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Many Americans Still Don't Understand Homeowners Insurance Doesn't Cover Flood Damage, I.I.I. Survey Reveals

INSURANCE INFORMATION INSTITUTE
Contact: Press Offices
New York: 212-346-5500; media@iii.org
Washington, D.C.: 202-833-1580

NEW YORK, August 8, 2008 — Despite catastrophes such as Hurricane Katrina and predictions of more frequent and severe hurricanes, more than a quarter of Americans still mistakenly believe that flooding from a hurricane is covered under standard homeowners and renters policies, according to the Insurance Information Institute (I.I.I.).

A survey conducted for the I.I.I. asked the question: "Does your homeowners policy cover damage from flooding during a hurricane?" Nationally, 27 percent said yes in 2008. In the South, a region at high risk for hurricanes, 39 percent said yes. The I.I.I. survey also reported that nationally, only 17 percent of Americans have a flood insurance policy.


This analysis was based on a national consumer public opinion survey conducted for the I.I.I. by Opinion Research Corporation. Some 1,004 individuals were interviewed for the survey.

According to the [Federal Emergency Management Agency \(FEMA\)](#), over 90 percent of all United States natural disasters include flooding. Changing weather patterns, increased urban development and the leveling of forests have reduced the land's natural ability to absorb water. Large-scale erosion and flooding after severe wildfires are common occurrences in mountainous or hilly terrain. Flooding can occur at any time of the year, in any part of the country as a result of any number of disasters. Everyone is at risk.

The I.I.I. reminds homeowners and renters to consider the following facts about flood insurance:

- **Standard homeowners and renters insurance does not cover flood damage.** Flood damage is excluded under standard homeowners and renters insurance policies. Flood coverage, however, is available in the form of a separate policy both from the National Flood Insurance Program (NFIP) and from a few private insurers. The NFIP provides coverage of up to \$250,000 for the structure of the home and \$100,000 for personal possessions. The comprehensive portion of an auto insurance policy includes flood damage
- **Flood insurance is easy to purchase.** Federal flood insurance can be purchased directly from an insurance agent or a company representative, and is available to communities that participate in the National Flood Insurance Program. Nearly 100 insurance companies write and service NFIP policies. In order to find an agent or company servicing your area, visit the NFIP's [FloodSmart.com](#) or call (888) 379-9531. A few insurance companies write flood insurance directly, so check with your agent.
- **It is easy to assess your flood risk.** More than 20,000 communities in all 50 U.S. states and territories voluntarily participate in the NFIP, encompassing nearly all properties in the nation's high-risk flood zones. For more information, visit the [Your Flood Risk](#) section of the NFIP's [FloodSmart](#) Web site; in the lower left hand corner is a One Step Flood Risk Profile tool where you can enter your address to determine your level of flood risk.
- **Flood insurance is affordable.** The annual premium for a homeowners NFIP policy starts at \$119 per year for \$20,000 of property coverage (without a basement) and \$8,000 worth of contents, according to FEMA, and increases dependent on the level of flood risk, whether you have a basement and the amount of coverage needed. The maximum coverage available is \$250,000 for the structure and \$100,000 for the contents. Renters can pay as little as \$39 per year for \$8,000 in contents coverage. Flood insurance is available on a replacement cost basis for the structure and on an actual cash value basis

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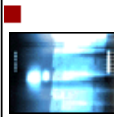
- **Excess flood insurance policies add an extra layer of protection.** Excess flood insurance is also available from some private insurers for those who need additional insurance protection over and above the basic coverage provided by the NFIP policy or whose community does not participate in the NFIP.
- **Without insurance, relief from floods primarily comes in the form of loans.** If your community is declared a disaster area, no-interest or low-interest loans are usually made available by the federal government as part of the recovery effort. These loans are just that—loans—and must be paid back. Obtaining a flood insurance policy is the only way to protect you from the cost of flooding.

For more information on flood insurance, go to the [I.I.I. Web site](#) or the [FloodSmart Web site](#).

For related audio, go to [Survey Underscores Need for Flood Insurance](#).

The I.I.I. is a nonprofit, communications organization supported by the insurance industry.

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