day waiting period. This means, 30 days from the time that payment is received by the NFIP.

Q: How much coverage do I have under my NFIP Flood policy? What is NOT covered?

A: The below box displays the **maximum** limit of coverage available through the NFIP for particular structures and contents (please refer to your actual policy for specific limits and definitions).

Coverage	Coverage Limit
Commercial structure	\$500,000
Commercial contents	\$500,000
One to four-family home structure	\$250,000
One to four-family home contents	\$100,000
Other residential structure	\$250,000
Other residential contents	\$100,000
Renter contents	\$100,000

Exclusions in your NFIP policy include, but are not limited to: most contents in a basement, machinery or equipment in the open, roads, land, livestock, gas and liquid storage tanks, animals, birds, fish, aircraft, wharves, piers, bulkheads, growing crops, shrubbery, and most motor vehicles. Business interruption and contingent business interruption are also not covered in your NFIP policy. Please refer to your policy for specific exclusions.

Q: Can I secure more coverage than the NFIP offers?

A: Possibly. A party can secure additional flood limits in excess of those offered by the NFIP through an Excess Flood or DIC (Difference in Conditions) policy. However, insurance companies have become aware of the situation at Howard Hanson Dam and it is becoming increasingly difficult to secure coverage that is excess of the NFIP. If you would like to attempt to secure one of these coverages, please call your Propel Sales Executive as soon as possible.

Q: What is Business Interruption coverage and does my flood policy have it?

A: If your business suffers a loss such as a fire or flood, you may need to shut down for a period of time. Business Interruption Coverage, also known as Business Income Coverage, is designed to cover the loss of income and extra expenses a business faces after suffering a loss (subject to a waiting period). This may mean profits your business would have earned had the loss not occurred, or operating expenses you continue to face while your business is temporarily shut down. Additionally, if your company relies heavily on specific suppliers, key customers, or manufacturers, and *their* business suffers a loss which causes them to shut down temporarily, Contingent Business Interruption Coverage will cover the loss of income to *your* business while they are shut down. The NFIP flood policy does NOT cover Business Interruption or Contingent Business Interruption losses. Please refer to your actual policy for conditions.

Historically, both Business Interruption and Contingent Business Interruption have been able to be secured in the insurance marketplace with relatively no issue. However, as a result of the current conditions surrounding Howard Hanson Dam, there may not be a market for either of these coverages from a flood loss. Please call your Propel Sales Executive to discuss your insurance options and non-insurance solutions for your business.

Q: What is the Governmental exclusion and what are the insurance companies saying about it?

A: You may have heard about an exclusion being added to Flood and DIC (Difference in Conditions) policies. As a result of increased media exposure on Howard Hanson Dam, and a skyrocketing number of Excess Flood and DIC policies being bound for Green River Valley residents, insurance companies have been attaching a ‘governmental body’ or ‘acts or decisions’ exclusion. The intent is to deny coverage for a flood loss resulting from an intentional decision that results in a flood. This ‘governmental wording’, which varies depending on the policy, allows the insurance company to deny a flood claim resulting from the act or decision of any person, organization, or governmental group to release water from Howard Hanson Dam. In other words, a flood loss caused by the decision of the US Army Corps of Engineers could potentially be uncovered.

At a recent BOMA flood seminar, the governmental wording exclusion was brought up to Casey L Jorgensen, an attorney for Williams Kastner law firm in Seattle. Jorgensen, whose focus is commercial real estate, finance, and corporate transactions, advised that insurance is not intended for intentional situations like the Howard Hanson Dam, but designed to only cover “unforeseen events.” Although the release of water may be in effort to avoid a potentially larger, more catastrophic flood, the intent of insurance is not to cover an event that is planned.

Q: Is the Governmental exclusion on my NFIP policy?

A: No. The NFIP policy does not contain the ‘governmental body’ or ‘acts or decisions’ exclusion.

For the answers to any additional questions or concerns, please contact your Propel Sales Executive at 253-759-2200.

October 5th, 2009