



Commercial Property Insurance - Preferred Risk Policy

Floods can happen anywhere at anytime

Each year, many businesses experience devastating flooding event, even those not located near a river, coastline or major waterway. In fact, floods are becoming more common in urban areas, and flooding disasters are costly to businesses without flood insurance. The National Flood Insurance Program (NFIP) is administered through the Federal Emergency Management Agency (FEMA), and the NFIP defines a flood as: an excess of water on land that is normally dry, affecting two or more acres of land or two or more properties.

A Few Flood Insurance Facts:

- The NFIP offers **commercial flood insurance** policies to help protect business structures and equipment.
- Flood insurance is NOT typically included in most business insurance policies.
- Any business owner in a participating community can purchase flood insurance. You do NOT need to own a business structure “in a floodplain.”
Listed here are participating and known non-participating communities:
<https://www.fema.gov/cis/IL.pdf>
- More than 20 percent of flood insurance claims come from outside of high-risk flood areas.
- Most business owners in designated low-risk and moderate-risk areas can purchase a Preferred Risk Policy (PRP) through the NFIP.

Understanding the Preferred Risk Policy (PRP):

The NFIP offers a lower-cost Standard Flood Insurance Policy (SFIP) called a Preferred Risk Policy (PRP) which is written using the General Property Form. PRPs offer the same quality of coverage as a Standard Flood Insurance Policy (SFIP) to cover your business structure and equipment.

- PRPs can be purchased for as little as \$325 per year.
- It offers fixed combinations of building/contents coverage limits or contents-only coverage. Unless you have contents coverage, your flood-damaged belongings are not covered. The deductible for a PRP policy is \$1000 if coverage is less than \$100,000, and \$1,250 for coverage above \$100,000, regardless of construction date.
- For non-residential business and other non-residential properties, the maximum coverage combination is \$500,000 building and \$500,000 contents. Up to \$500,000 contents-only coverage is available.

Coverage summary – What is covered

- ***Building coverage***
 - Detached garages
 - Electrical and plumbing systems
 - Foundation walls, anchorage systems, and staircases.
 - Fuel tanks, well water tanks and pumps, and solar energy equipment
 - Furnaces and water heaters
 - Permanently installed carpeting
 - Permanently installed cabinets, paneling, and bookcases
 - Refrigerators, cooking stoves, and built-in appliances like dishwashers
 - Window blinds
- ***Contents coverage***
 - Carpets not included in building coverage (e.g., carpet installed over wood floors)
 - Curtains
 - Microwave oven
 - Personal belongings such as clothing, furniture, and electronic equipment
 - Portable and window air conditioners
 - Valuable items such as original artwork and furs (up to \$2,500)
 - Washer and dryer

Coverage Summary – What is NOT covered:

- Temporary housing and additional living expenses incurred while the building is being repaired or is unable to be occupied
- Property outside of an insured building. For example, landscaping, wells, septic systems, decks and patios, fences, seawalls, hot tubs, and swimming pools
- Financial losses caused by business interruption
- Currency, precious metals, stock certificates and other valuable papers
- Cars and most self-propelled vehicles, including their parts
- Personal property kept in basements

PRPs are sold by nearly 70 insurance companies through the NFIP, all for the same low price. Please note that flood insurance typically goes into effect 30 days after your purchase.

For more information and eligibility about PRPs, call your agent or contact FEMA's Flood Mapping and Insurance Exchange at 1-877-366-2627 or at: www.floodsmart.gov

To find an agent, visit <https://www.floodsmart.gov/flood-insurance/providers>

If your community is not eligible for the National Flood Insurance Program (NFIP), consider purchasing private flood insurance. More information can be found at <https://insurance.illinois.gov/Main/FloodPrepFactSheet.pdf>

Contact the Illinois Department of Insurance if you have questions or complaints about a flood insurance claim at <http://insurance.illinois.gov/> or (866) 445-5364