

# Got Flood Insurance?



As you have heard, or are personally experiencing right now, there is a lot of water in Wisconsin. But we are not alone. In fact, in the past five years all 50 states have experienced floods. According to the U.S. government, the average commercial flood claim in the past five years has been around \$89,000, and the average property damage due to flooding adds up to more than \$3.5 billion annually.

Floods have many causes and can occur anywhere in Wisconsin, but here are some of the most common events that lead to flooding here:

- Flash flooding caused by periods of intense rainfall in a concentrated area
- Mudslides caused by long, heavy rain periods on a hill or cliff, especially along the Mississippi and Wisconsin river valleys
- Snowmelt caused by the still-frozen ground unable to absorb excess water
- Ice jams, which are formed when an ice chunk flowing in a river or stream blocks, dams or narrows passageways, causing overflow
- Urban areas where there is a lot of asphalt and concrete and water runs off into the storm system and overwhelms the system

The first area to look for coverage is your current property policy. Many carriers do carry a sublimit for surface water run-off, actual flood coverage or it is defined as water damage. You need to read your policy to see how it is defined for your school's policy. If the source of the water damage is high winds damaging a

building and water gets in, that is covered under a property policy. For the purposes of this article, we are specifically referring to water that comes out of a stream, river or newly created stream from excess rain.

There are plenty of misunderstandings about flood insurance. At TRICOR Insurance, we have compiled some information about the National Flood Insurance Program (NFIP) and its coverage to help you understand its benefits.

### NFIP Coverage: Who Should Buy It?

There are two main flood hazard level standards and several sub-categories that the NFIP uses to categorize a company's risk for flooding and to determine premiums.

- Moderate-to-low-risk buildings, which are in zones B, C and X. These areas are outside of the one percent annual chance floodplain, areas of less than one percent annual chance of sheet-flow flooding where average depths are less than one foot, areas of less than one percent annual chance stream flooding where the contributing drainage area is less than one square mile or areas protected by levees. ***Most school property carriers that have flood coverage are including these zones only.***
- High-risk buildings, which are in zones A and V.
  - Zone A buildings are within a certain floodplain distance from a river, lake or stream. Most property carriers in Wisconsin exclude Zone A.
  - Zone V buildings are within a certain distance from the coast and exposed to natural disasters associated with the ocean.

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For a complete list of sub-categories and to map out which zone your school falls in, visit [www.floodsmart.gov](http://www.floodsmart.gov), the official website of the NFIP.

### Associated Costs

Flood insurance premiums are based on several factors, which could raise or lower the amount your company would have to pay. These factors include the following:

- Building's age, height and occupancy
- Your school's location
- The location of the lowest floor in relation to the elevation requirement on the flood map (only applicable to newer buildings)
- The deductible you choose and the amount of building and contents coverage

Even though federal disaster assistance is available to flood victims, it is usually in the form of a loan that must be paid back with interest.

### What Gets Covered

There are two types of building flood insurance coverage, and you can opt to buy one or both.

- Commercial Contents covers inventory, merchandise, machinery and any other contents your business has up to \$500,000
- Commercial Building covers your company's building and contents up to \$500,000 each. If your company does not own the building, NFIP will cover up to 10 percent of improvements you made to the space.

In addition to these two types of building coverage, the NFIP will also cover **debris removal** during the cleanup process. Also, if your business takes steps to protect against or prevent flood damage, you may be eligible for

lower rates. For more information on how to protect against the risk of flood damage to your business, go to [www.fema.gov/information-property-owners](http://www.fema.gov/information-property-owners).

If you have further questions about flood insurance coverage and its provisions, TRICOR Insurance is here to help. Call 1-877-GO-TRICOR to find out how you can extend your coverage to keep your business safe and running—no matter what happens.