

CHAPTER 9. FLOOD INSURANCE
EXPLANATION AND REQUIREMENTS

9-1. FLOOD INSURANCE.

- a. ACC Requirements. The ACC does not specifically state that flood insurance is a required coverage, unless the property is located in a flood plain, as determined by the Federal Governments National Flood Insurance Program.
- b. Program Eligibility. Flood insurance is available through the Federal Government's National Flood Insurance Program (NFIP) Every HA, however, will not qualify for flood insurance through the NFIP. The prerequisites for flood insurance are:
 - (1) The HA must be located in a community participating in the NFIP.
 - (2) The HA should have property located in the 100 year floodplain. (While property located outside the 100 year floodplain is eligible for coverage through the NFIP, the Department will not require its purchase.)

The HAs should contact an insurance agent of their choice to determine if they have property located in an area that would meet both prerequisites stated above. If the property is eligible for coverage and the risk of loss exists, flood insurance becomes a required coverage under the ACC. The HA shall advise the Field Office if projects are located in a floodplain and shall provide the Field Office with a certificate of insurance.

- c. Limit of Coverage. Flood insurance is written with a separate limit of coverage applying to each building in the floodplain. Blanket coverage is not available. The limit of coverage per building shall not be less than 80 percent of the maximum probable damage that could be caused by a flood peril.

9-1

5/96
G 7401.5

- d. Flood or The Condition of Flooding. Flood or the condition of flooding is defined as:
 - (1) A general and temporary condition of partial or complete inundation of normally dry land areas from:
 - (a) the overflow of inland or tidal waters;
 - (b) the unusual and rapid accumulation or runoff

of surface waters from any source;

(c) mudslides (i.e., mudflows) which are proximately caused by flood and are akin to a river of liquid and flowing mud on the surface of normally dry land areas, such as when earth is carried by a current of water and deposited along the path of the current.

(2) The collapse or subsidence of land along the shore of a lake, ocean, river or other body of water as a result of erosion or undermining caused by waves or currents of water exceeding the cyclical levels which result in flood.

(3) Sewer (drain) backup, is covered only if it is due to flooding.

e. General Rules and Definition.

(1) Flood insurance can be purchased to protect an eligible building and/or personal property located in a participating community against "direct physical loss by flood."

(2) Flood insurance covers direct physical loss by flood or in other words, any loss in the nature of, or physical damage (evidenced by physical changes) to the insured property (building or personal property) which is directly caused by a "Flood" when the insured property is located (1) at the property address shown on the application for insurance and (2) for 45 days at another place above ground level or outside of a special flood hazard area to which any property shall

5/96

9-2

G 7401.5

necessarily be removed in order to protect and preserve it from a flood or from the imminent danger of flood (provided personal property so removed is placed in a fully enclosed building or otherwise reasonably protected from the elements in order to be insured against loss). In such case, the reasonable expenses incurred by the insured, including the value of the insured's own labor at prevailing Federal minimum wage rates, in moving the insured property away from the peril of flood and storing the property at the temporary location shall be reimbursed to the insured.

(3) For additional information, the HA may call the NFIP toll free at 800-638-6620 or contact a NFIP Regional Office.

f. Competition.

Competition in procurement is not required if coverage can only be purchased from a single source. Some insurance companies will include flood coverage along with their property policy, but it is usually subject to a very large deductible (\$25,000 or more), and this would not be reasonable for most HAs. Competition in procurement is not required as long as coverage is purchased through the National Flood Insurance Program (NFIP).

9-3

5/96
G 7401.5

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5/96

9-4