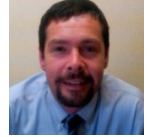


# Flood Insurance: Are You In Over Your Head?



by Hans  
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Many residents of the South Coast already know insurance costs are on the rise. You may have even received a letter from your home owners insurance telling you that your policy is being cancelled for “coastal” reasons. Why are you being “non-renewed” when the ocean is so far away?

Your Massachusetts home owners insurance policy protects your property from many perils, but not floods. If you’ve been cancelled by your insurer because you’re too close to the ocean, it has nothing to do with water or flooding potential. It has everything to do with the wind. Your home owners insurance covers WIND related claims, usually subject to a deductible.

For many of us that live within a mile or two of the ocean Flood Insurance is now being required by the banks. Flood Insurance only covers you for damage caused by rising of ground or surface water and wave action. In my opinion, the reason for the recent shake up is related to the housing crisis that continues to plague the United States. For years and years lenders approved mortgages and failed to enforce the requirement for flood insurance. If the property was marginally located in a flood zone, then many times the banks would overlook it. However, now the maps have been re-drawn.



Today is much different. We see lenders notifying their clients that they must mandate you buy the coverage, even if you never needed it before. The laws have changed. Every mortgage issued by a lender that is federally backed will be required to buy

flood insurance if it is determined to be in a flood zone.

If you feel as though the bank has it wrong, then contact a professional land surveyor. A good place to check out is Thompson Farland, located at 30 North Water Street in New Bedford. Owner Christian Farland and his team can provide you with an elevation certificate. There are surveyors in the area as well. A signed and stamped certificate is the only way to confirm the homes actual elevation. It's the only way to argue with the bank if they have it wrong.

Flood Insurance prices vary from the least expensive in preferred in Zones C-X to the most expensive Zones AE-VE. Premiums are based on the dwelling amount (contents too, if needed) and flood zone. Costs can vary as well, from just a few hundred dollars to several thousand. IE: If you have a \$200,000 house, then you should carry \$200K in flood insurance. If you're in Zone C the premium might only be \$300-\$400. That same house in a Zone AE might be \$3000.00. As mentioned, you can also buy coverage for your contents at an additional price.

Before you buy that house on the water, or refinance that loan, do your homework. Find out from the realtor, or mortgage office, is the house located in a flood zone. You don't want to find out after the offer has been accepted that the additional cost of flood insurance is a deal breaker.