



NFIP vs. Private Flood Comparison Chart



NFIP

PRIVATE FLOOD

Who subsidizes and manages the policy?

Coverage through the National Flood Insurance Program (NFIP) is subsidized and managed by the federal government, and is financed through taxpayer money.

Private flood insurance is offered by a for-profit company that relies on a reinsurer or money collected from premiums to pay for damages to claimants.

What are the policy limits?

NFIP: The maximum limits available are \$250,000 for dwelling and \$100,000 for contents. These coverages are purchased separately and have separate deductibles. (Coverage for a detached garage can be covered up to \$25K, thus reducing the \$250K for the building.)

Private flood insurance covers your dwelling, other structures, loss of use, resiliency, and their contents from water damage caused by flood. Carriers offer higher limits of coverage as well as coverage enhancements.

Does the policy include loss of use?

Not available.

Private flood policies offer loss of use, resiliency and expanded replacement cost.

Is there a waiting period?

Requires a 30-day waiting period.

No waiting period or up to 14 days, depending on the carrier.

Isn't flood insurance expensive?

NFIP changed its rating schedule to be more in line with risk, and many clients saw large increases in premium as a result.

Private flood can often offer broader protection at better rates, as it considers exposures specific to each location.

Claims scenario: A client sustains \$500,000 of building damage and \$300,000 of contents damage due to a flood. They are forced to rent an apartment while repairs are made to their home. They pay \$7,500 for rent, on top of their mortgage payments. If they have no flood coverage in place, the client will have to pay \$807,500 out-of-pocket.

If the client has an NFIP policy, the most they will be paid is \$250,000 for the dwelling and \$100,000 for contents. The client will pay \$457,500 out of pocket plus deductibles.

If the client has a private flood policy (depending on limits chosen), they will be paid \$500,000 for the building and \$300,000 for the contents, plus the loss of use/rents of \$7,500. The client will only need to pay the deductible out of pocket.

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