Speaker 1 ([00:02](https://www.temi.com/editor/t/XT8_JEDR7Ww81YvrHj9Mz8GKcih7K83YxQb4TPzoQPlgNnp07Nwlao6Vs0rBRNOIWho96zE3JajzoSWckxRnwykB3Is?loadFrom=DocumentDeeplink&ts=2.46)):

I'm Mark Peterson and this is the FEMA podcast. September is National Preparedness Month and while 2020 may fell different for many Americans, one thing remains the same. Disasters can and will happen. That's why the Federal Emergency Management Agency encourages everyone to take time out of their busy schedule during the month of September to learn about disasters that may threaten their community and take the steps to limit the impacts of those risks for themselves and their families. The COVID-19 pandemic has highlighted the need to prepare for disasters of all types and consider how they may affect our lives.

Speaker 1 ([00:48](https://www.temi.com/editor/t/XT8_JEDR7Ww81YvrHj9Mz8GKcih7K83YxQb4TPzoQPlgNnp07Nwlao6Vs0rBRNOIWho96zE3JajzoSWckxRnwykB3Is?loadFrom=DocumentDeeplink&ts=48.57)):

As we celebrate National Preparedness Month and our nation continues to respond to the COVID-19 pandemic, there is no better time to get prepared. This episode is all about one of the very critical ways we can all prepare: insurance and specifically flood insurance. Okay. Paul Huang from FEMA’s National Flood Insurance Program. Thanks for joining me. You know, because of the COVID-19 pandemic, this year's National Preparedness Month feels a little different. But regardless of the situation we're all facing, the principles of preparedness really seem to remain the same. So we're going to talk a little bit about one of the best ways that we can prepare: by buying insurance. And specifically, here we want to talk a little bit about how we go about buying flood insurance and why it's so important. So Paul, start us off. Why is insurance - and specifically flood insurance - such a critical way to prepare and to incorporate into your general preparedness?

Speaker 2 ([01:47](https://www.temi.com/editor/t/XT8_JEDR7Ww81YvrHj9Mz8GKcih7K83YxQb4TPzoQPlgNnp07Nwlao6Vs0rBRNOIWho96zE3JajzoSWckxRnwykB3Is?loadFrom=DocumentDeeplink&ts=107.42)):

Yeah, it's really starting about… it starts with yourself and your family. It's not a fun conversation. Like when I go home every day, I don't think, “Hey, could I choose to go for a run or read a book or hang out with the kids or to want to sit down with my family and talk about whether or not we're financially prepared or not in case something bad happens to our home.” So a lot of people choose not to do that because it's just not a fun conversation, but it could be one of the most important conversations you have as a family in your life. So the number one asset that most people buy is their homes. And if you're a renter, it's all that stuff that you've bought in the place you're renting. And often folks don't think about, do I have the right insurance coverage?

Speaker 2 ([02:29](https://www.temi.com/editor/t/XT8_JEDR7Ww81YvrHj9Mz8GKcih7K83YxQb4TPzoQPlgNnp07Nwlao6Vs0rBRNOIWho96zE3JajzoSWckxRnwykB3Is?loadFrom=DocumentDeeplink&ts=149.96)):

So imagine yourself living in your home and something really bad happens. A hurricane or earthquake, a fire. Do you have the means to bounce back as a family? Right? And insurance doesn't require a disaster declaration. And that's one of the great values of that. Now you're protecting yourself so you can bounce back more fully, more quickly than someone that doesn't. So that's really important to think about your insurance coverage. And one thing that's often overlooked is flood insurance, because it's not a standard part of most homeowner insurance policies. And the number one cost in this nation in terms of natural disasters has been flood, historically.

Speaker 1 ([03:08](https://www.temi.com/editor/t/XT8_JEDR7Ww81YvrHj9Mz8GKcih7K83YxQb4TPzoQPlgNnp07Nwlao6Vs0rBRNOIWho96zE3JajzoSWckxRnwykB3Is?loadFrom=DocumentDeeplink&ts=188.97)):

Earlier this month, we talked a lot about the steps that we want to encourage Americans to go through to think about preparedness and the first one is knowing their risk. But that's an important aspect when you're considering the type of insurance that you want to buy or need to buy given your area. So what do you recommend in terms of hazard insurance for people to consider as they work through that process if they want to become more prepared and they are identifying their risk? You know, what are some steps to think about when you're thinking about insurance?

Speaker 2 ([03:42](https://www.temi.com/editor/t/XT8_JEDR7Ww81YvrHj9Mz8GKcih7K83YxQb4TPzoQPlgNnp07Nwlao6Vs0rBRNOIWho96zE3JajzoSWckxRnwykB3Is?loadFrom=DocumentDeeplink&ts=222.09)):

The easiest step to be honest, is to call your agent. We're not all experts. So you can in this self-service world, a lot of folks want to do their own homework about this, but generally agents are looking out for your interests. I know they have a financial and profit motive as well, but if your insurance agent is a good agent, pick up the phone and say, “Do you feel like I'm properly insured?” And they can actually really educate you on, do you have replacement cost value versus actual cost value? How much is your mortgage? Are we trying to cover that or are we covering the amount of your home or your car? So start with your agent. If you do want to look into it yourself, specific to flood, I'd encourage you to go to floodsmart.gov or go to the Map Service Center that FEMA has put up.

Speaker 2 ([04:27](https://www.temi.com/editor/t/XT8_JEDR7Ww81YvrHj9Mz8GKcih7K83YxQb4TPzoQPlgNnp07Nwlao6Vs0rBRNOIWho96zE3JajzoSWckxRnwykB3Is?loadFrom=DocumentDeeplink&ts=267.84)):

It's at msc.fema.gov. You can type in your address and you can actually see your flood risk. That being said, you actually might see that your home is similar to mine: in a low risk area, low to moderate risk area, which means you don't have to buy flood insurance. This becomes a choice then. How risk tolerance am I? And if something were to happen, can I bounce back? Take Harvey, for example. Eight out of 10 homes affected by flooding didn't have flood insurance and half of those properties were outside of the high risk area. So if I was outside the high risk area in Harris County, I was considered low risk. I had a choice to make, and if I made that choice to not insure, I think I'd have a tough time with my family bouncing back.

Speaker 1 ([05:17](https://www.temi.com/editor/t/XT8_JEDR7Ww81YvrHj9Mz8GKcih7K83YxQb4TPzoQPlgNnp07Nwlao6Vs0rBRNOIWho96zE3JajzoSWckxRnwykB3Is?loadFrom=DocumentDeeplink&ts=317.13)):

More than half of the individuals that were affected by the floods during Harvey were not in the Special Flood Hazard Area. I think that most Americans who are living near flood hazards are thinking that that line really does indicate some measure of protection, I suppose, or some indication about whether they are or are not at risk. And often it's not as black and white as saying you are at risk or you are not at risk. So can you talk about that gray area there?

Speaker 2 ([05:47](https://www.temi.com/editor/t/XT8_JEDR7Ww81YvrHj9Mz8GKcih7K83YxQb4TPzoQPlgNnp07Nwlao6Vs0rBRNOIWho96zE3JajzoSWckxRnwykB3Is?loadFrom=DocumentDeeplink&ts=347.31)):

Yeah, absolutely. By statute, we're required to regulate and draw a line at the 100-year floodplain. And Mother Nature doesn't read the map and say the water's going to stop right here. And the conditions constantly change. So an example is when my kids were younger and they were going to a daycare, I got a call one day from the principal at the daycare saying, “Come pick up your kid cause we're experiencing flooding in the school.” So I went to talk to her and she said, “I've worked here 20 years and it's never flooded. I can't believe this is happening.” And I looked at her and I said, “Look up the street. Was that Target there? Look behind you. Were those homes there or was that a forest? Were there woods back there?” And she says, “You know, it's changed a lot in 20 years. There's been a lot of development around here.” So think about where the water runs. We might've drawn a map and FEMA doesn't have the resources to constantly real-time update these maps, but development is happening everywhere. So if it rains and it used to be grass in a forest, that water might've been sucked up by that grass and the trees. But now it's pavement. So where's that water gonna run? It's gonna hit that pavement and gonna run right down into the school. So conditions change both on the climate side, but also in terms of development - impervious surface like parking lots. So that risk is really one that's evolving. And that line is not something that Mother Nature listens to. So if you think about Harris County, we draw that 1% annual chance line. They were talking about that event being in exceedance of a 500-year event, which really is probably a poor term.

Speaker 1:

Yeah. What does that really mean?

Speaker 2 ([07:29](https://www.temi.com/editor/t/XT8_JEDR7Ww81YvrHj9Mz8GKcih7K83YxQb4TPzoQPlgNnp07Nwlao6Vs0rBRNOIWho96zE3JajzoSWckxRnwykB3Is?loadFrom=DocumentDeeplink&ts=449.39)):

It means it's a big flood and big floods can happen year after year. We often say 100-year event. If you think about a 30-year mortgage, a hundred year event is a 26% likelihood during your thirty loan that your house is going to be impacted by that hundred year flood. So probabilities is a funny thing. I mean, I'm not a math whiz but don't think about it that way. If you're close, if it rains, if you think about what would I do to bounce back, it's worth calling your agents saying, “Do I have the right insurance cover?” And it's worth having a conversation with the family to say, “How risk tolerant are we?”

Speaker 1 ([08:07](https://www.temi.com/editor/t/XT8_JEDR7Ww81YvrHj9Mz8GKcih7K83YxQb4TPzoQPlgNnp07Nwlao6Vs0rBRNOIWho96zE3JajzoSWckxRnwykB3Is?loadFrom=DocumentDeeplink&ts=487.83)):

2017 was a very active hurricane year. Obviously we're still working to support many survivors throughout Florida, Texas, Puerto Rico, the U.S. Virgin islands. What are some of the takeaways for the National Flood Insurance Program as you think back about that hurricane season?

Speaker 2 ([08:22](https://www.temi.com/editor/t/XT8_JEDR7Ww81YvrHj9Mz8GKcih7K83YxQb4TPzoQPlgNnp07Nwlao6Vs0rBRNOIWho96zE3JajzoSWckxRnwykB3Is?loadFrom=DocumentDeeplink&ts=502.66)):

Yeah. All you remember is the families. So I love that the National Flood Insurance Program is part of FEMA because it helps survivors. So shaking the hands of the one family that had insurance and realize that they were getting a hundred thousand dollar check to start recovery versus their neighbor that was uninsured and retired. And now thinking about how do I bounce back from this? What do I do? It was clear to me that insurance and personal financial preparedness is so important and a key message in our preparedness so that survivors can protect themselves and bounce back quicker. So one big takeaway was in Harvey impacted areas, the average flood insurance payout from a claim is over a hundred thousand dollars. You compare that to our average Individual Assistance payout. So FEMA is here to help, but we can only do so much with $4,000. So put yourself in that situation of that family that I met. You're going to get $4,000 of some temporary housing assistance and some temporary repairs to your home, versus your neighbor who got over a hundred-thousand-dollar check to start rebuilding their home. Which would you rather be? So I think that was a really important message that insured survivors do a lot better.

Speaker 1 ([09:41](https://www.temi.com/editor/t/XT8_JEDR7Ww81YvrHj9Mz8GKcih7K83YxQb4TPzoQPlgNnp07Nwlao6Vs0rBRNOIWho96zE3JajzoSWckxRnwykB3Is?loadFrom=DocumentDeeplink&ts=581.99)):

September - National Preparedness Month - is right in the middle of hurricane season. What do individuals who live in areas that might be potentially impacted by a hurricane need to consider when they think about insurance as part of this preparedness effort?

Speaker 2 ([09:56](https://www.temi.com/editor/t/XT8_JEDR7Ww81YvrHj9Mz8GKcih7K83YxQb4TPzoQPlgNnp07Nwlao6Vs0rBRNOIWho96zE3JajzoSWckxRnwykB3Is?loadFrom=DocumentDeeplink&ts=596.75)):

In all insurance - not just flood insurance - there's typically a wait period. So if I see that a storm is coming tomorrow or next week, it's probably too late. So I always say, act now. Call an agent. Go to floodsmart.gov. Talk to your family and think about, ‘Do I want to buy flood insurance?’ Because typically there will be a 30-day wait period. And once that's done, you'll be covered and you'll be covered for a year (typically in any insurance). So the contracts are year-to-year. But don't wait to the last minute. Don't wait until the storm is brewing because whether it's homeowner’s insurance or fire insurance, or (I guess one exception is auto) but flood insurance. You're not going to drive off the lot with an insurance policy tomorrow. So there is a 30-day wait period that people have to consider, and they really have to understand what it covers. So typically again, homeowners insurance, standard renter's insurance will not cover the hazard of flood coming into your home. So you will need flood insurance on top of your homeowners insurance for flooding events.

Speaker 1 ([11:00](https://www.temi.com/editor/t/XT8_JEDR7Ww81YvrHj9Mz8GKcih7K83YxQb4TPzoQPlgNnp07Nwlao6Vs0rBRNOIWho96zE3JajzoSWckxRnwykB3Is?loadFrom=DocumentDeeplink&ts=660.83)):

Can you tell me a little bit about why FEMA is involved in the National Flood Insurance Program?

Speaker 2 ([11:06](https://www.temi.com/editor/t/XT8_JEDR7Ww81YvrHj9Mz8GKcih7K83YxQb4TPzoQPlgNnp07Nwlao6Vs0rBRNOIWho96zE3JajzoSWckxRnwykB3Is?loadFrom=DocumentDeeplink&ts=666.36)):

It was designed 50 years ago because there wasn't a marketplace in the private side to cover flood insurance. So when large events happen, like Hurricane Agnes in the sixties and people lost their homes and they didn't have flood insurance, they turned to FEMA and HUD to say help me. So the program started, it was stood up as part of HUD and then moved to FEMA to really actually protect those homes and to offset some of the disaster costs resulting. The tax base is foreign buyer are real estate buy homes and residential and business properties. And we need those to bounce back quickly after an event and being a part of FEMA is really creating a resiliency both for the economy and the country, but mostly for survivors and people that suffer from these losses. Because again, the government can only do so much, so we don't want people to foreclose and lose their homes and have to rethink their lives. It's a key part of helping survivors bounce back and it's a key resiliency to our U.S. economy.

Speaker 1 ([12:15](https://www.temi.com/editor/t/XT8_JEDR7Ww81YvrHj9Mz8GKcih7K83YxQb4TPzoQPlgNnp07Nwlao6Vs0rBRNOIWho96zE3JajzoSWckxRnwykB3Is?loadFrom=DocumentDeeplink&ts=735.9)):

Talk a little bit about the difference between flood insurance, what flood insurance covers versus stormwater backup. Cause I think my region is located in Chicago and a lot of the storm-related flooding that we see is really stormwater backup, which is not covered by a traditional flood insurance policy. Right?

Speaker 2 ([12:35](https://www.temi.com/editor/t/XT8_JEDR7Ww81YvrHj9Mz8GKcih7K83YxQb4TPzoQPlgNnp07Nwlao6Vs0rBRNOIWho96zE3JajzoSWckxRnwykB3Is?loadFrom=DocumentDeeplink&ts=755.49)):

So it really is case-by-case, but the simplest thing is if water is coming into your home versus from inside your home and it covers more than one property, then we will pay it from a flood… it will be considered a flood in the National Flood Insurance Program and it could be an eligible claim. So usually why we say two structures or more is because if you just did the wrong things in your personal home and didn't take care of it and the flooding is really a result of poor grading around your home or things that you've done to the home where the flood effect is really because there's poor drainage on that property, that's different than actually a stormwater backup that affects the whole neighborhood in water is pouring into those homes. That actually is covered. Homeowner's insurance does cover things like sump pump insurance, and it's often an option that people have to select. And that's when your sump pump… you had a basement that is pushing out water and it fails and water comes into your basement from within. That is not covered by a flood insurance policy. That is an elective on your homeowner’s policy. So again, water coming into the home, multiple properties, generally is something that we would cover.

Speaker 1 ([13:48](https://www.temi.com/editor/t/XT8_JEDR7Ww81YvrHj9Mz8GKcih7K83YxQb4TPzoQPlgNnp07Nwlao6Vs0rBRNOIWho96zE3JajzoSWckxRnwykB3Is?loadFrom=DocumentDeeplink&ts=828.6)):

But in terms of that sort of urban flooding that we often see with the sump pump issues, that's something you really want to consider when you're talking to your insurance agent. You know, do I have a sump pump? Do I have drains in my lower level that might cause some backup? And in which case, there are options available.

Speaker 2 ([14:09](https://www.temi.com/editor/t/XT8_JEDR7Ww81YvrHj9Mz8GKcih7K83YxQb4TPzoQPlgNnp07Nwlao6Vs0rBRNOIWho96zE3JajzoSWckxRnwykB3Is?loadFrom=DocumentDeeplink&ts=849.66)):

Absolutely. And they're actually generally fairly affordable options to add those coverages. My personal homeowner's insurance has that because we have a basement and a sump pump and a backup system. But through my past experiences as a child, where my parent’s sump pump failed and we had three feet of water in the basement, that was well worth the extra couple of bucks of coverage in my mind.

Speaker 1 ([14:35](https://www.temi.com/editor/t/XT8_JEDR7Ww81YvrHj9Mz8GKcih7K83YxQb4TPzoQPlgNnp07Nwlao6Vs0rBRNOIWho96zE3JajzoSWckxRnwykB3Is?loadFrom=DocumentDeeplink&ts=875.88)):

Okay. So walk me through the process of buying flood insurance. So, you know, I've identified my risks during this month and thought about, well, these are some of the steps that I want to take to protect myself and think about my own preparedness for both myself and my family. What are some of the steps that I would go through to purchase a flood insurance policy?

Speaker 2 ([14:53](https://www.temi.com/editor/t/XT8_JEDR7Ww81YvrHj9Mz8GKcih7K83YxQb4TPzoQPlgNnp07Nwlao6Vs0rBRNOIWho96zE3JajzoSWckxRnwykB3Is?loadFrom=DocumentDeeplink&ts=893.83)):

Go to floodsmart.gov. We actually have a great fact sheet that talks you through how to buy a policy and what to expect. By doing that, you're going into that call with your agent armed with the right questions and the right thinking in terms of how much coverage do you want. What do you want your deductibles to be? Is this mandatory because I have a federally backed loan in a high-risk area, or is this something that I am electing to do because I am choosing to buy flood insurance? And sometimes those questions matter to your rating and also to the premium that you're going to pay. So call an agent. Check out floodsmart.gov. Think about how much coverage you want. And if you're in a lower risk area, our policies start as low as a little bit less than $500.

Speaker 1 ([15:41](https://www.temi.com/editor/t/XT8_JEDR7Ww81YvrHj9Mz8GKcih7K83YxQb4TPzoQPlgNnp07Nwlao6Vs0rBRNOIWho96zE3JajzoSWckxRnwykB3Is?loadFrom=DocumentDeeplink&ts=941.59)):

What happens if my agent tells me that I can't buy flood insurance? I mean, there's a couple of reasons why flood insurance might not be available to a homeowner. But there's also a lot of misconceptions out there, both within the agent community and in the potential buyer of a policy.

Speaker 2 ([15:59](https://www.temi.com/editor/t/XT8_JEDR7Ww81YvrHj9Mz8GKcih7K83YxQb4TPzoQPlgNnp07Nwlao6Vs0rBRNOIWho96zE3JajzoSWckxRnwykB3Is?loadFrom=DocumentDeeplink&ts=959.05)):

Right. It's often a misconception. There are very few times where you're not eligible to buy a flood insurance policy. We work with over 22,000 communities in the country, and those that participate, we offer flood insurance to. So unless your community has done the wrong things and is suspended from the program or chose not to participate in the program, flood insurance is available. In fact, I believe it's available for 98% of the population. So 22,000 communities translates to over 98% of the population in the U.S. participate in the National Flood Insurance Program. Often an agent will say that because it's not their prime business. So if you inquire more and ask about the National Flood Insurance Program or seek another agent, they will often be more educated about what's available. So flood insurance, again, we're trying to grow the cover, which means a lot of agents have never sold it or only sell a few policies a year. So their expertise in that is less robust. We're trying to work with that agent community to kind of foster that relationship and rekindle that interest in the flood insurance program. But we're also, we have lots of companies, all the large players in the insurance market that do sell this on our behalf. So if you get that answer of ‘we don't sell it’, keep digging because I think that's the wrong answer for most people.

Speaker 1 ([17:28](https://www.temi.com/editor/t/XT8_JEDR7Ww81YvrHj9Mz8GKcih7K83YxQb4TPzoQPlgNnp07Nwlao6Vs0rBRNOIWho96zE3JajzoSWckxRnwykB3Is?loadFrom=DocumentDeeplink&ts=1048.72)):

And another one that I hear often is that “I'm not in that Special Flood Hazard Area, that 1% annual chance. So I can't buy it.” But really the truth is you can buy it whether you're in or out of the Special Flood Hazard Area.

Speaker 2 ([17:42](https://www.temi.com/editor/t/XT8_JEDR7Ww81YvrHj9Mz8GKcih7K83YxQb4TPzoQPlgNnp07Nwlao6Vs0rBRNOIWho96zE3JajzoSWckxRnwykB3Is?loadFrom=DocumentDeeplink&ts=1062.34)):

Right. And if you're outside, you're going to get the best deal. So you're going to get a lot of coverage for a lower price. So I happen… my personal home is outside the Special Flood Hazard Area and I own a policy. And I think it's a great value because again, flooding can happen everywhere. It doesn't just happen and stop at the high-risk line. So if you live outside, it's worth exploring. And in fact, it's available and it's cheaper.

Speaker 1:

Insurance and financial preparedness is a new theme within National Preparedness Month. What's one thing that you would like listeners to know about insurance and an action that you would like them to take during this month?

Speaker 2:

Biggest thing is sit down with your families and put yourself in that situation. It's not going to be a fun or exciting conversation, but what happens if something happens to my home or the contents if I’m a renter? Am I prepared? And then take that conversation to evaluate your flood insurance cover and just do it once a year. Evaluate that, call an agent, or go check out floodsmart.gov. It's a really, it's playing that through. The best thing you can do is to start by playing through the scenario. What happens if I had a fire in my home? What happens if I had a flood in my home? What happens if there was an earthquake and the repairs were a hundred thousand dollars? What would I do? So just start there. Have that conversation. And that will open the door to say, “Hmm, do I have enough savings? Do I have enough insurance cover? What type of insurance cover do I have?” And the simplest thing is you don't have to be an expert. Call an agent. Go check out something like floodsmart.gov. Cause there are a lot of great resources out there.

Speaker 1:

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