

[Latest North Bay disaster underscores growing need for flood insurance](#)

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After reeling from property damage caused by recent wildfires, North Bay residents now are confronting another natural disaster in flooding — a threat that is not covered by property insurance and which could escalate as storms become more volatile in a changing climate.

Unlike fire-related claims, home and business owners have to buy a separate policy to insure structures and contents damaged by floodwaters. Local insurance agents sell the policies through a Federal Emergency Management Agency flood insurance program.

Fawn Nekton, owner of the Gaffney Insurance Services in Occidental, said her agency serves many residents along the Russian River who were battered by rainfall last week that led to the worst flooding in the region in almost 25 years.

“We’ve been turning in flood claims and fielding questions ... and it’s just the beginning,” Nekton said. Typically, homeowners obtain flood coverage if they have a mortgage and live in flood-prone areas — defined by the federal government as a place where there’s a 1 percent chance of having a flood occurring in any given year — equating, over the course of a 30-year mortgage, to a 26 percent chance of flooding at least once for a home in a 100-year floodplain.

FEMA usually updates its national flood maps every five years to designate such high-risk flood areas. Sonoma County’s map was last updated in 2015.

In such high-risk locations, banks can’t issue federally backed mortgages, which comprise the vast majority of home loans, unless property owners buy flood insurance, noted McKenzie Smith, an insurance broker in Petaluma.

“If a lender has a property on a flood zone, ... it’s required,” Smith said of flood coverage.

However, there has been a growing trend of homeowners and residents who live outside of flood-prone areas buying policies to cover their properties in the event of storms.

The reason?

“Floods don’t read maps,” said Frank Mansell, a spokesman for FEMA.

That was evident last week when record rainfall hit the Santa Rosa area, leading to extensive flooding even outside many flood-prone, low-lying areas.

“There were a lot of places that flooded last week) that weren’t in a high-risk flood) zone,” Smith said. Indeed, FEMA has found that 20 percent of its flood insurance claims come from outside high-risk areas. In Sonoma County, there are 2,381 flood insurance policies in place and 21 percent of them cover properties outside locations most prone to flooding, Mansell said.

Since 1982, FEMA has paid about \$91 million to property owners for flood-related damage in Sonoma County, he said.

Flood coverage for homes and businesses outside the most flood-prone areas is relatively affordable, insurance agents said. The cost depends on things such as property elevation, design and age of structure. Policy premiums often start at \$325 a year and go up to \$500 or more, agents said.

“That’s not too expensive” when you consider the average U.S. residential flood insurance claim in 2018 was about \$30,000, said Janet Ruiz, spokeswoman for the Insurance Information Institute, an industry trade group.

For those living in high-risk areas, annual flood premiums have risen in recent years, Smith said. He has clients paying about \$600 a year and as much as \$2,500 annually.

“Premiums have been going up a large amount for the past three to five years,” Smith said.

Property owners without flood coverage have to rely on other less generous disaster relief, such as U.S. Small Business Administration loans or FEMA disaster grants, which average about \$5,000 per recipient. Some try other options. After last week’s storm flooded The Barlow in Sebastopol, friends of Zazu Kitchen + Farm started a GoFundMe campaign to raise \$50,000 to cover damage, pay employees and order replacement food. More than \$24,000 had been raised as of Saturday afternoon.

Similar efforts were launched to help other affected businesses and flood victims.

With the greater frequency and severity of storms and wildfires driven by climate change, agents said property owners could benefit from flood insurance to cover damage from mudslides and other storm-triggered catastrophes. Large mudslides impacted parts of The Sea Ranch and Graton last week.

“There are people who are kind of high and dry but may be subject to an inundation of water and mud flow,” said Nekton of Gaffney Insurance.

Earlier this month, home insurers denied claims for damage to a handful of Sausalito homes impacted by a mudslide caused by heavy rainfall.

Amy Bach, executive director of United Policyholders, a San Francisco-based consumer advocacy group, said that should serve as “a cautionary tale” and another example of why property owners anywhere in the state should consider buying flood insurance.

Such flood policies, however, typically don't cover property damage from landslides — those not tied to rain events — another oddity of the often convoluted insurance business.

Flood policies are not just for property owners. Renters also can obtain flood insurance for damage to contents even if they don't own the underlying property. Nekton said she only has had a handful of renters who buy the coverage.

Adelle Stoll didn't have flood insurance for her handbag and jewelry store in The Barlow that was inundated in the latest storm with 2 feet of water. She said her insurance adjuster told her that her business coverage policy would not pay for the flood-related losses, estimated at \$25,000 to \$30,000. "This is so stupid that you are paying for personal property coverage) but it doesn't cover this," Stoll said.

The shopping center is across Morris Street from the Laguna de Santa Rosa and is located in a flood zone. The rain-swollen Laguna overtopped its levees last week and spilled into surface streets on the eastern edge of Sebastopol, flooding more than half of The Barlow's roughly 30 businesses.

Stoll is now concerned about not having foot traffic to sell her wares. She doesn't know when she will be able to reopen and hopes her online sales pick up the slack. She also has started a GoFundMe page. "The biggest issue for me is really the loss of business," Stoll said.

Insurance experts cited disaster threats fueled by climate change as a prime factor contributing to increased flood insurance costs. In addition, under orders from Congress, FEMA has been making coverage costs reflect the current full risk to properties, boosting annual flood policy premiums.

What's more, the federal program — which now serves 5.1 million policyholders — carries a massive deficit as a result of a glut of claims after Hurricane Katrina in 2005, Superstorm Sandy in 2012 and the 2017 hurricane trio of Harvey, Irma, and Maria.

The program has been the subject of contentious debate in Congress. Some conservatives are concerned about the program's debt. They have aligned with environmentalists who contend it subsidizes unwise flood-prone development. But the program has its defenders, especially lawmakers who represent areas that have a sizeable amount of constituents insured under FEMA.

"It's been a political football," Bach said of the national flood insurance program.

Congress in 2017 canceled \$16 billion of the program's debt, but it still owes \$20.5 billion to the U.S. Treasury as a result of previous flood claims. Lawmakers must reauthorize the program before May 31 or FEMA will not be able to issue new flood policies to homeowners.

Even with the legislative wrangling, experts recommend property owners contact their local insurance agent to shop policy costs and coverage.

“Flood insurance is just a very good way to protect yourself financially,” said Mansell of FEMA.

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