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Insurance Corner – And the Rains Came: Flood and your Insurance Policy
By Stacy Flynn, FLMI

As additional snow blankets our already white landscape, have you stopped to wonder where all this water will go, and if it finds its way into your house, are you covered?

Consider scenario one, torrential downpours cause sewage and water to back up into Mrs. X's basement. Is it covered? Scenario two, if torrential downpours cause a river of water that runs through Mrs. X's yard and begins to enter her basement. Is this covered? Under the standard homeowners (ISO) policy, the answer to both scenarios is no. The policy excludes coverage for loss caused by flood, overflow of a body of water, and water or water-bourn material which backs up through sewers, drains, or overflows from a sump pump or related equipment. This also excludes water in the ground that exerts pressure or seeps onto a building, foundation, etc. How can Mrs. X obtain coverage?

Scenario one can be covered through an optional coverage known as Water Backup and Sump Discharge or Overflow. This endorsement may be added to the standard homeowners or renters policy in amounts ranging typically from \$5,000 to \$50,000 and is subject to a separate deductible. Often \$50 is all it takes to add this additional coverage, but instead of waiting for rain or warmer weather to appear in the forecast, be sure to check with your insurance company to see if this optional coverage may be added to your policy mid-year. If this is an option, you may find a waiting period also applies.

What if your basement is not finished or you have only a crawlspace or slab? In fact, according to the Institute for Business & Home Safety, 66% of all claims of this nature were in homes without a basement. This optional coverage pays for your belongings, building, and even clean-up to the limits of the additional coverage you purchased.

Scenario two would not be covered under a standard homeowners policy even with additional coverages added. The way to cover flood loss is by purchasing a separate flood insurance policy. Tune in next week for insights on flood insurance.

Although spring seems far away, it is an ideal time to review your homeowners or renters policy to ensure you have this valuable coverage.