

## [Insuring yourself against water calamity can make your head spin](#)

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On the other side of the country, home after home is rotting, left much the same as the day after Hurricane Sandy landed in 2012.

These are the houses of those who never bought flood insurance, which must be purchased separately from regular homeowner's insurance. Amy Bach has seen these places, and met the families hardest hit. "This is like a whole other level of people whose house is gone — it has to be demo'd and drug away," says Bach, executive director of the nonprofit United Policyholders, which helps disaster victims navigate insurance settlements. "And they maybe got \$350 from their insurance company for spoiled food." Most people can buy flood insurance through an insurance agent. It's usually backed by the National Flood Insurance Program, and in exchange for the federal help, participating communities agree to adopt ordinances that meet the guidelines of the Federal Emergency Management Agency to reduce flood risk. Insurance prices vary widely depending on the risk of the location, the physical condition of the building, how much coverage is purchased, and what the deductible is.

A July 1 flood of Williams Canyon destroyed three homes and damaged even more. Manitou Springs Mayor Marc Snyder says most victims were insured, but they've still endured plenty of headaches. Like most, they didn't understand how complicated flood insurance actually is until after disaster struck. "I'm trying to learn that myself on the fly," Snyder says. The fine print

Here are some important points:

- There is a 30-day waiting period to get flood insurance. If there is a flood already happening as of 12:01 a.m. of the first day of the policy term, you aren't covered.
- There are limits to how much insurance you can purchase. Homeowners can purchase coverage for the physical structure of up to \$250,000, and up to \$100,000 in contents coverage. The latter coverage is also available to renters.) Business owners can purchase up to \$500,000 in property insurance and up to \$500,000 in contents coverage. Contents and property coverage are sold separately.
- Your house and your stuff are valued differently. So long as at least 80 percent of the cost is insured,

NFIP will cover replacement costs on your home. Contents, however, are covered for their “actual” value; in other words, old carpet is worth whatever old carpet is worth.

- There are policy exceptions. Flood insurance doesn’t cover damage to land, landscaping or vehicles. And while insurance will cover damage to a foundation, clean-up of a basement, and damage to subterranean power and utility infrastructure, it won’t cover finished walls and floor treatments, or anything stored in the basement.
- Flood insurance won’t cover anything other than “direct damage” from flood waters. This can get tricky. Bach says she’s heard of adjusters attempting to pay for only three-fourths of a damaged wall, because flood waters did not reach the top portion.
- If rain triggers a mudslide that hits your home, that’s considered an “earth movement.” It isn’t covered. FEMA spokesperson Jerry DeFelice recommends documenting the flood event with photos and video, or saving news video clips that show the floodwaters in motion. “If the flow is sort of the consistency of a milkshake,” he says, “it’s probably an overland flood and therefore covered.”

Buying now

Despite the headaches, flood insurance is a good idea for most.

Floods are the most common natural disaster in the country. From 2002 to 2011, FEMA states that flood claims averaged more than \$2.9 billion per year. Those living in high-risk areas stand a 1 in 4 chance of flooding during a 30-year mortgage. But those who live in lower-risk areas — where many people don’t purchase insurance — still account for 20 percent of NFIP claims.

Flood risks have always been high in certain parts of the region, but areas affected by runoff from the Waldo Canyon and Black Forest burn scars now face heightened risk. And Michael Gease, a FEMA flood plain management specialist for Colorado, says there are other financial reasons to buy now:

- You won’t pay more for the added flood risk from the fires. FEMA does not currently consider the risk imposed by charred hillsides, which means you may still be able to get a lower rate even if your home is suddenly at high-risk.
- FEMA is adjusting premiums to fit new standards that better reflect risk. Those who live in the highest risk flood areas will see their premiums gradually increase. However, those who wait to buy flood insurance could see those increases up-front, particularly if they live in an older home in a high-risk area.
- FEMA is rewriting flood maps nationwide, but your price is based on how you’re currently classified. The new maps are expected to reclassify a lot of properties as high-risk. But if the old maps classify you as low-to-moderate, you can buy at a much lower price and keep it indefinitely, even if your property is reclassified.

The bottom line, Gease says, is that despite the complexities of flood insurance, it’s worth having. “That’s



our key message: If folks are at high risk right now due to wildfires, they need to buy that flood insurance.”