

Co-ops And Condos Should Explore Flood Insurance

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Flood insurance in non-coastal and non-flood zones has been an afterthought in purchasing insurance, and usually a coverage not obtained by most homeowners and building owners. But, as we have seen in recent years, most dramatically with Hurricane Sandy, it is time for many owners of both single-family homes as well as those living in condominiums and co-ops to review their flood insurance.

While many carriers do not include flood insurance in their coverages, there is a federal program created by Congress to mitigate future flood losses nationwide through sound, community-enforced building and zoning ordinances and to provide access to affordable, federally backed flood insurance protection for property owners. The National Flood Insurance Program (NFIP) is designed to provide an insurance alternative to disaster assistance to meet the escalating costs of repairing damage to buildings and their contents caused by floods.

With the increase in unstable weather, we believe it important for co-op and condo boards and managing agents to consider flood insurance coverage. Renters can also purchase coverage. For certain shareholders, unit-owners and homeowners, particularly those in smaller buildings and multi-family townhouses, it is essential.

What does the flood insurance cover? Flood insurance covers the overflow of inland or tidal waters and unusual and rapid accumulation or runoff of surface waters from any source. However, the flood must be a general and temporary condition of partial or complete inundation of two or more acres of normally dry land area or of two or more properties (at least one of which is yours).

Limits range up to \$250,000 per residential building, home, or apartment, with a \$100,000 maximum limit for contents. Commercial buildings can purchase limits up to \$500,000 per building with an additional \$500,000 maximum limit for contents. Condominiums can purchase coverage individually for each unit with \$250,000 limit per condo unit and \$100,000 contents, or the condominium association can purchase the policy for the entire building (RCBAP form) with a maximum building limit of \$250,000 multiplied by the number of condo units or the replacement cost of the building, whichever is less.

Coverage for the structure includes the building and its foundations, electrical and plumbing systems, HVAC equipment, carpeting and debris removal. Individual units would also be covered for most kitchen appliances, permanently installed paneling, wallboard, bookcases and cabinets.

Content coverage includes personal belongings such as clothing, furniture and electronic equipment, curtains, portable and win-

dow air conditioners. Some items are covered by both building and contents coverage. Coverage in basements is limited however, and will generally not cover most personal property.

The insurance does not cover damage caused by moisture, mildew or mold that could have been avoided, valuable papers, and living expenses such as temporary housing.

Building owners and residents do not have to rely solely on the NFIP to obtain flood coverage. Some insurance carriers offer it along with their commercial or homeowner's policies or as stand-alone program. There are several internet companies that also can provide flood insurance. One is www.insureflood.com, which is owned by First Fidelity Brokerage.

The site provides information about flood insurance and has a link to estimate flood damage based on the height of the water along with several animated flooding scenarios provided by FEMA. It also links to the federal program.

A prospective purchaser can fill out a simple application online or download it, and obtain a quote from the NFIP and from other private flood insurance providers if qualified. The applicant can then receive terms from several different insurers and programs. After reviewing the quote and the terms, which may vary in price and coverages, the association, homeowner or businessperson can obtain coverage via the internet. There is neither high pressure selling nor an obligation to purchase coverage by filling out the application.

The site is for homes, buildings and businesses in low and medium-risk areas as well as high-risk areas.

For the federal program in non-critical flood zones, www.insureflood.com provides pricing tables showing the cost to cover various levels of limits for building and personal property without having to enter any data. This allows the consumer to already know what to expect and only complete the form if they intend to purchase coverage.

With the increase in dramatic weather, it is important now for building owners, boards and managing agents to review flood coverages with their insurance broker, and, if needed, obtain proper coverage.

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