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Office of Emergency Preparedness

PRESS RELEASE

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Facts about Flood Insurance & Potential Oil Damage

Oil in flood water is not new for the National Flood Insurance Program. In the past, the mixing of oil and other pollutants in flood waters resulted from damage caused by a storm. Lafourche Parish residents are encouraged to review the following information from FEMA regarding flood insurance and potential oil damage.

- There must first be a “flood” as defined in the Standard Flood Insurance Policy (SFIP). Damage caused by the oil in flood waters is covered subject to the provisions of the SFIP.
- Under the terms of the SFIP’s *General Property Form* (commercial buildings and contents – both coverages must be purchased separately), damage caused by pollutants is limited to \$10,000.
- The *Dwelling Form* and the *Residential Condominium Building Association Policy Form* limit damage to the building contents (both coverage must be purchased separately) from pollutants to the policy limits.
- Damage to ground, soil, or land caused by flood, oil, or flood water mixed with oil is not covered.
- The cost of complying with any local or State ordinance including one that requires special removal methods for oil is specifically excluded (certain floodplain management mitigation requirements are exceptions). This exclusion would also apply to local or state condemnations—the NFIP only pays for direct physical loss by or from flood.
- All three forms—no coverage for testing for or monitoring of pollutants unless there is a law or ordinance requiring it.
- If payment is made, FEMA or the WYO is automatically subrogated to the policyholder’s right to recover the payment from a responsible party. The policyholder may not give up FEMA’s or the WYO’s right to recover or do anything that would prevent FEMA or the WYO from recovering. If the policyholder makes any claim against any person who caused the loss and recovers any money, the policyholder must pay FEMA or the WYO back first before the policyholder may keep any of that money.

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