



# **ALL WET! 6 FLOOD INSURANCE MYTHS DEBUNKED**

If a flood swamps your home, will insurance cover the damage?

That depends on the value of your home, the amount of water damage and whether you have a flood insurance policy. Regular home insurance doesn't cover flooding. You'll need a policy offered through the government's National Flood Insurance Program — but note that those top out at \$350,000 in coverage for your home and its contents. For higher amounts, you may need supplemental coverage to protect your savings from taking a hit. People tend to associate floods with a total loss, but the average flood claim for U.S. homeowners is about \$39,000, according to the flood insurance program.

Here are six other persistent myths about flood insurance — and the truths you need to know.

## ***I - TO GET A POLICY, YOU MUST LIVE IN A FLOOD PLAIN***

Not true. If you live in a flood plain, your mortgage company will likely require you to buy flood insurance. But you can purchase it even if you don't live within a flood zone. "Almost anybody can get flood insurance who wants flood insurance," says Chris Hackett, director of personal lines for the Property Casualty Insurers Association of America.

The price through the federal flood insurance program is based on standardized rates and depends on the home's value and whether or not it's in a flood plain, says Don Griffin, vice president of personal lines for the Property Casualty Insurers Association of America. The average price for flood insurance is about \$660 annually. Your agent can help you buy a policy and may accept payment by credit card.

According to Griffin, 1 in 4 flood claims is for a home not in a flood plain.

## ***II - FLOOD INSURANCE IS JUST FOR HIGH-RISK AREAS***

A resident's dream home wasn't in a flood plain, and he didn't have flood insurance. Just after completing a three-year renovation project for his 1,800-square-foot cabin-style home, flooding put it underwater for almost four months. The resident, who happened to be South Dakota's director of insurance at the time, says he had to tear the home apart and put it back together all over again.

He urges all homeowners — even those who do not live in designated flood plains — weigh the dangers and their options and seriously consider buying flood insurance.

## ***III - FLOOD INSURANCE COVERS EVERYTHING***

Not necessarily. When it comes to the physical structure of your house, federal flood insurance policies top out at \$250,000. If you have a \$300,000 house that's a total loss because of a flood, the most you can recoup through the program is \$250,000 to cover the structure itself. For your personal possessions, the cap is \$100,000 under the federal program.

If you already have insurance through the federal program, then you can buy "excess flood insurance" through a private carrier that would cover claims above the national limits. In essence, it's a flood policy with a \$250,000 deductible, Griffin says.



Note that flood insurance doesn't cover living expenses if you have to relocate while your home is being repaired.

#### ***IV - MY HOMEOWNER'S POLICY COVERS FLOODS***

"Unfortunately, a lot of folks may be under the impression that their standard homeowner's policy might cover flood damage," Hackett says. But the standard policy doesn't. The typical home insurance policy doesn't cover earthquakes or floods. So a homeowner wanting coverage for either of those disasters will need to pick up separate, specific coverage against those types of disasters.

If you want flood insurance, it pays to think ahead. There is a 30-day waiting period between when you buy the coverage and when it kicks in. When a hurricane is bearing down on your area, it's too late to get a flood policy.

#### ***V - WATER DAMAGE IS WATER DAMAGE***

When it comes to your insurance, not all water damage is the same. If there's a storm and your "roof comes off and water comes through, that would be covered under your homeowners' policy," Hackett says. "Versus a flood situation where the riverbank overflows and you look out of the front of your house and you need a boat to get from point A to point B."

Most consumers "have a pretty good understanding" of how to draw the line between storm damage and flood damage, he says. Some homeowner's policies offer an optional "water-backup endorsement" that covers damage from water backing up into your home from causes such as a broken sump pump.

#### ***VI - FLOOD MAPS DON'T CHANGE***

Flood plains (and flood plain maps) change and evolve. Just because you weren't in a flood plain when you bought your home a few years ago doesn't mean you're not in one now.

There are a couple of ways you can find out about your flood risks.

- **FloodSmart.gov:** This site will allow you to put in your address and see if it's in a flood plain, and give you information on risks, premiums and agents. But use it as one tool, not the final word on whether your home is in a flood plain.
- **Your insurance agent:** When it comes to researching whether your home is in a flood plain, you definitely want someone knowledgeable to research the question for you. And, you might want to get a second opinion from a different agent.
- **The Harrison Engineering Department:** We can help in determining if your property is in a flood plain based on FEMA's latest flood maps.

"Agents have different levels of sophistication with regard to this product," says Griffin. "You get a different answer sometimes. So you make a couple of checks to make sure you're protecting yourself."

***SOURCE: DANA DRATCH, JUNE 13, 2017 in INSURANCE***