



FEMA



NATIONAL FLOOD  
INSURANCE PROGRAM®

The National Flood Insurance Program (NFIP) provides specific coverage limits for both residential and business properties. These limits cap the maximum amount of money you can receive for flood damage to your building and its contents, regardless of the actual cost of repairs or replacements.

Here's a detailed explanation of how these NFIP policy limits work:

### 1. Residential Property Coverage

- **\$250,000 Limit on a Residential Structure:** This is the maximum amount the NFIP will pay for flood damage to your home's physical structure. This includes the building itself, such as the foundation, walls, plumbing, electrical systems, and permanently installed appliances like water heaters or furnaces.

If the cost to repair or rebuild your home exceeds \$250,000, you will be responsible for the difference. Unfortunately, many homeowners may find that this cap doesn't cover the full value of their home, especially in areas with high real estate or construction costs. Supplemental private flood insurance might be necessary to cover the gap.

- **\$100,000 Limit on Contents:** NFIP policies also cover personal belongings within the home, up to a maximum of \$100,000. This includes items like furniture, clothing, electronics, and other household goods. However, not all personal property is covered, and high-value items like jewelry, artwork, and collectibles may have specific coverage restrictions or lower limits within the policy.

It's important to note that this coverage limit may not be sufficient for homeowners with substantial personal belongings. Therefore, a comprehensive inventory of your home's contents can help you assess if you need additional insurance for personal property.

### 2. Business Property Coverage

- **\$500,000 Limit on a Business Structure:** For commercial or business properties, the NFIP provides a higher coverage limit of \$500,000 for the building structure. This covers damage to the physical property, including the

building's foundation, electrical, plumbing, HVAC systems, and any permanently installed fixtures.

While this coverage is more generous than the residential cap, it may still be inadequate for businesses with large or expensive structures, particularly in urban or high-cost areas. Again, business owners may need to look into private flood insurance to cover the full replacement cost of the building.

- **\$500,000 Limit on Business Contents:** The NFIP also provides up to \$500,000 for contents inside the business, such as inventory, equipment, machinery, furniture, and other personal property. Like residential contents coverage, certain high-value items may have restrictions, so it's important to understand what's included.

For businesses with significant amounts of inventory or specialized equipment, this coverage limit may fall short of the total value of their contents. Business owners should evaluate whether they need additional insurance to protect their assets fully.

### **Key Considerations:**

- **Exclusions and Restrictions:** The NFIP has several exclusions in its policies. For example, it does not cover additional living expenses (for homeowners) or loss of income (for businesses) during repairs. Coverage also excludes damage to basements and items stored there, like appliances or personal property, so it's important to review the policy thoroughly to know what is and isn't covered.
- **No Coverage for Temporary Housing or Business Interruption:** Unlike standard homeowners or business insurance policies, NFIP flood insurance doesn't cover temporary housing costs or lost business income. These are often critical expenses after a flood, and policyholders will need to look for separate coverage to protect against these types of losses.
- **Additional Flood Insurance:** If your home or business property is worth more than the NFIP limits, or if you have high-value contents, you may want to consider purchasing excess flood insurance from a private insurer to ensure full protection.

Understanding these coverage limits is crucial when planning for flood protection, as it allows policyholders to assess whether they need additional insurance to cover potential gaps in NFIP coverage.