

Policyholders with Flood Insurance Are Covered for Storm Surge from Hurricane Sandy As Well As Flood-caused Damage

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NEW YORK, October 29, 2012 ? Flood insurance policyholders will be covered for damages caused by either storm surges caused by Hurricane Sandy or the flooding Sandy brings to the East Coast, according to the Insurance Information Institute (I.I.I.).

Hurricane Irene generated nearly \$1.3 billion in insured flood claim payouts in August 2011, making it the fourth costliest flood event in the U.S. Hurricane Katrina caused more than \$16 billion in insured flood damage after making landfall in August 2005; it remains by far the costliest flood event in U.S. history.

Most standard homeowners and renters insurance policies do *not* cover flood damage. Flood coverage is available in the form of a separate policy from both the federal government's National Flood Insurance Program (NFIP), and from a few private insurers. Properties situated in a designated flood zone qualify for flood insurance; in order to get a mortgage in a flood zone, flood insurance is generally mandatory..

The NFIP policy provides coverage for up to \$250,000 for the structure of the home and \$100,000 for personal possessions. The NFIP policy provides replacement cost coverage for the structure of your home, but only actual cash value coverage for your possessions.

Replacement cost coverage pays to rebuild your home as it was before the damage occurred. Actual cash value is replacement cost coverage minus depreciation so that the older your possessions are, the less you will get if they are damaged. There may also be limits on coverage for furniture and other belongings stored in your basement.

There is a 30-day waiting period before this type of coverage takes effect so it is important not to wait until the last minute to purchase a flood insurance policy.

Excess flood insurance is also available from some private insurers if you need additional insurance protection over and above the basic NFIP policy or if your community does not participate in the NFIP. An excess flood insurance policy will cover damage over and above the limits of the federal program on the same basis as the federal program's replacement cost for the structure and actual cash value for the contents.

Excess flood insurance is available in all parts of the country wherever the federal program is available?in high risk flood zones along the coast and close to major rivers, as well as in areas of lower risk. It can be

purchased from specialized companies through independent insurance agents or from regular homeowners insurance companies that have arrangements with a specialized insurer to provide flood coverage to their policyholders.

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Back to top