

Lender-placed

vs.

Owner/Buyer-placed Insurance

If you are applying for a building, business or home loan, the lender may take the initiative to place insurance coverage for you in order for you to meet the loan requirements. This is known as "Lender Placed" insurance coverage. Sometimes lender-placed coverage can end up costing you up to three to four times more than if you placed the insurance yourself through an insurance agency/agent. Lenders will notify borrowers if Flood Insurance is required as a condition of the loan (National Flood Insurance Reform Act of 1994).

There is no 30 day waiting period for flood insurance purchased in connection to a loan. Flood Insurance is mandatory if the lender is federally regulated and your property is located in a Special Hazard Area. The Lender will require Flood Insurance if you live in Zone A, AE or V.

What's a Special Hazard Area?

This is a designated area with the highest risk of flooding. Flood Insurance Rate Maps show high risk areas as Zones A, AE or V. However, nearly 25 percent of all Flood claims come from medium or low-risk flood areas which are listed as Zones B, C and X. Anyone can purchase Flood Insurance whether or not they are in a Special Hazard Area.



How do I go about Getting Flood Insurance?

Applying for Flood Insurance is easy! Flood Insurance is available through about 90 Insurance companies in more than 20,300 communities that participate in the NFIP program.

Your chosen Insurance agent will require a Flood Elevation Certificate which will have the necessary information to rate the policy. The premium charged for an accurately rated NFIP policy will be the same, regardless of from whom you purchase the policy. For more information on rates, premiums or maps contact your local Independent Insurance Agent.

All information provided in this brochure was obtained from the following websites www.FEMA.gov or www.FloodSmart.gov; and the State of Alaska.

For more information contact:

Micheline Patterson-Personal Lines Manager
at Ken Murray Insurance at 907-456-6646;
Micheline@kenmurray.com;

Taunnie Boothby, Alaska State Division of
Community and Regional Affairs 907-269-
4583; taunnie.boothby@alaska.gov; or,



FEMA



Flood Information

- Flood Insurance
- Lender-placed Coverage
- "Special Hazard Area"
- How Much does it Cost?
- New Construction Info
- How do I get Flood Insurance?

Did You Know.....?

1. Everyone lives and works in a flood zone.
2. Only Flood Insurance coverage protects against the risk of damage from floods! .
3. In many cases, your financial lender will require you to have flood insurance.
4. Snow melt is an overlooked cause of flooding.
5. A car can easily be carried away by just two feet of water.
6. New land development can increase Flood risk, especially if the construction changes natural runoff paths.
7. About 2,500 gallons of water will melt from a 1,000 square foot roof containing one foot of snow depth.



Only Flood Insurance Protects against damage from Floods

Your business or home has a 26 percent chance of being damaged by a flood during the course of a 30-year loan, compared to a 3 percent chance of damage or loss due to fire. Floods can occur almost anywhere at anytime - not just near water.

Flooding is the #1 natural disaster in the United States, and has caused nearly \$1.6 billion in damages in Alaska and \$23.8 billion in the U.S. over the last 10 years. Flood coverage is sold separately from all other types of insurance coverage.

Protection from flood damage is available for protection from loss for commercial buildings, residential buildings/homes, and contents' personal belongings. Coverage is available up to \$250,000 for single-family, multi-family and other residential buildings and up to \$100,000 for contents coverage. Non-residential buildings, including small businesses, can acquire coverage up to \$500,000 for the building and \$500,000 for contents. Coverage for damage from flood is not covered in any other type of policy except a flood insurance policy.

New Construction Information

The participating community will require an owner or builder to obtain a "Floodplain Permit" before construction begins.

This permit is issued by the Community Planning office and requires property owners to build above the base flood elevation.

Check with the local Community Planning office to determine your flood zone.

If your building site is located in a Special Hazard Area, it is wise to have a Licensed Land Surveyor, Professional Engineer, or Registered Architect come and set a temporary benchmark before construction begins. This will allow the builder to refer to the benchmark and build above the base flood elevation (BFE).

Additionally, it will help you determine how much fill material is needed to raise your structure above the BFE which will result in lower Flood Insurance costs.

Remember: building above the BFE results in lower Flood Insurance premiums; building below the BFE results in higher premiums.

Lower Flood Insurance premiums are available to those who build above the base flood elevation and do not have a basement or crawlspace.

Buildings that have a basement or crawlspace requires flood openings in the foundation. These are openings on all sides of the basement or crawlspace walls that allow flood waters to flow freely through the space without building up hydrostatic pressure.

How are Flood Insurance Premiums Calculated?

Flood Insurance premiums are based upon the elevation level of the building or home. A "Flood Elevation Certificate" is necessary before flood premiums can be determined. This certificate must be completed by a Licensed Land Surveyor, Professional Engineer, or Registered Architect who is authorized by law to certify elevation information. Flood Elevation Certificates cost between \$200.00 and \$1000.00 to complete. Completed Flood Elevation certificates should be kept on file with your local Community Planning Department as required by the National Flood Insurance Program (NFIP) regulation 44 CFR 60.3b1, FEMA 480 Publication, and the local flood reduction ordinance for the community.

Excess Flood is available if your home's value is more than \$250,000 and your Commercial Building is valued more than \$500,000.



Don't risk a loss — check your insurance coverage's today to make sure you are protected by Flood Insurance!

If you already have Flood Insurance, and are selling your business or home, you can assign your current Flood Insurance policy to the buyer at the time of closing.



FloodSmart.gov
The official site of the NFIP