

# Everything You Always Wanted to Know About **Flood Insurance**\*

Explained by  
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Mike Toffoli (Acadian Insurance)

\* *BUT WERE AFRAID TO ASK*

**CartoFront**



**ACADIAN**  
INSURANCE

# Welcome!

The purpose of **Everything You Wanted to Know About Flood Insurance\* (\*But Were Afraid to Ask)** is to help you be the most knowledgeable, confident and profitable REALTOR® in your market.

We know that flood insurance is confusing, complicated, and difficult to communicate to your customers. Worst of all, it could cost you a sale. So, whether you are on the buy side or the sell side of a transaction, we offer two supporting solutions:

- 💧 Bilingual, easy-to-understand training and resources
- 💧 Free, one-click access to flood information from every MLS listing

Click **'The Raindrop'** on the listing icon bar.

Within seconds you will receive accurate **flood zone** determination, and estimated public and private **flood insurance options**.



## Instructors

### CartoFront

CartoFront is a Software as a Service (SaaS) company offering digital solutions that simplify flood insurance for REALTORS®, their customers and insurance agents.

✉ [info@cartofront.com](mailto:info@cartofront.com)



Acadian Insurance is a Florida-licensed insurance agency providing bilingual customer service, and binding of flood insurance policies.

✉ [floodinfo@acadianins.com](mailto:floodinfo@acadianins.com)



Miami REALTORS® offers the CartoFront application as a free member benefit.

# What is a Flood?



## What is flood insurance?

Flood insurance protects your property in the event of a flood or flood-related disaster.

Flood insurance is not included in homeowners insurance, it is a separate insurance policy that must be purchased separately through a qualified insurance agent.

## What is considered a flood?

The formal definition is:

*"A flood is an excess of water on land that is normally dry, affecting two or more acres of land or two or more properties."*

Floods can be caused by storms, hurricanes, snow, and water backup from inadequate drainage systems/ dams/ levee.

A flood is also not considered to be covered if it's a result of an internal pipe break, hole in a roof, or broken windows.

## What is flood risk?

Flood risk is determined by the probability of your property experiencing a flood event. Flood risk also changes over time.

Population growth, climate, and weather pattern changes have influenced the probability of flood events occurring in South Florida.

# Flood Zones & Flood Plains









## What is a floodplain?

A floodplain is an area of land adjacent to a body of water, which makes it exposed to flooding.

## What is a flood zone?

Flood zones are geographic areas that FEMA has defined according to varying levels of flood risk. These zones are used by NFIP to determine flood insurance premiums.

## Flood Zone Risks

Moderate to Low Risk Areas	High Risk Areas	High Risk Coastal Areas
Flood insurance is available at low premiums to all property owners and renters in this zone	Mandatory* flood insurance purchase requirements apply to all of these zones	Mandatory* flood insurance purchase requirements apply to all of these zones
 X Zone	 AE Zone  AH Zone  AO Zone	 V Zone  VE Zone
25-30% of all flood insurance claims are paid in these “less hazardous” areas.  Customers should investigate flood insurance even in areas considered “less hazardous.”	* Lenders require flood insurance on properties located in these zones.	* Lenders require flood insurance on properties located in these zones.

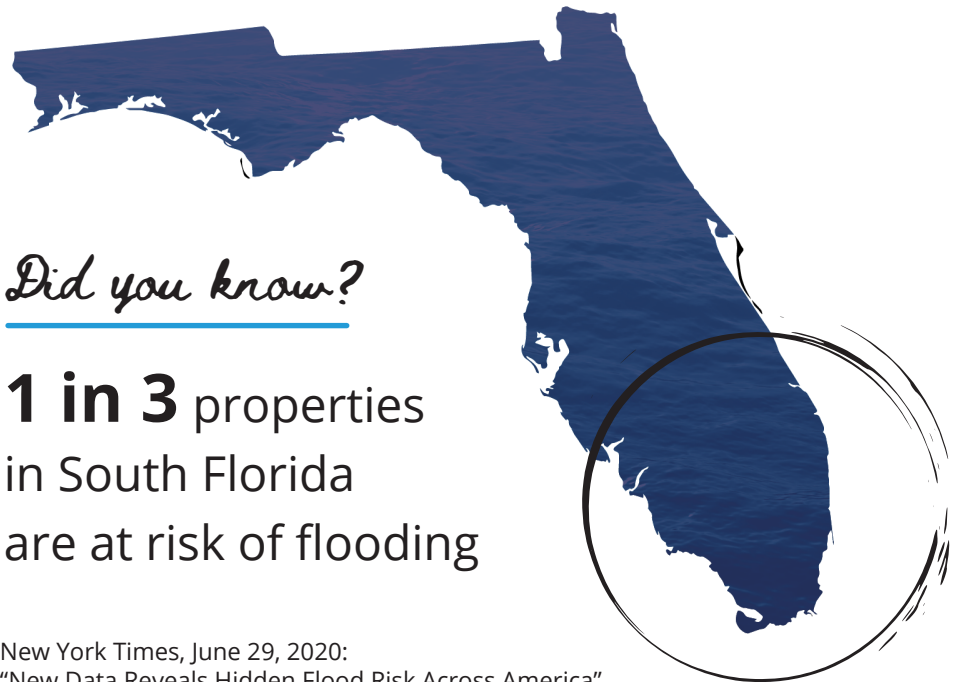
# What Kind of Flood Insurance is Out There?



Homeowners have a choice to purchase from the federal government (NFIP), the emerging private insurance market, or a combination of the two.



The CartoFront platform offers both NFIP and private flood insurance called Beyond Floods, which is underwritten by National General Insurance, a subsidiary of Allstate, and rated A- by AM Best & Co.



*Did you know?*

**1 in 3** properties  
in South Florida  
are at risk of flooding

New York Times, June 29, 2020:  
"New Data Reveals Hidden Flood Risk Across America"

# Comparison of Public and Private Insurance



Flood Insurance Type	<p><b>NFIP</b></p> <p>The Federal government (<b>FEMA</b>) is the <b>direct supplier of public flood insurance</b>, through NFIP program offered through many insurance companies (e.g., Allstate)</p>
Flood Pricing System	<p><b>NFIP rates are determined by flood zones and elevation certificates</b> -- there is standard pricing across a geographic area.</p>
Flood Insurance Limits	<ul style="list-style-type: none"><li>• \$250,000 building</li><li>• \$100,000 personal property</li></ul>
Flood Insurance Deductible	<ul style="list-style-type: none"><li>• \$1,250 building</li><li>• \$1,250 personal property</li></ul> <p><i>Individual deductibles for building &amp; personal property</i></p>
Flood Insurance Options	<ul style="list-style-type: none"><li>• Limited Options</li></ul>
Timing:	<p>There is a <b>30 day waiting period</b> for coverage to take effect unless coverage is required by a lender.</p>
Best For:	<p><b>Highest Risk Properties.</b></p> <p>NFIP has historically insured high-risk properties with subsidized pricing.</p>



### Private Market

Over **30 private insurance companies** offer private flood insurance in Florida. CartoFront offers Beyond Floods Private Flood Insurance, supplied by National General Insurance.

**Pricing is based on an individual parcel**, set primarily by the elevation of the latitude and longitude coordinates. Given sophisticated pricing models, in private flood insurance there normally is not a need for an elevation certificate.

- \$1,500,000 building
  - 50% of building coverage for personal property
- 
- \$1,000; \$1,250; \$1,500; \$2,000;  
\$3,000; \$4,000 \$5,000; \$10,000

*Deductible covers both building and personal property*

- Loss of Use Coverage
- Other Buildings

There is much **more flexibility in private coverage options and payment options**. For example, there is only a **5-day waiting period** for coverage to take effect unless coverage is required by a lender.

### Low to Medium Risk.

Private flood insurance offers affordable and flexible rates; As well as excess flood insurance above NFIP limits.

# What does flood insurance cover?



## Building Coverage

- 💧 The physical structure and its foundation
- 💧 Electrical and plumbing systems
- 💧 Central air conditioning equipment, furnaces, water heaters
- 💧 Refrigerators, stoves, built-in appliances
- 💧 Permanently installed carpeting over unfinished flooring
- 💧 Permanently installed paneling, wallboard, bookcases, and cabinets
- 💧 Detached garages and/or buildings (separate Building Property Policy coverage required).
- 💧 Window blinds
- 💧 Debris removal

## Contents

- 💧 Personal belongings (clothing, furniture, electronics)
- 💧 Portable air conditioners, portable microwaves, portable dishwashers
- 💧 Washers and dryers
- 💧 Food freezers and food in them
- 💧 Valuable items (such as artwork, up to a determined amount)
- 💧 Curtains

*By the Numbers ...*

**2020**  
**HURRICANE**  
**SEASON**

**30**  
Named storms.  
From Arthur  
to Iota.

**13**  
Hurricanes.  
An average year  
has six.

**12**  
Storms hit the U.S.  
Coastline, five of which  
came ashore in Louisiana.

**10**  
Total days that South  
Florida spent in the  
pathway of 2020 storms.



# What does flood insurance NOT cover?

## Building and Contents Not Covered:

- 💧 Damage caused by moisture, mildew, or mold that could have been avoided by the property owner
- 💧 Currency, precious metals, and valuable papers such as stock certificates
- 💧 Property and belongings outside of an insured building such as trees, plants, wells, septic systems, walks, decks, patios, fences, seawalls, hot tubs, and swimming pools
- 💧 Financial losses caused by business interruption or loss of use of insured property
- 💧 Living expenses such as temporary housing
- 💧 Landscape or exterior features

## Claims & Replacement Costs

In case of a flood insurance claim, how are replacement costs calculated?

### What is actual cash value (ACV)?

Actual cash value is the replacement cost value minus depreciation for wear and tear of an item. Unless the home is your primary residence, contents will only be covered for their ACV.

### What is replacement cash value (RCV)?

Replacement cost value is the cost to repair or replace an insured property. If the property is your primary residence, both the building and contents will be covered for their RCV.

### Recent Research States:

According to published research in October 2020, home sales in South Florida areas most vulnerable to sea-level rise have seen a **decrease in pricing by 7.6%** from 2016 to 2020.

Citation: <https://www.nber.org/papers/w27930>

# Flood Insurance FAQs



## **How likely is it that my customer needs flood insurance coverage?**

In the South Florida market, 1 in 3 properties are at risk for flood.

- 💧 For “low to medium risk” properties, flood insurance can provide peace of mind and affordable financial protection. Remember, 25-30% of all flood insurance claims are paid in these “less hazardous” areas.
- 💧 For “high risk” and coastal properties, lenders will require mandatory flood insurance to protect the value of the property on these NFIP flood zones.

Per the property’s risk profile and your customer’s risk tolerance, it’s important to integrate a flood insurance discussion into your real estate practice.

## **How are flood insurance rates calculated?**

Factors that help determine rates are whether NFIP or private insurance is chosen, year the property was built, flood zone, and replacement cost value of the property.

## **Does my customer need a separate flood insurance policy if they have homeowners insurance?**

Yes. Homeowners insurance does not cover flood damage / events.

## **When do I need to get flood insurance?**

It is highly recommended that you get flood insurance when you purchase a property. Flood insurance premiums can be escrowed with your mortgage lender.

## **Who is Acadian Insurance?**

As a benefit to Miami REALTORS®, CartoFront has contracted with Acadian Insurance to offer bilingual customer support, binding and insurance services.

Acadian Insurance is a Florida-licensed Insurance Agency with over 20 years of flood insurance experience in South Florida.



## What is CartoFront?

CartoFront is a FREE, bilingual application that simplifies flood insurance for REALTORS®.

- 💧 On the buy side, agents can guide customers to houses that have the greatest potential of becoming home, while maintaining and growing their value.
- 💧 On the sell side, agents can proactively understand what questions may come up from potential buyers.

CartoFront is a free, value-added service as part of your Miami REALTORS® membership.

## What is CartoFront's purpose?

Our goal is to make you the *most knowledgeable, confident and profitable* REALTOR® in your market.

## As a REALTOR® can I share insurance quotes with my customer?

Yes. CartoFront provides a legal disclaimer at the bottom of every quote request. This disclaimer is intended to protect the REALTOR®, their customer, and CartoFront, the technology service provider.

## What does CartoFront do with customer information?

CartoFront takes privacy very seriously.

The requested quotes, along with customer information, is stored securely on our technology platform.

The information will never be sold to any third parties, and you and your customer will not be subject to any general marketing.

## Is CartoFront bilingual?

Yes, the entire platform is bilingual: English and Spanish. This includes MLS application, training, education and customer service. We plan to add additional languages over time.



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Smart.  
Easy to use.  
Reliable.  
Service-oriented.  
Bilingual.  
**Free.**

Flood Insurance Resources

**Miami REALTORS®**  
[miamirealtors.com/cartofront](http://miamirealtors.com/cartofront)

**CartoFront**  
[info@cartofront.com](mailto:info@cartofront.com)

**FEMA and NFIP**  
[fema.gov/flood-insurance](http://fema.gov/flood-insurance)

**Acadian Insurance**  
[floodinfo@acadianins.com](mailto:floodinfo@acadianins.com)

**Florida Office of  
Insurance Regulation**  
[flor.com](http://flor.com)

**Beyond Floods &  
National General Insurance**  
[beyondfloods.com](http://beyondfloods.com)