

Frequently Asked Questions about Flood Insurance

Q. Why should I consider buying flood insurance?

Flooding can happen to anyone at any time. Louisiana is by far and away [the largest recipient of funds](#) from the National Flood Insurance Program (NFIP). Anyone can buy flood insurance but homeowners who have federally backed loans may be required to purchase flood insurance if their home is in a designated flood plain.

Flood insurance can be purchased through licensed property and casualty insurance agents in Louisiana to cover the structure of their home or business and its contents. Renters can buy protection for the contents of their rented homes. Flood insurance is also available for rental property and condominiums.

I already have homeowner's or renter's insurance. Am I covered for a flood?

No. A standard homeowner's or renter's policy does not cover damages from a flood. Remember there may be a waiting period for your policy to take effect. For example, there is a 30-day waiting period for NFIP policies to become effective.

How can I buy flood insurance?

Flood insurance is available through the NFIP as well as private insurers, including surplus lines insurers. For property owners whose properties fall well within flood plains or pose a high risk of flooding, their mortgage from a federally-backed lender may have flood insurance requirements that can only be fulfilled by an NFIP policy. The LDI advises consumers to speak with their lenders to ensure that they are willing to accept a private flood or surplus lines policy.

What is a surplus lines insurer?

Surplus lines insurers are regulated in the state or country in which their headquarters are located. Surplus lines insurers must be registered with the Louisiana Department of Insurance and they must meet eligibility requirements. However, unlike standard insurance companies, surplus lines insurers are not subject to rate and policy review, and there are Louisiana laws that do not apply to them. Surplus lines insurers do not participate in and their policies are not covered by the Louisiana Insurance Guaranty Association (LIGA) which pays claims in the event a standard insurance company becomes insolvent.

What's the difference between an NFIP policy and a policy I get from a private or surplus lines carrier?

Non-NFIP policies may offer higher limits for rebuilding a home or residential structure and contents. These policies also:

- Detached structures. Private or surplus lines policies will offer coverage for detached structures, basements and other structures not covered under the NFIP.
- Contents coverage. Surplus lines policies can cover *replacement cost* rather than *actual cash value* for non-primary residences. Replacement cost covers the cost to purchase a comparable item new, while actual cash value depreciates lost items and covers what the item is worth at the time of loss.
- Additional Living Expenses. Surplus lines coverage also may contain additional living expenses coverage, which is not available from the NFIP. Business interruption coverage is available from surplus lines policies for commercial properties.



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