



NW Insurance Council

Consumer Alert

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Floods, mudslides and landslides: if you're at risk, you need special coverage

What to Know

- *Standard property insurance policies do not cover flood damage. But Flood Insurance can be purchased through an insurance agent or an insurer participating in the [National Flood Insurance Program](#). Some private insurers offer coverage as well.*
- *Concerned about your risk? Don't wait - typically, there is a 30-day waiting period from the time a policy is purchased until you are covered.*
- *Damage from landslides, mudflow and sinkholes is **not** covered by standard Homeowners or Business Owners insurance policies, but additional coverage is available in most areas.*

PORTLAND, OR, January 17, 2023 – The devastation in California from a series of storm systems is a stark reminder that floods, landslides and mudslides pose a significant threat in the Pacific Northwest region as well, especially during the rainy season. Now – before the damage occurs – is the time to consider buying [Flood Insurance](#) and/or a [Difference in Conditions](#) policy, especially for homes or businesses located in high-risk areas.

“It still comes as a surprise to many people that a standard homeowners or renters insurance policy does not pay for damage due to flooding, and that can include sewer or

water line backups as well as overflowing rivers or lakes,” said Kenton Brine, NW Insurance Council President. “And more often than ever before, flooding is occurring outside of known flood-prone areas, so it’s wise to consider adding coverage.”

Flood Insurance

Standard [Homeowners](#), [Renters](#) and [Business Insurance](#) policies **do not cover** damage to homes or businesses caused by flooding or mudflows – including, in most cases, damage to a home or business from a sewer line backup. Flood Insurance is available, however, through the [National Flood Insurance Program](#) (NFIP) or through some private insurers.

Some insurers may include limited assistance in their policies for policyholders who suffer water damage from flooding that comes into the home from outside (like rainwater from a roof leak, for example). Also, for homes damaged by flooding or mudslides that are attributable to a wildfire, standard policies may provide coverage. However, flood damage on its own is specifically excluded in standard home and business policies.

No home is completely safe from flooding. More than 20 percent of flood claims come from properties outside mapped [high-risk flood zones](#). And keep in mind that just one inch of water in a home can cause more than \$25,000 in damage, according to NFIP.

Also, waiting for flood waters to rise before getting Flood Insurance is a risky proposition because there is typically a 30-day waiting period for new Flood Insurance policies to take effect, meaning any flood damage to your home or business before that time will not be covered.

NW Insurance Council, NFIP and the [Insurance Institute for Business and Home Safety](#) (IBHS) offer these tips as you consider purchasing Flood Insurance to protect your home or business during the long rainy season:

- Find out if you are in a [floodplain](#) and if your community participates in the NFIP. Contact your city or county government. Start with the Building or Planning

Department and ask to see the Flood Insurance Rate Maps published by the Federal Emergency Management Agency to determine your Base Flood Elevation.

- Contact your insurance agent or company to help you get Flood Insurance rates from the National Flood Insurance Program.
- If you are at risk for flooding, buy as much flood coverage as you can, up to the value of your home or business structure. Primary residences insured for at least 80 percent of their value, or for the maximum amounts allowed, get replacement cost coverage (which allows the policy's limits to increase as inflation raises the cost to rebuild your home).
- There is a 30-day waiting period from the time a policy is purchased until you are covered. There are some exceptions to this rule, however. For example, if a property is affected by flooding on burned federal land and the policy was purchased within 60 days of the fire-containment date, there may be no waiting period. Visit [NFIP's](#) website for more information.
- Damage to vehicles caused by earth movement or flooding is covered if the owner has chosen to include optional [Comprehensive Coverage](#) in the auto policy.

Difference in Conditions Coverage

With heavy rain comes an increased risk of sinkholes and landslides. Standard home and business insurance policies do not include coverage for earth movement, but additional coverage is available at varying costs.

Special coverage for earth movement – called a “Difference in Conditions (DIC)” policy – is available for purchase as a stand-alone policy businesses and homes, usually from a specialty lines broker.

Depending on risk factors such as the slope of the property, proximity to a bluff, history of earth movement on or near the property and the type and size of construction on the

property, a homeowner with a \$300,000 house may expect to pay \$1,000 more per year for this coverage (in addition to the cost of a standard Homeowners policy).

Check with your insurance company or agent for details about the coverage you need to protect your home or business. And make sure to complete and maintain a home inventory of all your possession and create a family evacuation plan before a disaster strikes.

For more information about insurance, contact [NW Insurance Council](#) at (800) 664-4942.

NW Insurance Council is a nonprofit, insurer-supported organization providing information about home, auto and business insurance to consumers, media and public policymakers in Washington, Oregon and Idaho.

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