

Flood Awareness Month – PODCAST 9: Introduction to Flood Insurance

RUN TIME: 4 MIN, 53 SECONDS

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BILL: I'm Bill Cappuccio. I'm from the Iowa Department of Natural Resources – work in the floodplain management program.

KEN: Ken Bouma, also with the DNR – floodplain management section.

ANGEL: And I am Angel Robinson, I am the consumer advocate for insurance, and I'm with the Iowa Insurance Division.

BILL: And I guess what we all have in common is that we all deal with the subject, often, of flood insurance.

ANGEL: We do. And I actually–

BILL: You say that in a very excited...I saw the excitement in there, Angel.

ANGEL: I did. I know that we have a lot of flood complaints and questions coming into our office because people often think about flood insurance and the Flood Insurance Program. So a natural connection that people often make is with our office and flood insurance.

BILL: And we don't discourage from thinking of it that way. And the reason that this is a good time to be talking about flood insurance is that we're coming up into March. And March historically is about the time that we start worrying about flooding here in the Midwest, often times from things such as snow melt, ice jams, and things of that nature. Now whereas that might not be a big issue this year, because we don't see a lot of snow on the ground, it's still something that people have to be thinking about because flood insurance is not something that you buy and have coverage immediately – there is a 30-day waiting period. So, with the, uh, season coming up on us, this is a good time for people who might be at risk of flood to possibly either be looking at buying flood insurance, or, if they have coverage, to look at the coverage they have to determine whether they need more or need to take and maybe purchase content insurance or something of that nature.

ANGEL: I think that's a good point. That is one of the reasons why we start talking about flooding and flood insurance so early – even in February and March – is because it is going to be a unique situation where, you have a unique opportunity to actually prepare for this disaster. And the more prepared you are, the more you'll be able to recover better and quicker. One of the ways that we often look at that is, as Bill mentioned, through flood insurance. And flood insurance is actually going to be a different type of insurance. It's under the authority and handled by the federal government as opposed to most insurance policies that Iowans are used to. We take care of homeowner's insurance here at the Insurance Division. People are very familiar with that and they believe anything that happens to their home is going to be taken care of in their homeowner's policy. But that's not the case. Flood damage is actually going to be a

standing exception in homeowner's policies. Therefore if a homeowner or a business owner would like some protection against flooding and flood damage, they're going to need to actually look into getting a specific flood insurance policy. Now the flood insurance policy is going to be offered by NFIP – that stands for the National Flood Insurance Program–

BILL: Typically available. People will typically be buying it through the National Flood Insurance Program.

ANGEL: True. While I always encourage lowans and my consumers to read their policies once a year, sometimes things don't jump out at you when you're reading your policy until you actually need it. And at that point in time it's too late for you to get coverage for flooding when you discover that it's not in your policy and you've already had flood damage. And so again, everything else for insurance you're going to have coverage that starts after you purchase the policy. When you buy your homeowner's policy, you're going to have coverage when you purchase it. But flood insurance – you actually have to have the policy in effect for 30 days before that's actually going to pay out a claim.

BILL: Another thing to understand is that a policy will not pay for any damage if you buy that policy while there is a flood event in progress. This is something that happened for a lot of people dealing with the floods along the Missouri River last year. They saw a great big flood coming on the Missouri River. They thought that they could possibly get flood insurance in advance of that event. But what happened was that FEMA more or less determined that they had an event in progress starting on June first, so that any policies purchased after that, they did not pay for any claims resulting from that event for those policies. So you want to make sure that if you buy a policy you buy it far in advance of any flood that might occur.

ANGEL: One of the things I would back up and mention is that for consumers who have their homeowner's policies, or may even have a flood insurance policy – they may still receive water damage caused by something called "backup" – sewer backup, water backup. And that type of water damage which usually also happens seasonally when the cities' sewer systems become overburdened and for whatever reason it goes into a lot of basements. Chances are if you want to have coverage and protection from water damage that's caused by backup, you're going to need to buy what is called a "rider." A rider is an additional protection, or clause. You can usually purchase a special rider that will allow you to have water/sewer backup for your homeowner's policy so that you have that additional layer of protection and coverage. Note that it will be an additional cost because it is going to be an extension of the other protections that are found in your homeowner's policy.