

[Oroville shows importance of flood insurance](#)

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The near-disaster at Lake Oroville last week shows once again why homeowners and renters might consider buying flood insurance, even if their lender does not require it.

Anyone with a federally backed mortgage is required to have flood insurance if they live in a high-risk zone known as a special flood hazard area. However, the vast majority of the nearly 200,000 people evacuated downstream from Lake Oroville do not live in high-risk zones.

A standard homeowners or renters policy does not cover flood damage. It must be purchased separately, usually from the National Flood Insurance Program, which sells policies through insurance agents.

Between climate change and aging infrastructure, more floods are occurring in areas not considered high risk, said Amy Bach of consumer group United Policyholders.

People outside of high-risk flood areas file more than 20 percent of all national flood insurance claims and get one-third of federal disaster assistance, the program says.

“Our dams, levies are problematic. If I am relying on one for protection, if I can get flood insurance pretty cheap, I’d probably buy it,” said Robert Hunter, director of insurance with the Consumer Federation of America.

And that’s what many people were doing last week in the three counties that were evacuated after problems with the Oroville Dam’s primary and auxiliary spillways threatened to flood towns along the Feather River.

Insurance agents from Oroville to Yuba City were inundated with calls from clients asking about flood insurance.

Bill Edick, owner of a self-named insurance agency in Yuba City, sold about 75 flood policies last week. “I don’t think we ever wrote that many in such a short period of time,” he said. Even though there is a 30-day waiting period before flood insurance takes effect, customers are worried about the “Oroville situation” and potential local river flooding, he said.

Sushil Kumar Kairam was in Edick’s office Friday buying flood insurance for two homes, two duplexes and a liquor store, at a total cost of \$3,400 per year. All are in Yuba City, but none is in a high-risk zone.

Although the California Department of Water Resources has said the Oroville Dam itself was and remains

structurally sound, Kairam is not sure he believes that. “Better to be safe than sorry,” he said.

George Selland, president of the Rose Insurance Agency in Yuba City, said he had fielded 600 to 700 phone calls from people inquiring about flood insurance last week. “Maybe one-third to 40 percent are buying,” he said. Many of his customers already had flood insurance, but many others “had let them expire due to the drought.”

At Buttes Insurance Agency in Live Oak Sutter County), about 20 miles south of the dam, “it’s been absolutely crazy,” owner Robert Coe said. “I think we’ve written 75 or 80 flood policies this week. Most were purchased over the phone. Even though the mandatory evacuation order was lifted Tuesday, “It was so difficult getting out of town that a significant number of clients) are still staying with relatives,” he said Friday.

If the dam were to collapse, 50,047 single- and multifamily residential homes in six counties could be damaged, with an estimated construction cost of \$13.3 billion, property analytics firm CoreLogic said in a report last week. Only 12 percent of those homes are in high-risk zones where flood insurance is mandatory for homes with government-backed mortgages.

Only three of the counties — Sutter, Butte and Yuba — had areas under mandatory or voluntary evacuation orders last week. In these counties 12,055 housing units, or 7.5 percent of all units, have national flood insurance, according to data from the Federal Emergency Management Agency.

The standard homeowners flood policy covers up to \$250,000 in damage to the building. You can pay extra for contents coverage up to \$100,000. Deductibles range from \$1,000 to \$10,000. The policies do not cover basement improvements or additional living expenses if you are evacuated or forced to move out of a flooded house.

In high-risk areas, the cost of flood insurance varies widely, depending on the home’s location, elevation and other factors, but annual premiums of \$1,200 to \$2,000 are common. Jim Hollingsworth, a State Farm agent in Oroville, said he was surprised last week when a quote for a customer came in at \$3,200. Outside of high-risk areas, premiums are much lower and consistent. Agents in Oroville and Yuba City say they are usually about \$450 a year for an owner-occupied residence.

A few private insurance companies sell “excess” flood insurance, which provides coverage above the national flood policy limit. These policies might include additional living expenses.

Homeowners policies issued by CSAA Insurance Group offer a benefit known as Flood Emergency Assistance. Even if a person with an AAA homeowners policy doesn’t have flood insurance, if a flood makes his or her home uninhabitable, this will cover up to \$3,000 in additional living expenses.