

Flood Awareness Month – PODCAST 11: What Flood Insurance Covers

RUN TIME: 2 MIN, 45 SECONDS

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BILL: Now let's talk about the policy itself and what it covers, and how much coverage is available.

KEN: Homeowners can insure their residential structures for up to \$250,000. There's also an option for contents coverage that is available up to \$100,000. They're not automatically bundled together – you have to specifically request the two together.

BILL: So a person can actually buy the structure or contents coverage individually?

KEN: Yes. So a homeowner does have the option of just purchasing structural coverage without also purchasing the contents coverage.

BILL: So if you're a renter, it may be in your best interest to look at buying contents coverage?

KEN: Indeed. Depending on where a person is located in relation to the mapped flood plains, there can be a lot of range as far as the premium for that insurance policy goes. It can be as little as a few hundred dollars a year, and it can get quite pricey depending on when and how your house is built. Here in Iowa, our average policy runs about \$775 per year. There are just under 19,000 policies in place, and that's a 58 percent increase from this time in 2008 before those floods.

Again, as Angel has already said, if you want to look at where your house is mapped in relation to the flood plain and what sort of coverage you're eligible for – and any agents in your area – you can go to W-W-W dot Floodsmart dot gov. It's worth noting that just as much as two inches of water can cause more than \$10,000 worth of damage to your home. And over the past 10 years, the national average for a flood claim has been \$48,000. A little bit of water adds up pretty quickly. About one-fifth of all flood insurance claims come from people that are actually outside the mapped flood plain area. So, just because you aren't shown as being in the flood plain on a map doesn't mean that you're safe from any flooding.

ANGEL: One thing I would add that we have seen in the past and I've noticed with complaints is that individuals will believe that they have flood insurance and they have full coverage on their property, but that flood insurance is purchased through the purchase of their home and since it was through their mortgage company, they were later surprised to find out that their coverage was only for the amount of the loan as opposed to the value of the property. That makes a big difference when you're trying to completely repair your home because you may not be getting that full reimbursement for bringing your home completely back up to where it was pre-flood. The need to buy flood insurance is definitely going to be a personal decision, because there are, like all other forms of insurance, certain factors that have to be present before it can be used and some people just don't necessarily believe it's the right choice for them. But in regards to whether or not your property can flood it is always the opinion of all the state agencies that work on flooding that everybody has a flood risk. Some people may have a flood risk that's higher than others, but everyone does have a risk. So, it's something that every property owner should consider whether or not it's for them.