

Federal Flood Insurance Premiums for Homeowners Rise

By [ANN CARRNS](#) APRIL 2, 2015



Floodwaters from the Ohio River in Covington, Ky., last month. Policy premiums will be higher for homeowners in areas of high risk for flooding. Credit Mark Lyons/European Pressphoto Agency

Homeowners with federal flood [insurance](#) will get some unwelcome news when they receive their next policy renewal notice.

As of April 1, new rates took effect under the National Flood Insurance Program that increase individual policy premiums for homeowners in high-risk areas by as much as 25 percent. Plus, policyholders will see new surcharges, \$25 for owner-occupied primary homes and \$250 for second homes.

Standard [homeowners' insurance](#) policies don't cover flood damage, so consumers must buy special coverage to add that protection. The average premium for flood insurance is \$650 a year, according to the federal flood insurance program. But rates for some properties in high-risk areas can be much higher. About 5.2 million people have flood insurance policies, and the premium increases will affect about one million of them, said a spokesman for the Federal Emergency Management Agency, which administers the flood program.

The new rates are part of a plan to put the flood insurance program on sounder financial footing. Congress created the program nearly 50 years ago to help protect properties from floodwaters in coastal and inland areas. While flood insurance isn't mandatory, homes and businesses in flood-prone areas must carry flood insurance to qualify for federally backed [mortgages](#). That means flood insurance is basically a requirement for many homeowners.

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But over the last decade — in part because of disastrous hurricanes like Katrina and Sandy — the program has fallen billions of dollars into debt. In 2012, Congress passed the Biggert-Waters Flood Insurance Reform Act to phase out federal discounts for policies in high-risk areas. But last year, Congress passed the owner Flood Insurance Affordability Act, which slows the impact of rate increases for many policies.

Still, the increases remain significant, and may burden many lower-and moderate-income homeowners, said Christie Peale, executive director of the Center for New York City Neighborhoods.

In contrast with beachfront vacation homes owned by the wealthy, many properties in New York neighborhoods on Staten Island and in areas like Canarsie, Coney Island and other areas of coastal Brooklyn are modest primary homes, she said. “We’re particularly concerned about people on fixed incomes,” she said.

Homes that were substantially damaged by hurricanes like Sandy or Irene could see premium increases of up to 25 percent, she said, because their owners have already made claims under their policies.

Robert P. Hartwig, president of the Insurance Information Institute, an industry group, said the higher rates were a financial necessity. “The fiscal reality is that rates need to approximate risk,” he said. Increased development in coastal areas, along with climate change and rising sea levels, he said, mean that living on the coast “is going to be riskier and more expensive in the future.”

Here are some questions to consider:

■ *What can I do if I think my new premium is too high?*

Ms. Peale suggests checking with your insurance broker to make sure you are being charged the correct amount. Policyholders automatically will be charged the \$250 second-home surcharge — rather than the smaller, \$25 surcharge — unless they can prove their house is their main residence, she said. You’ll get a notice from your insurer asking for proof that you live in your property. So be sure to provide documentation — like a copy of your driver’s license or voter registration, or homestead tax credit — within 30 days. The group’s [website](#) offers more details and flood maps for New York neighborhoods.

■ *What is the amount of the average flood claim?*

The average claim from 2008 to 2012 was about \$42,000, according to the federal flood program.

■ *Where can I get more information about flood insurance?*

The National Flood Insurance Program [offers information](#) about flood insurance and the new rate increases, as well as new flood maps scheduled to take effect in 2017.

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