

# Facts and Figures



## From the National Flood Insurance Program

*Unfortunately, many people do not know the basics about flooding or flood insurance. It is important that consumers have the facts about their flood risk and have an understanding about flood insurance so that they can make informed decisions. The following are important facts and figures that provide a good picture of the risk of flooding, its impact and options for protection.*

### RISK

- Floods are the number one natural disaster in the United States.
  - Just an inch of water can cause costly damage to property.
  - Everyone is at risk — due to weather systems, land development runoff or regional events.
  - Most homeowners insurance doesn't cover flood damage.
  - More than 50 percent of properties in high-risk areas remain unprotected by flood insurance; all properties in high-risk areas need to be protected with flood insurance.
  - Twenty to 25 percent of all flood insurance claims are filed in low- to moderate-risk areas.
  - New construction can increase flood risk, especially if it changes natural runoff paths.
  - More than 5 million Americans are protected with flood insurance, but millions more are unaware of their personal risk for property damage — or options for protection.
  - There is a 26 percent chance of flooding during a 30-year mortgage, compared to a 9 percent chance of fire for buildings in high-risk flood areas.
  - In the South and West, approximately 60 percent of homeowners in high-risk areas, or Special Flood Hazard Areas (SFHAs), are covered by flood insurance. However, outside of the high-risk areas, 1 percent of homeowners in non-SFHAs have purchased flood insurance (Source: RAND Corporation).
- In Northeast and Midwest SFHAs, the flood insurance coverage is significantly lower than in other areas of the United States. More than 70 percent of Northeast residents and nearly 80 percent of Midwesterners lack financial protection in case of a flood (Source: RAND Corporation).

### IMPACT

- Flood losses in the United States averaged \$2.4 billion per year for the last decade.
- The National Flood Insurance Program (NFIP) paid nearly \$16 billion in flood insurance claims to policyholders during the 2005 hurricane season (as of August 31, 2006).
- Federal disaster assistance is usually a loan that must be paid back with interest — and is only available when a disaster has been federally declared.
- In the last 50 years, nearly 1,000 flood events have been designated as federally declared disasters.
- Nearly 75 percent of all federally declared disasters over the past five years involved flooding.





## PROTECTION

- Property owners, renters and businesses can purchase flood insurance if their community is among the more than 20,300 communities that participate in the National Flood Insurance Program.
- It typically takes 30 days after the purchase of flood insurance for the policy to take effect.
- The average premium for a yearly flood insurance policy is approximately \$500.
- People in low- to moderate-risk areas may be eligible for the Preferred Risk Policy with flood insurance premiums starting as low as \$112 a year.
- Consumers can visit [FloodSmart.gov](http://FloodSmart.gov) or call **1-800-427-2419** to learn how to prepare for floods, how to purchase a flood insurance policy and what the benefits are of protecting their homes and property against flooding.