



**MMW**  
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Insurance Group Inc.

**Facts and Myths  
About  
Flood Insurance**

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## **FLOOD INSURANCE HISTORY**

- In 1968, Congress created the National Flood Insurance Program (NFIP) to help provide a means for property owners to financially protect themselves.

## **WHAT IS A FLOOD?**

Flood = 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 of which is the policyholder's property) from one of the following.



## HEAVY RAINS

*Heavy Rains = unusual and rapid accumulation or runoff of surface waters from any source.*



## OVERFLOW OF INLAND OR TIDAL WATERS



## TIDAL WAVE



## MUDFLOWS

Mudflows are rivers of liquid and flowing mud on the surface of normally dry land, often caused by a combination of brush loss and subsequent heavy rains. Mudflows can develop when water saturates the ground, such as from rapid snowmelt or heavy or long periods of rainfall, causing a thick liquid downhill flow of earth.



MYTH	FACT
<ul style="list-style-type: none"><li>• Hurricanes, not floods are the #1 natural disaster in the U.S.</li></ul>	<ul style="list-style-type: none"><li>• Hurricanes grab headlines but floods because they happen in all 50 states, cause more damage than hurricanes and fire combined.</li></ul>



# LOUISIANA



# NEW YORK



# NEW JERSEY



# CALIFORNIA



# MISSOURI



# WISCONSIN





# SOUTH CAROLINA



# GEORGIA



# FLORIDA



MYTH	FACT
<ul style="list-style-type: none"><li>• The Flood insurance program subsidizes beachfront homeowners.</li></ul>	<ul style="list-style-type: none"><li>• Five of the top 12 states with the most number of years in which claims exceeded premiums are in the Midwest, from 1978-2007. Many of the states hardest hit by floods are nowhere near the beach:<ul style="list-style-type: none"><li>Illinois</li><li>Iowa</li><li>Michigan</li><li>Ohio</li><li>North Dakota</li></ul></li></ul>

MYTH	FACT
<ul style="list-style-type: none"><li>• I am covered for flood by my Homeowners Insurance.</li></ul>	<ul style="list-style-type: none"><li>• Homeowners insurance policies do not cover flood damage, that is why the feds created the National Flood Insurance Program.</li></ul>

MYTH	FACT
<ul style="list-style-type: none"><li>• Taxpayer are footing the bill for federal flood insurance.</li></ul>	<ul style="list-style-type: none"><li>• The NFIP doesn't spend any tax dollars. The government sets the premium rates high enough to cover flood insurance claims and operating expenses in an average historical loss year. The program can borrow money from the US Treasury when losses are heavy, but has to pay those loans back with interest.</li></ul>

MYTH	FACT
<ul style="list-style-type: none"><li>• I live in a low risk area, I don't need flood insurance.</li></ul>	<ul style="list-style-type: none"><li>• Approximately 30% of all floods are in low risk areas.</li><li>• 70% of the flooding in Houston was in low risk areas.</li></ul>

<b>MYTH</b>	<b>FACT</b>
<ul style="list-style-type: none"><li>• I don't need to buy flood insurance, FEMA will take care of me with "Disaster Assistance".</li></ul>	<ul style="list-style-type: none"><li>• Disaster Assistance is given in the form of a low interest loan, you must pay it back.</li></ul>

**FEMA INSURANCE CHIEF**

- Harvey losses could top \$11 Billion.
- FEMA Official says Flood Insurance claims from Irma could top \$11 Billion.

## **WHAT IS COVERED BY UNIT OWNER FLOOD POLICY**

- ✓ Personal Property inside your unit.
- ✓ Improvements to Unit made by you.

"If you are the owner of a unit and have insured personal property in this policy, we will also cover your interior walls, floor, and ceiling (not otherwise covered under a flood insurance policy purchased by your condominium association) for not more than 10% of the limit of liability shown for personal property on the declarations Page. Use of this insurance is at your option but reduces the personal property limit of liability."

## **(CONT.) WHAT IS COVERED BY UNIT OWNER FLOOD POLICY**

"Special Limits. We will pay no more than \$2,500 for any one loss to one or more of the following kinds of personal property:

Artwork, photographs, collectibles, or memorabilia including but not limited to, porcelain or other figures and sports cards;

Rare books or autographed items;

Jewelry, watches, precious and semi-precious stones, or articles of gold, silver, or platinum;

Furs or any article containing fur

We will pay only for the functional value of antiques."


## **TYPES OF PROPERTY NOT COVERED**

- Walks
- Decks
- Trees/Plants
- Patios
- Fences
- Seawalls
- Docks
- Hot tubs/Pools/  
Jacuzzis
- Cars
- Boats
- Planes

**I DON'T HAVE A DOG IN THIS HUNT**



MYTH	FACT
<ul style="list-style-type: none"> <li>Your condominium association has flood insurance on the building you live in.</li> </ul>	<ul style="list-style-type: none"> <li>None of the buildings in the Federation of Kings Point are covered for flood.</li> </ul>



### FLOOD PREMIUM INDICATIONS

Total Insured Values	National Flood Insurance Program Estimated Annual Premium	Price Per Unit/ Per Year
\$773,545,749	\$4,973,899	\$929
Total Insured Values	Voyager Indemnity Insurance Co. (A.M. Best Rating A(Excellent) Premium	Price Per Unit/ Per Year
\$10,000,000 Deductible: \$2,500/unit	\$900,000	\$167.91



SO IF YOU DON'T HAVE THIS...



YOU NEED TO BUY THIS...



## **TOP 10 REASONS TO BUY FLOOD INSURANCE**

1. You have a 26% chance of Flooding vs. 9% chance of a fire. Why not drop the Fire Insurance!
2. Land development can increase flood risk by changing runoff paths
3. Flood is the #1 natural disaster in the U.S.
4. 1/3 of all Flood Claims are in low risk flood zones
5. 70% of Flood losses in Hurricane Harvey were in low risk flood zones
6. 80% of Texas homeowners did not have Flood Insurance
7. Hurricane Harvey is the 3<sup>rd</sup> 500 Year Flood in Houston in 3 years. (it can happen here)
8. Changing climate will add to the probability of Floods
9. Board of Directors Fiduciary obligation to units owners to protect Association
10. The Last Reason...because you can!