

Many people don't realize their home insurance doesn't cover flooding

Marketplace

Hurricane Francine made landfall in Louisiana Wednesday night and has been dropping huge amounts of rain across much of Louisiana, Mississippi, Alabama and Florida. It's now a tropical depression and is headed north into Tennessee.

Some 14 million people have been under flood watches from this storm, including many who live inland, far from the coast. And it's likely very few have flood insurance.

Regular homeowner's insurance does not cover flood damage, yet a lot of people don't realize that, said Mark Friedlander at the nonprofit Insurance Information Institute.

"Flood and earthquake are always excluded from a standard home insurance policy," he said. "Those are two types of coverage you always need to purchase separately."

Nationally, just 6% of homeowners have flood insurance, Friedlander said. Most who do are required to because they live in a federally designated flood zone and have a mortgage.

"Very few homeowners purchase flood insurance voluntarily," said Friedlander. "It's a huge insurance gap; also, a huge knowledge gap."

But even when agents make it clear that regular policies don't cover flooding, "most people just don't think it's going to happen to them. And it's an extra cost that's \$600/\$700 on average a year," said Don Griffin at the American Property Casualty Insurance Association.

That cost often doesn't feel worth it. For many, it's also just too expensive, pointed out Amy Bach at the nonprofit United Policyholders. People also tend to assume that FEMA will make them whole, which is not

the case.

“We, on the consumer advocacy side, really struggle to be able to alert consumers in a way that it’s going to register,” she said.

The issue is bigger than just raising awareness, though. “We’ve got to develop an all-risk product that will provide some basic protection against the full gamut of disasters,” Bach said — and not require people to piece together coverage themselves.