

Insurance Corner – And the Rains Came: Flood and your Insurance Policy?

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Last week we explored one way to obtain coverage for water damage through the water backup endorsement. This week we will explore what constitutes a flood and how homeowners or renters may be able to obtain coverage.

FEMA (Federal Emergency Management Agency) identifies a flood by the accumulation or runoff of surface waters from any source. The areas impacted must be normally dry land and the excess water must be only temporary.

After identifying what a flood is, a brief review of the scenario from last week. Imagine torrential downpours cause a river of water that runs through Mrs. X's yard and begins to enter her basement. Is this covered? Under a standard homeowners policy (ISO) even with the water backup endorsement, this is not covered. How may Mrs. X obtain coverage?

Flood insurance is a program designed by the federal government with the cooperation of state and local governments. The federal government has established the National Flood Insurance Program (NFIP) which helps fill the gaps of the standard homeowners policy. Flood insurance can cover your home and the contents from a flood.

Despite the scenario if you live in a low or moderate risk area or if you are still unsure of the merits of flood insurance, consider this; according to FEMA, over a thirty year mortgage, a homeowner has a 1% chance of fire but a whopping 26% chance of experiencing a flood.

Due to the government involvement in NFIP, participation by the county or local government is required to obtain coverage. There are several areas in South Eastern Iowa that coverage is not available, so be sure to check www.fema.gov or your local insurance agent to see if you live in an area that can be protected by flood insurance.