

Hurricane Season Has Been Calm. Should You Have Flood Insurance?

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Flood insurance may not be top of mind for many this year because hurricane activity in the Atlantic has been unusually quiet. But the traditional peak of the season is arriving, and storms that inundated the Midwest this month are a reminder that inland areas are vulnerable, too.

“Just because you don’t live on the ocean or on the banks of a river doesn’t mean you don’t need flood insurance,” said Amy Bach, executive director at United Policyholders, a consumer advocacy group focused on insurance.

Parts of the Midwest, including Indiana and Ohio, suffered downpours in August that swamped neighborhoods and left seven people dead in Indiana. Most people in that state did not have flood insurance. An analysis of federal data by Neptune Flood, a provider of private flood insurance, found that fewer than 0.48 percent of Indiana homes, or one in about 200, were protected by a flood policy.

Here’s what to know about flood insurance.

Why do I need special flood coverage when I have a homeowners policy?

Standard homeowners insurance policies in the United States do not cover damage from flooding.

Separate flood coverage can be purchased from the federal government’s National Flood Insurance Program, managed by the Federal Emergency Management Agency, or from private companies.

Coverage is mandatory for homes in high-risk areas bought with federally backed mortgages, but it is optional otherwise, so people often skip it.

In Indiana, 13,466 homes had federal flood policies in mid-July, about half of the 26,000 that had flood insurance in 2015, according to data compiled by Neptune.

If I live in a low-risk flood area, is flood insurance necessary?

Floods are the most common and costly natural disaster in the United States, according to the Floodsmart website run by FEMA. From 2020 to 2024, the average claim payment was almost \$83,000.

About a third of claims under federal policies are filed for homes outside areas historically deemed to be high risk, according to Floodsmart.

But people who own a home in a zone deemed low risk on a federal flood zone map often dismiss the need for coverage. Some of them underestimate the threat of flooding because tools traditionally used to identify high-risk areas, like federal flood maps, have not been updated to reflect shifting weather patterns and advanced forecasting techniques, said Trevor Burgess, chief executive of Neptune.

Hurricane season has been quiet, so why should I worry?

It's true that no hurricane-strength storms have formed yet this year in the Atlantic basin, which includes the Gulf of Mexico. That's in keeping with forecasts from the National Oceanographic and Atmospheric Administration that 2026 will have below-average storm activity. Forecasters have cited an El Niño weather pattern to continue limiting activity into the fall. But that effect isn't certain and doesn't mean there is no chance of major storms in the coming months.

"We're just stepping into the peak of the season," said John Dickson, chief executive of Aon Edge, a private flood insurer.

The Atlantic hurricane season runs from June through November, and activity tends to intensify from mid-August to mid-October. In 2024, two destructive hurricanes hit late — Helene in September and Milton in October.

How much does flood insurance cost, and what does it cover?

Most policies are bought through agents selling policies issued by the National Flood Insurance Program. The median cost of a residential federal policy, including the basic premium and mandatory fees, is about \$1,084 a year, or \$90 a month, according to FEMA data as of this week. But premiums for expensive homes in high-risk areas can be thousands of dollars annually.

Premiums for many federal policies began rising in 2021 when FEMA, worried that many properties were underpriced relative to their risk and were threatening the viability of the program, introduced a new

pricing system. The new program uses private-sector data and catastrophe modeling and aims to better link premiums to a home's specific risk, factoring in its proximity to water, its elevation and the cost to rebuild.

Under that system, premiums on policies already in effect in 2021 could increase as much as 18 percent a year, until they reach their "full risk" rate, which is expected to take many years for some properties. Increases have received the most attention, but premiums have also fallen for some homes under the new system.

Coverage limits available under federal policies are relatively low. The maximum home coverage is \$250,000 for buildings and \$100,000 for contents.

Private policies may be used to supplement federal coverage, or as full coverage with far higher coverage limits of millions of dollars. They also include coverage for temporary living expenses, which federal coverage doesn't include, said Chris Greene, founder of the Flood Insurance Guru, an online flood insurance agency.

Should I buy a federal or a private policy?

You can seek policy quotes from both the federal program and private firms to see which one offers the more competitive rates or terms. Agencies such as Better Flood Insurance and Flood Insurance Guru can also provide quotes for both federal policies and private policies.

To get a federal policy quote, you can enter information about your home at [Floodsmart.gov](https://www.floodsmart.gov). Then you can share the quote with an insurance agent to buy it.

Neptune uses artificial intelligence to assess a home's risk, Mr. Burgess said, and when quoting rates for homeowners buying a new policy, it can offer a premium cheaper than federal coverage two-thirds of the time. (Neptune doesn't actually underwrite the policies, but works with insurers that do.)

Keep in mind, however, that private carriers can choose not to renew your policy if you make a claim. With a federal policy, your policy would be eligible for renewal after a claim, albeit generally at a higher premium.

You can switch back to federal coverage at your policy's annual renewal period if you change your mind,

even if you don't have a claim, brokers said. However, you would lose any discount — often substantial — that you had as part of the federal program's gradual transition to "full risk" rates under its new pricing policy.

Doug Tilyard, 75, a retiree who lives not far from the Caney River in Bartlesville, Okla., said he had long bought federal coverage but decided to shop around when his policy came up for renewal this summer.

His renewal quote was \$805 a year for \$130,000 in building coverage, with a \$1,250 deductible. After reading online about private policies, he contacted Better Flood Insurance, which found a private policy with Sterling Flood, offering \$250,000 in building coverage with a \$2,000 deductible, for \$350 a year.

Mr. Tilyard said he had decided that cutting his premium by more than half was worth switching. His home was built in 1991, he said, and its elevation is higher than waters reached during flooding in Bartlesville in the 1980s.

Is there a waiting period until flood insurance takes effect?

Yes. It's generally 30 days after buying a federal policy. "You have to have it in place well before water is coming into your home," said Robert Murphy, owner of Better Flood Insurance. There are some exceptions, such as if you are buying the policy when purchasing a new home. In that case, there's no wait.

Waits can be shorter for private policies, often 10 days to two weeks.

What happens during a government shutdown?

The federal flood program must be reauthorized periodically by Congress. Last fall, the program lapsed in the midst of a federal government shutdown, pausing most new policies and renewals and throwing home buyers into chaos in some areas. This year, the flood program must be reauthorized by midnight on Sept. 30.