



WHY HOMEOWNERS SHOULD CONSIDER PURCHASING FLOOD INSURANCE.

INFORMATION FOR CONSUMERS FROM THE LOUISIANA REALTORS®

Only 20% of American homeowners at risk for floods have flood insurance policies.ⁱ National weather patterns in recent years have caused flooding even in areas that are not considered “flood hazard areas”. As a result of the increasing frequency of unprecedented and sudden flooding in areas that have never flooded, all homeowners are strongly encouraged to consider purchasing a flood insurance policy for their homes. Below are some important factors to consider regarding flood insurance:

1) Many houses that flood are not in “flood hazard areas”; one in four flood claims are for homes that are not in high risk flood zones.ⁱⁱ

If you live in a high risk flood zone, your mortgage company will likely require you to buy flood insurance. Even if your mortgage company does not require flood insurance, you should consider purchasing a policy. All homes are at risk of flooding, even if the home is not located in a “high risk flood zone”. Flood zone maps change, and flooding frequently occurs outside of “high risk flood zones”.ⁱⁱⁱ Additionally, flood insurance is usually less expensive if you do not live inside a “high risk flood zone”.^{iv}

2) Homeowners’ insurance does not cover flood damage.

Standard homeowners insurance policies and umbrella policies do not generally cover flood damage. This means if your house floods, you most likely will not have any insurance coverage to rebuild your house or replace the contents. Homeowners who want coverage for a flood disaster need to obtain a separate, specific insurance policy against flood.^v

3) *Flood insurance for the house and insurance for your house's contents are not the same thing.*

Your home is most likely your largest investment. As a homeowner, it is important to insure your house and its contents. Often, policies covering your house and policies covering its contents are not the same thing. Contents insurance pays for damage to, or loss of, personal possessions located inside the house, such as furniture, clothes, electronics, dishes, etc. Check your policy to ensure whether it is for the house only, or house and contents, and be sure to obtain “building and contents” coverage when buying a policy.

4) *There is usually a 30-day waiting period between when you buy flood coverage and when it is effective.*

It is important to plan ahead when it comes to buying a flood insurance policy. Once you buy a flood insurance policy, the insurance coverage will generally not be effective until 30 days after you purchase the policy.^{vi} Homeowners who wait until there is a hurricane in the Gulf of Mexico or a storm on the horizon to get flood insurance will likely not be covered if their homes get flooded within that 30 day waiting period.

For more information, or to get a quote for a flood insurance policy, you can contact your homeowners' insurance agent, or contact The National Flood Insurance Program (www.floodsmart.gov or call (888) 379-9531) for a referral.

ⁱ Smith, A.B., and J.L. Matthews, “Quantifying uncertainty and variable sensitivity within the US billion-dollar weather and climate disaster cost estimates,” *Natural Hazards*, 77, 1829–1851 (2015) (<https://www.ncdc.noaa.gov/climate-information/science-papers-and-publications/current-publications>).

ⁱⁱ “Resources: Flood Facts,” National Flood Insurance Program (https://www.floodsmart.gov/floodsmart/pages/flood_facts.jsp).

ⁱⁱⁱ “Information for Homeowners,” Federal Emergency Management Agency (<https://www.fema.gov/information-homeowners>).

^{iv} “Residential Coverage: Homeowner,” National Flood Insurance Program (https://www.floodsmart.gov/floodsmart/pages/residential_coverage/homeowner.jsp).

^v Smith, A.B., and J.L. Matthews, “Quantifying uncertainty and variable sensitivity within the US billion-dollar weather and climate disaster cost estimates,” *Natural Hazards*, 77, 1829–1851 (2015) (<https://www.ncdc.noaa.gov/climate-information/science-papers-and-publications/current-publications>).

^{vi} “Frequently Asked Questions: Policy Costs and Terms,” National Flood Insurance Program (<https://www.floodsmart.gov/floodsmart/pages/faqs/will-there-be-a-waiting-period-for-my-policy-to-take-effect.jsp>).