Meet the Needs of Today’s Businesses with Commercial Flood Coverage Solutions

Recovering from a flood can be a long and tortuous experience for businesses. Even those that have obtained coverage with the National Flood Insurance Program (NFIP) or through the private market can face a series of challenges, including:

**Insufficient coverage:** Some policies, such as those offered under NFIP, provide an insufficient amount of insurance and are based on a property’s actual cash value. But once the waters recede, it may become apparent that a greater amount of coverage is needed and that a replacement cost valuation would be the better option for the insured.

**New building code requirements:** Major storms often prompt local officials to revise their municipal building codes. While the changes are designed to mitigate risk, they can be expensive and too much of a burden for a flooded business to afford.

**Business interruption:** Businesses can be forced to close indefinitely while repairs are made to buildings and critical infrastructure. Even businesses that aren’t damaged but are located in flooded areas can be inaccessible and forced to close. The lost income can accumulate and push companies out of business.

**Verisk’s Commercial Flood Solutions**
At Verisk, we’re constantly developing new solutions to meet the needs of insurers. With advanced, real-time analytics on severe weather, daily flood-extent mapping capability (from 1992 to the present), and an event-based probabilistic inland flood model, we’ve developed tools that insurers can use to cover a range of risks. Our solutions include:

**Commercial property endorsement with new loss costs and rating rules:** ISO’s commercial property program offers a flood coverage endorsement that insurers can use to write coverage from first dollar or excess over NFIP insurance. We’ve also developed loss costs, deductible and sublimit factors, and related rating rules for the endorsement that are being filed state by state beginning in the third quarter of 2017.
New commercial flood line of business: ISO’s new commercial flood line of business, being filed state by state (also in third-quarter 2017), features a stand-alone policy form, including property and optional time-element coverage as well as loss costs, deductible and sublimit factors, related rules, and rating information. It’s designed to meet the wide range of flood insurance needs for businesses. The new stand-alone program:
• can be written on a primary basis or as excess over NFIP insurance

ISO’s commercial flood line offers greater flexibility than NFIP and features various enhanced coverages:

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<th>NFIP</th>
<th>ISO Commercial Flood</th>
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| **Property coverage** | • Up to $500,000 for building property and up to $500,000 for personal property  
• Valuation at actual cash value | • Available limits of insurance are established by individual insurer’s underwriting guidelines  
• Option for valuation at replacement cost  
• Option for annual aggregate limitation and increased annual aggregate |
| **Insured property** | Limited coverage on property in a basement and on property in areas below the lowest elevated floor of an elevated building (depending on flood zone and date of construction) | Base policy does not explicitly exclude insured property in these areas of a building; options exist to exclude or limit coverage |
| **Time-element coverage** | None | Optional time-element coverage includes ingress/egress, civil authority, business income, extra expense, and extended business income |
| **Compliance with ordinance or law** | • Increased cost of compliance coverage up to $30,000, but payment for damage plus increased cost cannot exceed $500,000  
• Does not pay for loss in value of undamaged parts of the building in the event of demolition of the building | • Coverage options for increased cost of construction, demolition of undamaged parts of the building in the event of required demolition, and contingent loss assumption (value of undamaged parts of the building in the event of required demolition)  
• Limits of insurance for increased cost of construction and demolition cost are separate from building coverage limits  
• Certain post-loss changes to building codes are accommodated |
| **Other features and options** | Damage by pollutants is limited to $10,000 | • Pollutant limitation of $10,000 can be increased  
• Offers various endorsements, including additional covered property, combined deductible for property damage and time-element losses, and contingent business interruption (dependent properties) |
| **Rating information** | Set by regulators, with affordability as top priority | Actuarially sound; based in part on modeled information from AIR Worldwide |

For more information: e-mail floodinsurance@verisk.com or visit us online at www.verisk.com/floodinsurance.