

Consumer Counselor

Insurance Information for Michigan Consumers

Flood Insurance: What You Need to Know

Most homeowners and renters insurance policies do not cover flood damage. A property owner is eligible to purchase flood insurance as long as the community in which they live participates in the National Flood Insurance Program (NFIP).

Federal disaster assistance is customarily offered to homeowners and renters in the form of a low interest loan and is only offered if the President declares a major disaster. When property owners and renters receive financial assistance from the federal government following a presidentially declared disaster, they may be required to purchase flood insurance coverage if they own the home or, if a renter, they continue living in that home.

Everyone lives in a flood zone. The question is whether it is a high-risk or a moderate- to low-risk zone. The Federal Emergency Management Agency (FEMA) publishes flood hazard maps based on various statistical data and these maps outline different flood risk areas.

If your home is located in a high-risk zone, called a Special Flood Hazard Area (SFHA), you will be required to buy and maintain flood insurance for the term of your home mortgage loan and to become eligible for FEMA disaster assistance in the future. A standard rated policy is your only option.

If you live in a moderate- to low-risk area, you may qualify for a Preferred Risk Policy. That policy has the lowest premiums available.

The federal government sets the premium rates and the costs do not vary; therefore, there is no need to shop for rates. The premium is the same whether you purchase your policy through your insurance agent or any private insurance company which writes and services NFIP flood insurance through an arrangement with FEMA. Typically, there is a 30-day waiting period from date of purchase before the policy takes effect.

As a property owner, you should contact your insurance agent. Your insurance agent can help you in determining the availability, your need, and cost for flood insurance. The agent should not charge you for this information. If your agent cannot provide you with flood insurance information, you can contact one of the numbers listed below.

For more information about the NFIP and flood insurance, call 1-800-427-4661.

For an agent referral, call 1-888-435-6637.

About DIFS

The mission of the Michigan Department of Insurance and Financial Services is to ensure access to safe and secure insurance and financial services fundamental for the opportunity, security and success of Michigan residents, while fostering economic growth and sustainability in both industries. In addition, the Department provides consumer protection, outreach, and financial literacy and education services to Michigan citizens. For more information please contact DIFS at 877-999-6442 or visit www.michigan.gov/DIFS

