

# Flood insurance



Guest editorial

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With recent devastating weather conditions in central and eastern states, now seems like a good time to talk about flood insurance. Understandably, I'm receiving many phone calls and inquiries about flood insurance, with most customers wondering if it's included in their property policy. Unfortunately, the answer is usually no. Keep reading to find out what you should know about flood insurance, how it works and how to buy it.

Standard homeowner, renter and business policies typically

do not cover flood damage.

They will, however, likely cover damage from certain types of water, such as breaking pipes, seepage, etc. But true floods are a completely different scenario. This can be problematic if you want flood insurance to protect your property due to proximity to a water source, or if you must have it to comply with mortgage requirements for property in a high-risk flood zone.

While this article focuses on flood insurance for businesses, you can find more about homeowners' flood insurance from your personal agent.

When looking to purchase flood insurance, there are a few things to consider. Are you in a flood zone? Are you in danger of flood waters from other sources like snow melt, an overflowing creek or pond, or perhaps just water runoff from a steep hill? Let's look at these situations separately.

- If you're in a flood zone (or aren't sure), look at a flood map by visiting [msc.fema.gov](http://msc.fema.gov) and searching your location. If it turns out you're in a flood zone, your best option may be through National Flood Insurance Program (NFIP), managed by Federal Emergency Management

Agency. For building coverage, NFIP policies can cover buildings, foundations, electrical, plumbing, HVAC systems and walk-in freezers. For contents coverage, policies can cover furniture, fixtures, machinery, equipment, stock and up to 10% for improvements. The policy does not offer coverage for loss of use or business interruption.

Premiums will depend on the zone in which property is located, chosen deductible, the building's construction type, etc. NFIP has specific coverage limits: \$500,000 for structure and \$500,000 for contents. If you need higher limits, you may be able to purchase excess flood coverage through the open insurance market. Note, NFIP covers your property at actual cash value (the value of your property new minus the depreciation). NFIP policies can usually be purchased through your insurance agent, not direct.

- If you aren't in a flood zone, but wish to purchase flood insurance, you can do so through your agent by accessing the open insurance market. Although



your current business policy likely doesn't automatically include flood as a covered peril, it can be purchased separately. Many insurance companies can add flood as a covered peril to your current policy for an additional premium, at either the full limits carried on your property policy or at a sub-limit specifically applicable to flood. If your insurance company doesn't offer this option, your agent should be able to access one that offers a flood-only policy. Both options would enable you to choose limits and deductibles, depending on the coverage premium you want to pay.

A key exception to the "flood isn't automatically included"

rule is if you have a Garage policy. If you are a truck dealer, you may have a Garage policy which lists your Dealers Inventory held for sale. If you're an upfitter, you also likely have a Garage policy that lists Garage Keepers or coverage for customers' units while in your care. Both Dealers Inventory and Garage Keepers nearly always automatically afford coverage for flood. So, in the event of a flood, you may not have coverage for your building or contents right now, but could for your inventory and customers' vehicles. Check with your agent on how your individual policy is written.

According to Insurance Institute for Business & Home Safety, more than 25% of businesses that close due to a devastating event, such as a flood, never reopen. Although this is a concerning statistic, it doesn't have to be an issue for your company. A conversation with a trusted insurance professional could alleviate many such concerns.

JD Fulwiler developed the Protection Plus program to provide the work truck industry with underwriting, risk assessment and loss prevention services. JD Fulwiler will shop among many top insurance carriers with which it does business to find a coverage solution that best meets your needs. Learn more at [ntea.com/partnerships](http://ntea.com/partnerships) or call 800-441-6832.

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