

Commercial NFIP Flood Insurance

Overview

- Although National Flood Insurance Program (NFIP) commercial flood insurance does not prevent flood damage from happening, it can help pay for flood damages.
- For structures with government-backed mortgages in high-risk flood zones or structures that have received FEMA grants, flood insurance is required.
- FEMA recommends flood insurance for all structures.
- Most standard commercial property insurance policies do not cover flood damage.
- There are two types of NFIP flood insurance coverage:
 - Building coverage – Coverage for the essential building characteristics (electrical system, furnace, foundation walls, refrigerator, etc.) and permanently installed components (bookshelf, carpeting, paneling cabinets, etc.).
 - Contents coverage – Coverage for the building contents including personal belongings (clothing, furniture, electronics, etc.), washing machine and dryer, portable air conditioners, carpets installed over wood, original artwork, etc.
- There does not have to be a Presidential Disaster Declaration for claim payments.
- It is possible to get a discount on flood insurance outside of high-risk areas.
- Items not covered by NFIP commercial flood insurance:
 - Please visit <https://www.floodsmart.gov/> for information on items not covered under National Flood Insurance Program commercial flood insurance policies.



Photo credit: DNREC

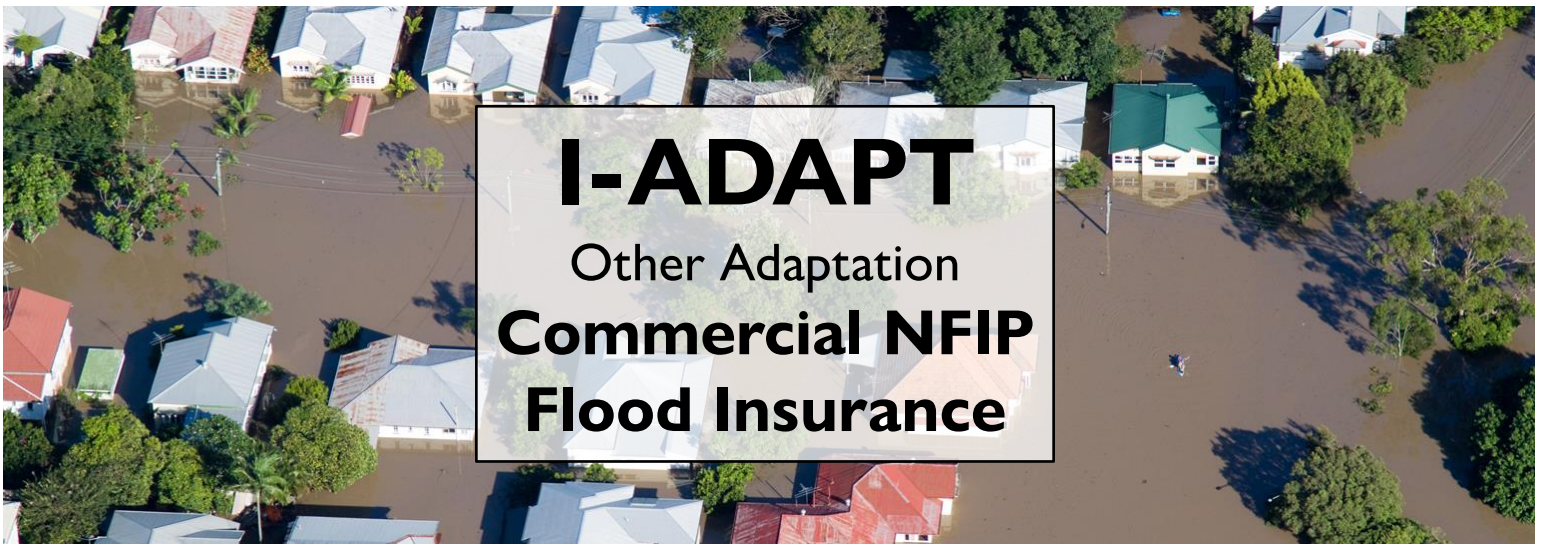
Key Takeaways

During flood events, flood water entering the building can damage personal property. According to FEMA, just one inch of flood water can cause as much as \$25,000 in damages to a structure.

Federal disaster assistance typically does not supply enough funding to cover the actual cost of damage repair.

To reduce replacement or repair costs related to flood damaged or destroyed property, business owners can purchase commercial flood insurance from the National Flood Insurance Program (NFIP).





I-ADAPT

Other Adaptation

Commercial NFIP Flood Insurance

Estimated Costs/Benefits

*U.S. dollars (2022), estimates are subject to change

Potential Costs	Potential Benefits	
	Post-Flooding Recovery Action	Estimate
FEMA has updated the NFIP's risk rating methodology through an insurance pricing method called Risk Rating 2.0. This methodology allows FEMA to assign rates that are equitable, understandable and reflective of a property's risk. NFIP Commercial Flood Insurance rates are determined at the structure (building) level.	NFIP reimbursement for flood damaged structure	Up to \$500,000
	NFIP reimbursement for flood damaged contents	Up to \$500,000
	ESTIMATED TOTAL SAVINGS	Up to \$1,000,000

Additional Actions

- Property in the basement may not be covered. Therefore, valuables will need to be moved to a different floor.
- Consider purchasing a waterproof safe to protect valuables that are not covered by flood insurance.
- If a community participates in the Community Rating System program within the federal flood insurance program, business owners could get 5-45% off flood insurance premiums.
- An elevation certificate may be required.

Additional Resources

- [Community Rating System](#)
- [FEMA's Flood Insurance Finder](#)
- [FEMA's Risk Rating 2.0](#)
- [National Flood Insurance Program](#)
- [NFIP Policy Building and Contents Coverage](#)

Resources can also be found at <https://de.gov/iadapt>

Permitting Agencies

- No permits are required to apply for NFIP Insurance.

Expected Maintenance

- Adhere to insurance policy requirements.

Who to Contact

- A local National Flood Insurance Program licensed agent

Technical definitions and more information are located on the I-ADAPT website: <https://de.gov/iadapt>.



This information is intended to be used for planning purposes. It is not intended to substitute or take precedence over the guidance of design engineers, contractors, utility companies or regulatory agencies.

For more information, contact DNREC's Division of Climate, Coastal and Energy at DNREC_IADAPT@Delaware.gov

