

Flood Insurance: Pricier This Year, and May Go Higher The New York Times)

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Many homeowners who have flood insurance — or are seeking to buy it — will face higher premiums this year, because of increases that took effect April 1.

Premiums under the National Flood Insurance Program rose an average of about 6 percent. The average annual premium is now about \$878, not including various surcharges that apply in some cases, according to the Federal Emergency Management Agency, which administers the program.

Some properties, however, may see much higher increases, according to FEMA. They include those in areas at very high risk, second homes and properties that have experienced multiple flood claims.

Amy Bach, executive director of United Policyholders, an advocacy group focused on insurance, said that four- and five-figure annual premiums are common, particularly in flood-prone coastal areas on the coast and along inland waterways.

This year's increases are in some cases not as steep as they would have been, however, under federal legislation passed five years ago, which sought to eliminate premium discounts in an attempt to better align premiums with the actual risk of flood damage. A subsequent law passed in 2014 required the flood program to put premium increases into effect more gradually, so homeowners would not face big spikes in their payments.

The steps were taken because a series of costly storms over the past decade has strained the flood program's finances. The flood insurance program, established nearly 50 years ago, is due for reauthorization in September. More changes could be in store, as Congress seeks to put the program on more secure financial footing. About five million federal policies were in effect in 2016.

Flooding often catches homeowners off guard, because damage from floodwater typically is not covered by standard homeowner insurance policies. Rather, consumers must purchase separate coverage, from the federal program or from private insurers.

Despite a spate of serious floods, however, many people remain unaware that they must buy flood

coverage separately. In a recent survey by the website insuranceQuotes.com, more than half 56 percent) of people queried said they believed flood damage was covered by a standard homeowners policy. The telephone survey polled 1,001 people in March. The margin of sampling error was plus or minus four percentage points.)

“It just seems like it is a persistent misconception,” said Laura Adams, senior insurance analyst with insuranceQuotes. It can be a costly misunderstanding, she noted, since a few inches of water in a 1,000-square-foot home can cost more than \$10,000 in repairs.

And people often underestimate their flood risk, particularly if they are not near the coast or a river, said Cynthia DiVincenti, vice president for government programs at Aon National Flood Services, which manages policies for the national program. “Everyone has some risk of flooding,” she said. “There’s no such thing as a no-risk flood zone.”

The Company offers a tool to help consumers estimate their risk by entering a property address.

Homeowners who decide they want to buy flood insurance should not wait until a storm is brewing, experts say, since federal policies typically are not effective until 30 days after purchase.

While most flood policies are sold through the federal program, private policies are increasingly available in some areas. They may be more affordable than the government ones — and may have shorter wait times, sometimes as little as 10 days. Aon, for instance, sells private policies through its NFS Edge subsidiary.)

It makes sense to compare the cost for various options, said Ms. Bach at United Policyholders. To get quotes for private policies, she said, it’s best to consult an independent agent, rather than one who works for a specific insurer.

Keep in mind, however, that in some cases if homeowners switch to private insurance and then want to return to a federal policy, they may lose discounts they had under their older federal policy, Ms. DiVincenti said.

Here are some questions and answers about flood insurance:

Where can I get information about buying flood insurance?

United Policyholders offers tips for buying flood insurance.

FloodSmart.gov, the federal flood program’s official website, was down Thursday for “maintenance and redesign,” and a FEMA representative could not say when it would be operational again. Visitors are instead being directed to FEMA’s website.

Can I buy flood insurance if I rent, rather than own, my home?

Yes. If the community where you live participates in the National Flood Insurance Program, you can buy flood insurance to cover the contents of your rental property, FEMA says.

If my water heater leaks, is any damage covered by flood insurance?

Generally, no. Flood insurance covers damage from water that comes from outside the home. Damage from interior pipe leaks and the like typically would be covered by a regular homeowner's policy.

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