

NFIP – Flood Insurance Coverage: Construction Underway

Flood Insurance is available for buildings under construction. Coverage applies while work is taking place or up to 90 days after work is stopped. There may be limitations of coverage in the flood insurance policy which are discussed in this fact sheet.

Floods can happen anywhere at any time, even during construction, it is important to know your options for coverage during all phases of construction or rebuilding a structure.

Building Under Construction

The NFIP will insure a building under construction before it is walled and roofed using the NFIP-issued rates based on the construction designs and the intended use of the building.

What is covered under a Flood Insurance Policy?

A building under construction, alteration, or repair is covered at the insured location. If the structure is not yet walled or roofed then coverage applies if:

1. Such work is in progress; or
2. If such work is halted, only for a period of up to 90 continuous days thereafter.

Materials and supplies to be used for construction, alteration, or repair of the dwelling or a detached garage are only covered while the materials and supplies are stored in a fully enclosed building at the insured location or on an adjacent property.

What is NOT covered under a Flood Insurance Policy?

Coverage **does not apply until** the building is walled and roofed if the lowest floor, including the basement floor of a non-elevated building, or the lowest elevated floor of an elevated building is below the base flood elevation in the Special Flood Hazard Area (SFHA).

Buildings under construction that are not walled and roofed are **not eligible** for coverage when construction stops for more than 90 days.

The NFIP will not insure materials or supplies intended for use in such construction, alteration, or repair unless they are contained within an enclosed building on the insured location or on an adjacent property.



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Figure 1. Materials stored in an enclosed space

Special Considerations

- When a building under construction, alteration, or repair does not have at least two rigid exterior walls and a fully secured roof at the time of loss, **your deductible amount will be two times** the deductible that would otherwise apply to a completed building.
- The building must continually meet the definition of a building as defined under the Standard Flood Insurance Policy (SFIP), which requires the building to be affixed to a permanent site to receive coverage for a building under construction, alteration or repair. This means that if at any time the building is no longer affixed to a permanent site, for example it is being elevated and placed on temporary cribbing, the SFIP will not provide coverage until it is again affixed to the foundation/permanent site.
- Basement: The SFIP limits coverage for basement improvements, such as finished walls, floors, ceilings, or personal belongings kept in a basement.
- Elevated Buildings with Enclosures: The SFIP limits coverage for enclosed, walled-in areas below the lowest floor of a Post-FIRM (Flood Insurance Rate Map) elevated building located in an SFHA.
- Building Coverage for a Unit in a Cooperative Building: The NFIP does not provide building coverage for shareholder units in a cooperative building. Residents or tenants of a cooperative building may purchase contents coverage under the Dwelling Form policy.
- Non-Residential Condominium Unit: The NFIP does not provide building coverage for owners of non-residential units in a residential or non-residential building.

Prior to starting any construction, it is important to consult your local building department and floodplain administrator to ensure you follow all local, state, and federal regulations.

For general flood insurance information, or to view the exact language from the NFIP Standard Insurance Policy, contact your insurance company or agent.

For More Information:

- FEMA Building Science website - <https://www.fema.gov/emergency-managers/risk-management/building-science/multi-hazard>
- NFIP Flood Insurance Manual - <https://www.fema.gov/flood-insurance/work-with-nfip/manuals/current>



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- General flood insurance information - <https://www.floodsmart.gov/>