

Few Rhode Islanders Have Flood Insurance, And Fewer Know The Limits Of Their Coverage

By Richard Salit
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The number of properties damaged during last week's relentless rains and unprecedented flooding may not be known for some time.

But one thing's for sure: few property owners have flood insurance.

And those who do may not be covered for as much as they think they are.

Only 15,091 of the 360,362 residential and commercial buildings in Rhode Island — just 4 percent — are covered for flood damage, according to Michelle Burnett, who works for the Rhode Island Emergency Management Agency and is the state coordinator for the National Flood Insurance Program. Traditional homeowners insurance does not cover flooding.

"A lot of the homes and businesses that were affected by this event — because it was so catastrophic — most likely did not have flood insurance," Burnett said. "If you don't have to have flood insurance, most people choose not to because it's an extra burden."

When it comes to flood insurance, there are basically three camps of property owners: those who choose not to buy it, those willing to shell out a few hundred dollars a year for the extra coverage, and those who cannot get a mortgage without it because their properties are located in an official floodplain zone.

The cost can range from as little as \$100 for minimal coverage to as much as \$2,000 for properties in federally designated "Special Flood Hazard Areas," where flood insurance is mandatory. In Rhode Island, these areas include oceanfront properties vulnerable to storm surges and low-lying areas near rivers, streams, ponds and lakes, Burnett said.

Flood insurance for buildings and their contents can be purchased separately or as a package, and all policies are underwritten by the National Flood Insurance Program, though they may be sold and processed by private insurers.

Building-only policies cover damage to a building's above-grade structure, its foundation and refrigerators and cooking stoves. Basement mechanicals such as sump pumps, oil tanks, furnaces, water heaters and circuit-breaker boxes are covered too. Cleanup costs are also reimbursable.

But some policyholders may be surprised to learn that most basement improvements are not covered, such as finished walls, floors and ceilings.

And groundwater seeping up into a basement isn't the type of flooding that the insurance covers. "The sad truth is it's not covered," said Robert Slocum, owner and president of Slocum Agency, in Warwick.

Burnett said that an inch or two of water must be surrounding your property and one other to be classified as "flooding."

Many household items — including rugs, furniture, electronics, freezers, air conditioners and washers and dryers — are insured only through flood insurance contents coverage.

According to federal literature, neither building nor contents policies cover damage from mold or

mildew “that could have been avoided.” Other items not covered include precious metals and currency, decks, patios, fencing, hot tubs, swimming pools and temporary housing. (Automobiles are not covered, but are insured under “comprehensive” automobile policies.) Preferred risk policies — for residences outside floodplain zones — run from \$119 for \$20,000 of building coverage and \$8,000 of contents coverage to \$348 for \$250,000 of building coverage and \$100,000 of contents coverage.

Insurance experts say the coverage is well worth the price. While the likelihood of a damaging fire covered by homeowner’s insurance is about 9 percent during the course of a 30-year mortgage, it’s 26 percent for a flood, according to Mark Male, executive vice president of Independent Insurance Agents of Rhode Island.

“People say it happens only once every 100 or 500 years, and that’s where the problem occurs, because look what happened,” Male said.

A commonly cited statistic in the industry is that 25 percent of flood-insurance claims involve properties outside of high-risk zones.

Burnett said that relying on federal assistance isn’t necessarily a good bet. For starters, the federal government has to declare a “disaster area.” And the maximum aid is \$30,000, she said. Beyond that, the only assistance is low-interest loans.

Rhode Islanders who do have flood insurance have already begun calling to ask what’s covered and how to make a claim.

“It has been very busy,” said Slocum.

The claims information is being compiled and state-licensed adjusters will come to examine an insured owner’s property loss. Male said that he had heard that some adjusters were visiting properties as early as Friday.

The National Flood Insurance Program was established in 1968 because private insurers were reluctant to step into a market with the potential for such great losses.

“It’s too unpredictable,” said Male.

Now, said Slocum, coverage is available and reasonable.

“At Christmastime, \$350 looks like a lot of money, but today it looks like a drop in the bucket,” he said.

He mentioned one customer who during the past year learned that a new map had come out and that her Pawtuxet house was no longer in an official floodplain zone. She was thrilled that she would no longer be required to purchase the most costly type of flood insurance and wasn’t going to buy any flood coverage at all until she was advised that for just a few hundred dollars she could buy a standard plan.

” said Slocum. After last week’s “She finally said, ‘I’ll hold on to it,’ flooding, “she was one of the first claims that came in.”

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