# PROTECT YOUR NEW HOME

## What to Ask Your insurance Agent

*Making insurance decisions is an important step in buying a home. Reference the checklist below and talk with your insurance agent prior to closing so you can feel confident that your new investment is adequately protected.*

- ☐ What are the key features of a homeowners policy, including exclusions and special limits?
- ☐ Does homeowners insurance provide guaranteed replacement cost coverage? Does my policy provide replacement cost coverage on my contents?
- ☐ Can I purchase additional coverage to insure my valuables, such as a computer or jewelry?
- ☐ What other policies are required or should I consider? Wind? Flood? Earthquake? Excess Personal Liability?
- ☐ Is coverage for other structures (e.g. fencing, garages) covered under a homeowners policy?
- ☐ Do I need to add coverage for sewer and drain backup? Can I insure my basement for sump-pump failure and water seepage?
- ☐ How can I make my home safer and reduce the cost of insurance? Will installing fire or burglar alarms provide me a discount?
- ☐ How much does each policy cost? How are my rates determined?
- ☐ What are my deductible options?
- ☐ How much coverage should I consider to protect my financial interests, the equity in my home, and my lender's interests?
- ☐ Where can I find out about this property's flood risk and if the building has ever flooded?

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## Flood Risk & Flood Insurance Basics

*Most homeowners insurance doesn't cover flooding. Only a flood insurance policy will cover flood damage. Your insurance agent can tell you more about the benefits of flood insurance. In the meantime, here are a few things you should know:*

- The National Flood Insurance Program (NFIP), administered by the Federal Emergency Management Agency (FEMA), enables residents in participating communities to purchase federally backed flood insurance. Currently, more than 20,400 communities participate in the NFIP nationwide.
- In most cases, you can purchase flood insurance coverage from the insurance agent who sells your homeowners policy.
- **Approximately 25 percent of flood insurance claims come from outside high-flood risk areas** — consider purchasing flood insurance even if you are not required to do so by your lender.
- If your home is in a low- to moderate-flood risk area, you could be eligible for a low-cost Preferred Risk Policy.

### Flood Insurance Requirements

- If your new home is located in a Special Flood Hazard Area, (land at high risk of a major flood) and you obtain a mortgage from a federally regulated or insured lender, **you are required to purchase flood insurance.**
- If your home is located in a high-flood risk area, your lender must notify you of your requirement to purchase flood insurance within a reasonable time prior to the loan closing. The loan cannot be closed without a flood insurance policy in place.
- The usual 30-day waiting period when purchasing flood insurance is waived if you are buying a home and you are required to purchase coverage by your lender.

**For more information or to locate an agent in your community, visit FloodSmart.gov or call 1-800-427-2419.**

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