

Why you should consider flood insurance and what CA is doing to protect communities

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As many Californians recover from the devastating winter storms, many are realizing there are gaps in their insurance coverage, leaving them vulnerable.

It's been months since the devastating winter storms destroyed homes and businesses in the state.

As many Californians are still struggling to recover, a startling truth is emerging: There are gaps in their insurance coverage, leaving them vulnerable. I spoke with those who were affected, experts, and officials to help shed light on the critical issue of understanding your policy and being prepared.

CALIFORNIA WINTER STORMS

Zach Decampos recounted his harrowing experience inside his Morro Bay apartment when disaster struck on January 9.

"I saw that my car was about two feet underwater at that point and realized I wasn't going to be able to leave," he said. "It (the floodwaters) started coming through the doors out from underneath the washer and dryer."

Decampos was only able to save his cat and whatever he could fit in his backpack as he waded through chest-deep water to safety.

"You have no control over situations like that and it's kind of, you have to have some faith that everything's going to be okay."

His car was a total loss. The majority of his possessions in the apartment were ruined.

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Decampos documented the damage. His renter's insurance was able to reimburse him for only about a third of his belongings.

Still, he considers himself lucky.

The reality for other homeowners, renters, and businesses is more dire — many learning that the protections they thought they had, don't exist.

LESS THAN 2% OF CALIFORNIA PROPERTIES ARE COVERED BY A FLOOD POLICY

Amy Bach leads United Policyholders, a non-profit organization that advocates for insurance consumers.

"The problem for a lot of the people that had serious damage from these storms is not only is there a flood exclusion, but there's also an Earth movement exclusion."

She says most people don't know their traditional insurance policies may fall short.

"My organization got a lot of calls from consumers that were very frustrated and very sad and disappointed and scared about how they were going to pay for the damage."

Typically, homeowners, renters, and commercial insurance policies exclude floods, mudslides, debris flows, sinkholes, and similar disasters.

FEMA statistics show only about 195,000 homes in all of California are covered by a flood policy — that's less than 2%.

These policies are issued by the National Flood Insurance Program or NFIP and administered by FEMA.

While the NFIP protects policyholders from flood and mudflow, it does not cover earth movement like landslides, even if they're caused by floods.

THE CHANGING CLIMATE AND PROTECTING CALIFORNIA COMMUNITIES

As Californians face increasing threats of extreme weather events, the state's Insurance Commissioner,

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Ricardo Lara, is pushing for a non-traditional type of insurance that would bridge the consumer knowledge and insurance coverage gaps.

“If people are not going to be able to afford a flood policy, a flood insurance policy, then who pays? The government is going to pay. And since we’re already paying, why not be smarter with that money and start working on what we call climate insurance,” Lara said.

A bill in the state legislature, AB 970, would provide the seed funding for “Climate Insurance”. Lara explained how it works:

“So it’s the local government, the township, the county that can enter into a policy on behalf of its residents. We provide a base level of protection for everyone in that community so that everyone, regardless of if you have a policy or not, or if you have resources or not, you’re able to evacuate, you’re able to get resources.”

Lara says because the risk of natural disasters is growing with our changing climate, his office is working with public and private organizations and insurance companies to look at how nature can be used as the first and best line of defense.

“What we’re also doing is incentivizing insurance to not only work after the disaster but work on the mitigation... Let’s start fortifying Mother Nature. Let’s start looking at coastal sand dunes. Let’s look at basins.”

For survivors like Zach Decampos, these conversations take on a new urgency.

“My situation was pretty bad but a lot of people got hit by the flooding this year. if we had some of this in place, then people would be more protected,” Decampos said.

AB 970 is currently in the state Senate with a committee hearing scheduled for Monday, August 21.

HELP IN UNDERSTANDING YOUR POLICY

If you are looking to buy a new or renew existing policies, the state’s insurance commissioner says to ask your provider, “What am I not covered for in this policy?” to better understand what your coverage is

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going to look like.

If you need help understanding what your policy does and does not cover, the California Department of Insurance has experts Monday through Friday that can help you understand your policy. You can call 1-800-927-4357.

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