

NFIP vs. Private Flood Insurance: What's the difference?



The Baldwin Group

	NFIP	Private Flood Insurance
Established	1968	2012
Issuer	National Flood Insurance Program and backed by the full faith and credit of the federal government through the Federal Emergency Management Agency (FEMA)	Private insurance companies
Distributor	Private insurers through NFIP's Write Your Own (WYO) program	Independent agents
Purpose	Provide basic level of insurance that will cover flood damage to your home	Helps cover the cost of flood damage to your home, possessions, and extra expenses, if you can't live in your home after a flood
Regulation	FEMA	State insurance departments
Coverages	Building, contents, debris removal	Building, contents, debris removal
Additional options	Limited	Loss of use, replacement cost, business interruption, pool repair/refill, customized endorsements for special needs
Limits	Basic level of protection \$250,000 maximum to repair/rebuild single-family home \$100,000 maximum to replace personal contents, e.g., clothing, electronics, etc.	Varies; but generally higher than NFIP limits

Key exclusions	Personal property not inside a building, cars, aircraft, watercraft, swimming pools, hot tubs, landscaping, fences, seawalls, piers, accounts, bills, currency, deeds, stamps, securities, valuable papers, walkways, decks, driveways	Personal property not inside a building, cars, aircraft, watercraft, swimming pools, hot tubs, landscaping, accounts, bills, coins, currency, deeds, evidence of debt, medals, money, scrip, stored value cards, postage stamps, securities, bullion, manuscripts, valuable papers, fences, retaining walls, seawalls, bulkheads, wharves, piers, bridges, docks, portions of walks, walkways, decks, driveways, and patios, manufactured homes, travel trailers
Underwriting	Simplified; uses FEMA flood maps and zones	Flexible; considers a variety of factors, such as elevation, proximity to water, historical flooding, and climate change outlook
Deductible	Separate for building and contents; \$1,000 minimum for each up to \$10,000 maximum	Varies, but usually \$2,000/\$5,000 each separate for building/contents
Waiting period	30 days (except for loan closings)	Approximately two weeks (except for loan closings)
Availability	50 states	Varies by region and risk
Likely buyers	Homeowners, business owners, and renters in communities that are in the NFIP	Owners of higher value homes
Cost	Standardized rates	Market-driven rates