

Who Should Consider Getting Flood Insurance? These Days, Almost Everyone.

NYTimes

With the Atlantic hurricane season about to start, this may be good time to consider buying flood insurance for your home — even if you don't live in a hurricane-prone area.

Officials at the National Oceanic and Atmospheric Administration said this month that they were expecting more than the average number of hurricanes during the season, which begins June 1 and runs through November. NOAA predicts as many as 19 named storms, with six to 10 of them strengthening into hurricanes. An average season has 14 named storms with seven becoming hurricanes.

Flood insurance should not be seen as important only for property owners near the ocean, insurance experts note. While properties near the coast are in particular peril, areas far inland have had severe flooding in recent years as a warming climate spawns intense storms that drop heavy rainfall.

Won't my homeowner insurance policy cover flood damage?

No. Standard homeowner insurance policies don't cover damage from floods, which are the most common and costly natural disaster in the United States.

Flood protection — which typically covers damage from rising water entering a home — requires a separate policy, available from the federal government's National Flood Insurance Program or from certain private insurers. Borrowers with federally backed mortgages in certain high-risk areas are generally required to carry flood coverage, but it's largely optional otherwise.

What if I don't live near a coastline?

You should still evaluate buying flood coverage, insurance experts say.

Consider this example. In September, Hurricane Helene made landfall on Florida's gulf coast as a powerful Category 4 storm, then moved inland, traveling hundreds of miles north. The storm drenched parts of six states and caused record flooding in western North Carolina.

"If it can rain, it can flood," said Amy Bach, the executive director of United Policyholders, an advocacy group for consumers that is focused on insurance. She "absolutely" encourages people to seek quotes for flood coverage whether or not they live near a coastline, she added.

"If you can afford it, buy it," Ms. Bach said, even if the policy has a relatively high deductible — an amount you pay out of pocket when filing a claim — because restoring a home after a flood can be extremely expensive.

Many homeowners affected by Helene didn't have flood insurance. Fewer than 1 percent of residents in hard-hit Buncombe County, N.C., home to the arts haven of Asheville, had federal coverage, according to the Insurance Information Institute, an industry group.

A third of federal flood insurance claims made from 2013 to 2023 came from areas that weren't considered high risk, according to the national flood program, which is managed by the Federal Emergency Management Agency.

While FEMA has in the past offered financial help and services to provide basic needs to people affected by a disaster, the assistance "is not a substitute for insurance," the flood program's media website warns. Grants from FEMA's program for individuals and households averaged just over \$3,200 from 2019 to 2023, the website says, while the average claim payment under the flood insurance program was \$52,000.

This year's hurricane season arrives at a time of uncertainty at FEMA. The Trump administration has suggested shrinking or even eliminating the agency and pushing more responsibility for disaster recovery to the states. The administration has also announced that it is ending a FEMA grant program that aimed to reduce the risk from disasters like floods by funding projects like wetlands restoration, levees,

drainage systems and flood walls, calling the program “wasteful and ineffective.” A group of state floodplain managers, however, called the move “beyond reckless.”

How much does flood coverage cost?

Annual premiums depend on a home’s location, like its proximity to water, as well as its size, construction and other details. The average annual premium for a federal policy is \$898, according to the financial site Bankrate.com. Rates can be much more costly, however, in flood-prone areas.

Rates for many federal policies have been rising since late 2021, when FEMA adopted a pricing system intended to better align premiums with a home’s specific flood risk, both to keep the flood program financially viable (the program is funded by premiums, and it can borrow from the U.S. Treasury to cover claims) and to alert homeowners and prospective buyers of a property’s potential for flooding. Premiums for new policies must reflect a home’s “full risk,” while rates on policies that were already in effect are increasing gradually over time, by no more than 18 percent a year, until they reach the full rate — a process expected to take more than a decade.

Congress has considered options for keeping flood coverage affordable, such as tying premiums to the homeowner’s income, but adopting reforms has been “challenging,” according to a report from the Congressional Research Service.

Premiums on private policies vary, but it’s worth getting several quotes to compare. Trevor Burgess, chief executive of Neptune Flood, which sells private policies in every state but Alaska (which he expects to add soon), said the company was able to beat pricing on federal policies about 60 percent of the time. Particularly in the case of newer homes built on elevated foundations, he said, private coverage may cost “much less.” He said the company used data science models and artificial intelligence tools to analyze properties.

Where can I buy flood coverage?

Most flood policies are issued by the national program, which offers coverage for both homeowners and renters in participating communities. You can get a quote and a referral to an agency that sells the policies for the government on the floodsmart.gov website.

Federal flood insurance coverage limits are relatively low, however, and haven't kept pace with rising home values. The federal program offers coverage for single-family homes of up to \$250,000 for the building and up to \$100,000 for contents, including furniture and appliances.

Some private flood insurers, like Neptune and Aon Edge, sell "excess" flood coverage beyond federal limits for an additional premium, as well as separate, full-coverage policies.

Private policies have more flexibility and can offer much higher coverage limits for both buildings and contents. Wright Flood Insurance, for instance, which sells federal policies nationally and private coverage in 40 states, said its private policies could cover properties valued at up to \$5 million.

Patty Templeton-Jones, president of Wright Flood, said she had private coverage on her home in Palm Harbor, Fla., on the gulf coast, and paid more than she would for a federal policy but had better coverage. For instance, she said, her policy pays the replacement cost for her home's contents, while a federal policy would cover just the actual cash value.

Private policies also offer coverage the federal program does not, like the cost of temporary housing and meals if you can't live in your home after a flood and the removal of sand and debris from swimming pools, said John Dickson, president of Aon Edge.

But unlike the federal program, private insurers may not renew a policy if they decide your property has become too risky.

Does flood coverage take effect immediately?

There's usually a 30-day waiting period for coverage to begin under a federal policy, with some exceptions, such as if you buy it when taking out a mortgage, the flood program's website says. "You can't wait for the dark clouds," said David Maurstad, a former senior executive with the national flood program.

The wait for private coverage is often shorter — 15 days is typical.

What if my home is damaged by wind or by rain driven through broken windows?

Damage from wind or from rain blown into your home is typically covered by your main homeowner policy. In coastal areas, policies usually have separate, often higher, hurricane deductibles that apply when a “named storm” causes damage. Hurricane deductibles are typically a percentage of the home’s value — say, 5 or 10 percent. But properties in hurricane-prone areas can face deductibles as high as 33 percent, Ms. Bach said.

Does flood insurance cover my car if it’s damaged?

No. Typically, flood damage to cars is covered by the “comprehensive” portion of your automobile insurance policy. Check with your insurance agent to confirm the details.