

Why You Should Get Flood Insurance

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by Holly Johnson

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With stories of intense localized thunderstorms and flash flooding becoming more common, you should take time to read the fine print regarding your homeowners insurance policy and its flood coverage. While much flood damage will be fixed after homeowners insurance kicks in, many homeowners are unpleasantly surprised by the startling reality that damage caused by flood waters is likely not covered by their policies.

Most homeowners insurance policies don't cover damage from flooding or any other source of ground water unless the *cause* of the intrusion is covered, notes insurance insider Todd Erkis, author of [*What the Insurance Companies Don't Want You to Know: An Insider Shows You How to Win at Insurance*](#).

While U.S. homeowners who live in a "special flood hazard area," as determined by the Federal Emergency Management Agency (FEMA), are [required](#) to buy flood insurance through the National Flood Insurance Program (NFIP) for as long as they have a mortgage, many homeowners are not required to carry special flood coverage.

risk of flooding are not in designated flood plains. Since these homeowners weren't required to purchase special flood coverage, many didn't. Some studies are saying that as many as [80% of Harvey victims didn't have flood insurance](#) at all.

Three Reasons Why You Should Get Flood Insurance

Even if it's not required, you should consider getting flood insurance. While your mortgage lender will require you to purchase flood insurance if your home is in a FEMA-designated special flood hazard area, that doesn't mean you can't, or shouldn't, buy flood insurance voluntarily.

If you're on the fence about flood insurance or feeling vulnerable after hearing about the flood damage in Houston, here are some reasons to consider purchasing this important coverage.

1: Flood insurance outside flood-prone areas can be very affordable.

Katie Foley, a licensed insurance agent in Massachusetts with 15 years of experience providing homeowners with insurance and risk management advice, recommends nearly all homeowners buy flood insurance whether they're required to or not. If you're purchasing a traditional homeowners insurance policy already, your firm may be able to add flood coverage at a reasonable cost, she says.

Foley also says some eligible property owners can buy flood insurance through the NFIP at a cost that "tends to reflect the lower hazard."

But, how much can you expect to pay? Mark Welstead, who is the President of restoration firm [Rainbow International](#), says the average cost of flood insurance is around \$660 per year. However, rates will vary depending on your home's value and your proximity to a flood plain.

2: Living outside a designated flood zone doesn't mean your property is safe.

“Flood zones are determined by past conditions but cannot predict future conditions or climates,” says Foley. “It’s impossible to draw a line and determine exactly where the water is going to stop.”

Because of this, Foley says many floods occur outside these designated special flood hazard areas. This includes recent flooding in Houston, but also elsewhere around the country – specifically near the nation’s coasts and in low-lying inland areas near rivers and lakes. FEMA says more than 20% of flood insurance claims fall outside flood zones each year.

James **Howard**, an insurance agent from Fidella Insurance Agency in New Jersey, says one way to assess your home’s vulnerability if you’re worried is to check the dates on the flood maps in your area. Older maps will not account for recent developments, he says, and those changes can alter the risks of water getting close to your home.

“Take the town I grew up in, Hamilton, Ohio,” says **Howard**. “Residents complained when [new flood maps placed them at risk](#) saying it had never flooded before. Literally a month later, those same residents were under four feet of water. What changed is a huge amount of development had increased runoff surrounding the community, leaving the water one place to go.” The same pavement principle [probably exacerbated flooding](#) in fast-growing Houston.

3: Flood damage tends to be catastrophic.

Floods are the most common and costly natural disaster in America, [according to FEMA](#), causing billions of dollars in damage every year. On average, floods cost Americans \$8.2 billion in damages annually.

And, the flooding doesn’t have to be extensive, either. As FEMA estimates, recovering from just an inch of water inside your building can cost about \$27,000. Without flood insurance, you’d be left to cover the costs of those renovations entirely on your own.

- **Related:** [Flood Insurance: The Homeowner’s Guide](#)

If you're thinking of buying [flood insurance](#), it's important to speak with your insurance agent to figure out how much coverage to buy, what exactly it covers, and how long your waiting period is. Welstead says that you typically need to pay for your flood insurance policy for 30 days before your coverage is in force; you can't just pick up a policy at the first sign of a big storm system in the forecast.

And if your current insurer doesn't offer flood insurance, you can buy a separate flood insurance policy without switching agents. Welstead suggests going to [floodsmart.gov](#) to find an agent in your area.

Before you buy coverage, some of the questions you should ask include:

- **Do I have enough coverage?** Welstead says that, if you haven't reviewed your policy limits in a few years, [you may be underinsured](#). Make sure to document improvements to your property along with large purchases you've made, then keep the information somewhere safe where it won't be damaged by water or fire. And if your policy isn't beefy enough to cover your property and possessions, ask your agent about the prospect of raising your policy limits.
- **Should I reconsider my deductible amount?** "Discuss with your agent the benefits and drawbacks of raising or lowering your deductible," says Welstead. If adding flood insurance to your policy pushes your price up beyond what you can bear, raising your deductible might bring costs back down.
- **Does my policy cover full replacement cost?** "Most policies do not cover true replacement costs and involve a cap on your home's structure and contents," notes Welstead. As a result, you may want to consider paying extra for "guaranteed replacement cost" in your policy. If you don't, Welstead says you may only get a few hundred dollars for aged electronics and other items that would cost you thousands to replace. Drywall and other construction materials tend to spike in price after a disaster as well, he notes. "Some policies will pay up to 125% of a home's insured value to compensate for this – make sure your home is one of them."

Holly Johnson is an award-winning personal finance writer and the author of [Zero Down Your Debt](#). Johnson shares her obsession with frugality, budgeting, and travel

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