

## The Truth About Flood Insurance

by *KiplingerForcasts.com*

After seeing all of the reports about flooding in England and the Midwest, I'm finally thinking about buying flood insurance. But have the costs gone through the roof since Hurricane Katrina?

Surprisingly no. Even though the federal flood program paid out about \$23 billion in claims from Hurricane Katrina, the premiums for flood insurance haven't changed very much over the past few years. In fact, the price remains exactly the same for people in low-risk areas: They continue to pay \$317 per year for the maximum coverage (\$250,000 for dwelling; \$100,000 for possessions) if they don't have a basement and \$352 if they do.

And prices for coverage in many higher-risk areas have only risen by about 15% to 20% since Hurricane Katrina in 2005, says Tom Hayes, chief actuary for the National Flood Insurance Program. You can get premium information for federal flood coverage and look up your home's flood risk at [FloodSmart.gov](http://FloodSmart.gov). You can buy the federal policy through your own insurance agent or find a local agent at [FloodSmart.gov](http://FloodSmart.gov).

After Katrina, people also started to recognize the limitations of the federal flood insurance program. The maximum dwelling coverage of \$250,000 could leave people with expensive homes hundreds of thousands of dollars short if they have a total loss.

Several insurers, such as Chubb and Fireman's Fund, offer excess flood coverage to supplement the federal policy and increase the coverage limits to the same level as your homeowners insurance. These private policies also provide more robust coverage than the federal plan -- such as replacement value for contents (the federal plan only covers depreciated value) and the cost of additional living expenses if you have to move out of your home for a while because of the flood damage.

Most important, don't wait for a storm prediction before buying flood coverage. There's a 30-day waiting period before the coverage takes effect.

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