



## **WIND AND HAIL UPDATE**

*South Carolina Wind And Hail  
Underwriting Association  
P. O. Box 407  
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### **REPLACEMENT COST COVERAGE Flood Insurance Requirements**

Risks eligible for replacement cost are required to carry the maximum coverage available through the National Flood Insurance Program. This is stated in the *Rates, Rules, and Forms Manual* in Division V, Section C., 6. e. Risks that do not meet this requirement are not eligible for replacement cost coverage.

***Example 1:***

A dwelling has a replacement value of \$100,000. The insured must carry flood insurance with a limit of \$100,000.

***Example 2:***

A dwelling has a replacement value of \$500,000. The insured must carry flood insurance with a limit of \$250,000 – the maximum limit available from the National Flood Insurance Program. Excess flood insurance is not required.

It has been brought to the attention of the Association that producers are recommending that applicants purchase a token amount of flood insurance in an attempt to qualify for replacement cost coverage. This is not acceptable.

In addition, the producer creates a potential errors and omission exposure in the event of a flood loss or combined wind and flood loss.

Protect your clients. Protect your agency. Provide your clients with the necessary flood limits.

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