The value of flood damage in the Dwelling form is based on either Replacement Cost Value or Actual Cash Value.

Replacement Cost Value (RCV)
RCV is the cost to replace that part of a building that is damaged (without depreciation). To be eligible, three conditions must be met:
1. The building must be a single-family dwelling, and
2. Be your principal residence, meaning you live there at least 80 percent of the year, and
3. Your building coverage is at least 80 percent of the full replacement cost of the building, or in the maximum available for the property under the NFIP.

Actual Cash Value (ACV)
ACV is Replacement Cost Value at the time of loss, less the value of its physical depreciation. Some building items such as carpeting are always adjusted on an ACV basis. For example, wall-to-wall carpeting could lose between 10 to 14 percent of its value each year, depending on the quality of the carpeting. This depreciation would be factored in the adjustment.

Personal property is always valued at ACV.

Special Considerations for Multiple Claims
Property owners of “severe repetitive loss properties” may be eligible for a FEMA mitigation grant for property improvements that reduce the likelihood of future flood damage. Property owners who refuse the grant money could be required to pay increased flood insurance premiums.
A property is defined as a “severe repetitive loss property” when it meets one of these conditions:
1. Four or more separate flood claim payments have been made and each claim payment exceeds $5,000, or
2. At least two flood claim payments have been made and the cumulative payments exceed the value of the property.

What is Increased Cost of Compliance (ICC) coverage?
Most NFIP policies include ICC coverage, which applies when flood damages are severe. ICC coverage provides up to $30,000 of the cost to elevate, demolish, or relocate your home. If your community declares your home “substantially damaged” or “repetitively damaged” by a flood, it will require you to bring your home up to current community standards.
The total amount of your building claim and ICC claim cannot exceed the maximum limit for Building Property coverage ($250,000 for a single-family home). Having an ICC claim does not affect a Personal Property claim (up to $100,000), which is paid separately.

For more information about the NFIP and flood insurance, call 1-800-427-4661 or contact your insurance company or agent.

http://www.fema.gov/business/nfip
http://www.floodsmart.gov

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.
Choosing Deductibles
Choosing the amount of the deductible is an important decision. As with any insurance company, choosing a higher deductible will lower the premiums you pay; but will also reduce your claim payment. You can choose different deductibles for Building Property and Personal Property coverage. The deductibles will apply separately to Building Property and Personal Property claim payments. Your mortgage company may require that your deductible be in one of a certain amount.

Better the Declarations Page in your flood insurance policy for amounts of coverage and deductibles. Talk with your building agent, computer representative, or trade about raising and lowering deductibles.

Reminder Keep Your Receipts
While you are not expected to keep receipts for every item in your building, you should keep receipts for clothing, try to keep receipts for clothing, window-to-wall carpeting, major appliances, and other higher cost items. Your adjuster will be able to process your claim more quickly when you can prove how much items cost at the time of purchase.

What is Covered by Flood Insurance—and What is Not

Physical damage to your building or personal property “directly” caused by a flood covered by your flood insurance policy. For example, damage 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. The following charts provide general guidance on flood insurance coverage not covered by flood insurance. Refer to your policy for the complete list.

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General Guidance on Flood Insurance Coverage

Flood insurance pays the replacement cost or ACV (actual cash value) of the actual property up to the replacement cost or ACV of actual damages, whichever is less.

1. Contents coverage must be purchased separately.
2. It is not a guaranteed replacement cost policy. A Standard Flood Insurance Policy pays for direct physical damage to your insured property up to the replacement cost or ACV. Flood Insurance does not pay for economic loss. This means that flood insurance will pay the replacement cost or ACV of actual damage, but not the value of your property up to the limit of liability, whichever is less. Flood insurance is not a “value policy.”

3. It is a Standard Flood Insurance Policy that pays for direct physical damage to your insured property up to the replacement cost or ACV. Flood Insurance does not pay for economic loss. This means that flood insurance will pay the replacement cost or ACV of actual damage, but not the value of your property up to the limit of liability, whichever is less. Flood insurance is not a “value policy.”

General Guidance on Flood Insurance Coverage

1. BUILDING PROPERTY coverage
   - The insured building and its foundation
   - The electrical and plumbing systems
   - Central air conditioning and heating, and air conditioners (in basements only).
   - Window blinds and shades, and curtains and draperies (in basements only).
   - Detached garages up to ten feet from the building (other than building coverage).
   - Detached structures that consist of separate building property.
   - Detached laundry equipment.

2. PERSONAL PROPERTY coverage
   - Personal belongings such as clothing, furniture, and electronic equipment.
   - Curtains.
   - Portable and window air conditioners.
   - Portable microwave ovens and small appliances.
   - Carpets not included in building property.
   - Clothes washers and dryers.
   - Flood furniture and the food kept on it.
   - Certain valuable items such as jewelry and furs (up to $2,500).

3. What is not covered by either BUILDING PROPERTY or PERSONAL PROPERTY coverage
   - Damage caused by moisture, mildew, or mold that could have been avoided by the property owner.
   - Currency, precious metals, and valuable papers such as certificates.
   - Property and belongings outside of a building such as plants, wells, septic systems, docks, boats, patios, seawalls, hot tubs, and tennis courts.
   - Living expenses such as temporary housing.
   - Financial losses caused by your interruption or loss of use of insured property.
   - Most self-propelled vehicles such as cars, including their parts (see Section I, Part I, Section I of your policy).

General Guidance on Flood Insurance Coverage

Flood insurance coverage is limited in areas below the Lowest Elevated Floor and Basements.

1. GABLE SPACE

Coverage for flood insurance is limited to areas below the lowest elevated floor and basements. Under “covered” means any area of the property that is below the lowest level Normally flooded where a flood has occurred since 1988.

2. CRAWLSPACE

Coverage for flood insurance is limited to areas below the lowest elevated floor and basements. Under “covered” means any area of the property that is below the lowest level Normally flooded where a flood has occurred since 1988.

3. ELEVATED BUILDING WITH EXCLUSIVE FOUNDATION WALL

Covered flood insurance is limited to areas below the lowest elevated floor and basements. Under “covered” means any area of the property that is below the lowest level Normally flooded where a flood has occurred since 1988.

4. ELEVATED BUILDING WITH ESCROWED FOUNDATION WALL

Covered flood insurance is limited to areas below the lowest elevated floor and basements. Under “covered” means any area of the property that is below the lowest level Normally flooded where a flood has occurred since 1988.