Flood Insurance: Common Misconceptions

By reThought Flood®

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TECHNOLOGY. TRANSPARENCY. TRUST.

How to combat common flood insurance misconceptions and teach your clients about the true risk of floods.

I'm not in a flood zone, so I don't need flood insurance.

WRONG. Almost 20% of flood insurance claims are outside flood zones. Plus, zones are based on maps by FEMA, but many are out of date. They don't include changing risks profiles due to development and climate change. Increased rainfall will lead to flooding in areas previously not known for flooding.

It doesn't flood here.

WRONG. Anywhere it rains, it can flood. Flooding has occurred in more than 99% of US counties during the past 30 years, while changes to the landscape and the warmer atmosphere are causing floods in new places every year.

It's so expensive!

NOT ALWAYS. Premiums depend on underwriting. Location-specific underwriting gives you a price specific to your risk. If it's lower, but not zero, flood insurance is cheap. If it's higher, your price will be too, but you need it more! It's essential to protect your investment. Consider an excess policy over an NFIP policy.

I'll get disaster assistance if I'm flooded.

WRONG. Disaster assistance is not always offered, especially for localized floods. And when it is, it isn't much. It would never make you 'whole' after a flood.

I am safe – my business is on a hill.

WRONG. Even on a hill, buildings can be flooded by burst pipes, runoff from neighbors further up, sewage backups, and other ‘floods’ that are not covered by your property insurance. Your risk might be lower, but it isn’t zero, and it could even be higher because of the risk of a landslide caused by fast-moving waters.

We have been here 15 years and never had a flood.

YOU’RE LUCKY. Climate change causes more rain to fall at once, so even places that never flooded before can be at risk. Changes like new developments and old infrastructure can also change your risk of flooding over time.

I can cover the cost of a flood myself.

MAYBE YOU CAN. But it could be a lot. Floods are extremely expensive. According to FEMA, just one inch of water (maybe from a burst pipe) can cause up to $25K in damage. A catastrophic flood would cost you even more.

My flood risk is only 1 in 100 years. I don’t need flood insurance.

WRONG. A flood risk of 1 in 100 means a 1 in four chance of a flood during the lifetime of an average mortgage.

My policy covers hurricanes already.

HURRICANE ISN’T FLOOD. A huge percentage of hurricane policies only cover wind damage. If rain or storm surge wrecks your property, you’re not covered. Ditto for flash floods, king tides, sewer backups, and a lot of other nasty, wet disasters.

Flood insurance doesn’t cover basements!

reThought Flood does!

Get in Touch 888-380-3124 www.rethoughtflood.com flood@rethoughtflood.com

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