

# Flood Insurance: Be Prepared

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Floods are the primary source of natural disasters in the United States. Those caused by hurricanes and nor'easters tend to make national news. Smaller, localized floods occur every day, however, as the result of much less dramatic weather events.

No matter where you live, it is important to remember that just a few inches of water in a home can cause thousands of dollars of damage. And, most homeowners policies do not cover damage caused by floods.

## Flood Risks

Floods can happen anywhere and at any time. While some causes are obvious, others are not.

- **Heavy rains** can cause cresting rivers, backed-up storm drains, and saturated ground, as well as contribute to flash floods.
- **Tropical storms and hurricanes** can pack powerful punches with soaking rain and tidal surges.
- **Winter freezing and snowmelt** can lead to ice jams and runoff that cannot be absorbed by frozen ground.
- **Wildfires** can leave charred ground that cannot easily absorb rainwater.
- **New construction and development** can change natural drainage paths and create or increase flood risks.

- **Dams** can be breached by flash floods, debris jams, and the accumulation of melting snow.
- **Levees** can be breached by rising water from heavy rains.

## Flood Insurance

Flood insurance is widely available through the Federal Emergency Management Agency's (FEMA's) National Flood Insurance Program (NFIP). Some specialty insurance carriers also offer flood coverage, and there are a few select homeowners carriers that offer flood coverage as an optional endorsement for policyholders residing in lower-risk areas.

The cost of a flood insurance policy varies depending on a property's risk. Most of the country falls within low-to-moderate risk zones for flooding. In high-risk flood areas, where coverage is often mandatory as a condition of obtaining a federally backed mortgage, policies cost more.

Policies generally cover up to \$250,000 for buildings and \$100,000 for contents. A policy at these maximum limits can cost as little as \$450 annually for a home in a low-risk to moderate-risk zone. If higher coverage is desired, it can be purchased through an Excess Flood Policy, which is offered through standard and surplus lines insurance companies.

### Recent Changes to National Flood Insurance Program

The NFIP was created by Congress nearly 50 years ago to insure properties in flood-prone areas of the United States. With the enactment of the Biggert-Waters Flood Insurance Reform Act of 2012, FEMA has made several changes to the NFIP program.

If you currently have a flood policy with the NFIP, you likely are experiencing annual premium increases of between 9.9 percent and 25 percent. This is part of an effort to bring the premiums, over time, to a point where they are actuarially sound (that is, they accurately reflect the cost of the exposure).

Until recently, premium rates for properties in high-risk flood zones have been subsidized. Over the last 15 years, in part because of losses from hurricanes Katrina (2005) and Sandy (2012), the NFIP has fallen billions of dollars into debt. With the damage caused by recent hurricanes Harvey, Irma, and Maria, the debt will no doubt increase significantly.

Policies for homes along the coast, as well as secondary homes, will receive the largest premium increases. An optional \$10,000 deductible has been introduced as a way to help keep premiums down.

### Obtaining a Policy

You might consider reviewing your insurance portfolio to determine whether you should add flood coverage to your primary residence or

vacation home. There is usually a 30-day waiting period to obtain flood insurance, so you should not wait until a storm is imminent before purchasing a policy.

Homeowners with houses in higher-risk flood zones built after the flood insurance rate map was established for their community (for most communities, that was around 1974) require an Elevation Certificate completed by a licensed surveyor to obtain a policy.

A licensed insurance agent or broker can help you determine the cost and requirements of flood insurance. If we can be of assistance, please contact Nancy Albanese, Vice President, Personal Insurance Division, at 610.527.1881.

### 2017 Tropical Storm Names

The country has already met several of them, but the Atlantic tropical (and subtropical) storm names for 2017 are as follows. If more than 21 named storms occur in the Atlantic basin, additional storms will take names from the Greek alphabet.

Arlene	Harvey	Ophelia
Bret	Irma	Philippe
Cindy	Jose	Rina
Don	Katia	Sean
Emily	Lee	Tammy
Franklin	Maria	Vince
Gert	Nate	Whitney

*Source: National Hurricane Center, National Oceanic and Atmospheric Administration*

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**610.527.1881 | [bmtc.com/insurance](http://bmtc.com/insurance)**

**Edward F. Lee, CPCU® | President**

**[nlee@pcpbinc.com](mailto:nlee@pcpbinc.com)**

**Nancy K. Albanese, AAI® | Vice President**

**[nalbanese@pcpbinc.com](mailto:nalbanese@pcpbinc.com)**