

## A hurricane hits and causes my house to flood. Does my homeowners insurance cover it?

by *insurance.com*

Homeowner insurers get flooded with claims over property damage caused by rising waters, and underwriters usually turn them down. The Hurricane Katrina experience, among other things, served as a reminder to consumers that homeowner policies exclude flood exposures.

Worried about possible floods where you live? If so, buy flood insurance from the National Flood Insurance Program (NFIP), advises Lynn Knauf, director of personal lines for the Property Casualty Insurers Association of America (PCI), in Des Plaines, Ill., and Dr. Robert Hartwig, chief economist of the Insurance Information Institute (III) in New York.

"Consumers typically can buy flood coverage through their insurance agent," Knauf adds. "With few exceptions, virtually anybody can purchase the coverage." She warns consumers that they might be lulling themselves into a false sense of security if they see no need to buy flood coverage because they reside in locations that are not prone to floods, hurricanes and other natural disasters.

"Even if you don't live in an area prone to flooding, you may want to consider purchasing coverage," contends Knauf. "Floods can happen in inland areas and away from major rivers in any and all 50 states. If a hurricane hits your area, you'll certainly take comfort in knowing you have flood insurance. Consider buying a flood insurance policy if your house could be flooded by melting snow, an overflowing creek or pond."

One other piece of flood insurance advice from Knauf - "Don't wait for a flood season warning on the evening news to buy a policy-there is a 30-day waiting period before the coverage takes effect."

III's Bob Hartwig discusses why homeowners insurance doesn't cover flood exposures. "Flooding reflects water rising from below, and that exposure has always been excluded from your homeowners policy," emphasizes Hartwig.

As an alternative to NFIP, Hartwig says that there are a small number of private insurers such as Chubb that sell coverage to its customers, but not necessarily in every state. "So you need to check with your agent to see if that particular carrier sells coverage in your state," advises Hartwig

Standard homeowners policies typically cover all perils that are not specifically excluded, says Eric Goldberg, assistant general counsel for the American Insurance Association in Washington, D.C. Water damage is typically excluded, says Goldberg. He also points out that you can purchase flood coverage directly through your homeowners insurance agent. However, flood protection is provided by the National Flood Insurance Program. Call 1-800-427-4661 or visit FEMA's website.

Under NFIP, replacement cost coverage is available for the structure of your home, up to \$250,000 in limits. However, through NFIP, only actual cash value coverage is available for your possessions. Replacement cost coverage can pay to rebuild your home as it was before the damage, up to NFIP policy limits. In terms of your possessions, NFIP provides actual cash value coverage, which is replacement cost coverage minus depreciation. That means that the older your possessions are, the less you will get if they are damaged. There may also be sublimits on coverage for furniture and other belongings stored in your basement. Sublimits for your possessions stored in your basement typically are less than the overall NFIP limits for your personal possessions.

The federal flood insurance program provides only limited coverage. If you need more coverage than the federal program provides, additional coverage known as "excess" flood insurance is available from specialized insurance companies. Depending on the amount of coverage purchased, an excess flood insurance policy will cover damage above the limits of the federal program on the same basis as the federal program-replacement cost for the structure and actual cash value for the contents, Goldberg says.

A final point from Goldberg: Flood insurance is available for renters as well as homeowners.

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Source: Insurance.com Insurance Agency, Inc.