Notes on homeowner's and flood insurance

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Homes destroyed by wildfires and floods may be more of a risk as extreme weather events increase.

With more frequent natural disasters like wildfires and floods on the increase, questions arise about what insurance covers as a result of damage from these events. Here are a few things to consider:

Homeowner's Insurance

Don't over or under insure your home.

If your home is destroyed by fire or an event other than a flood, your insurance will pay for the reconstruction cost to rebuild your home, *not reimburse you for the market value.*

With high home prices it's not uncommon for a home that is worth $400,000 on the market having a reconstruction cost far less than that.

Most policies have a 20 percent factor above the insured dwelling amount to cover excess rebuilding costs. Insurance companies get quarterly updates with current material and labor costs so it's wise to ask your agent if the construction cost estimate for your home is current.

There have been severe upswings in material costs as well as labor shortages which can affect this estimate more often than usual. Other structures not attached to your home like detached garages, sheds, outbuildings, and fences are usually covered at 10 percent of the dwelling coverage amount.

If you are within the wildlife/urban interface (WUI) insurers may rate your property based on the likelihood of loss by wildfires. They will consider the defensible space around your home and if in a very high hazard area may even cancel your policy.

Some use a scoring system by third party companies to determine your rating. Coverage for decorative trees and shrubs are limited. Trees in the forest around your house and the value of your land are not. You've heard it before: Be Firewise!

Actual cash value (ACV) vs. Replacement cost.

Actual cash value is the depreciated amount of the insured item. If your TV cost $500 and it's several years old, you will get the depreciated amount as your settlement for the loss.

ACV is most common for the contents coverage of your home and in some cases the roof. Replacement cost will reimburse you for the current cost to replace the same or similar item. Review your policy for these two factors both for dwelling coverage and contents. There are cases where a home is covered at replacement cost but the roof is covered as ACV.

Water Damage

If an errant drone crashes into your roof during a rainstorm and the water coming through the hole causes extensive damages to the interior, this is covered by your homeowner's policy as is a burst pipe or blown water heater.

But, if a rainstorm causes a torrent of water on the ground to rush into and damage your home, that will not be covered. In that case, you will need flood insurance.

FEMA defines a flood as:

- A general and temporary condition of partial or complete inundation of 2 or more acres of normally dry land area or of 2 or more properties (at least 1 of which is the policyholder's property) from:
  - Overflow of inland or tidal waters;
  - Unusual and rapid accumulation or runoff of surface waters from any source; or
  - Mudflow; or
  - Collapse or subsidence of land along the shore of a lake or similar body of water as a result of erosion or undermining caused by waves or currents of water exceeding anticipated cyclical levels that result in a flood as defined above.

Flood Insurance

Most flood policies are underwritten and administered by NFIP (National Flood Insurance Program) in concert with FEMA. If you have a policy through your homeowner's insurance company, it's probably one of these.

Flood policies have specific coverage limits and specific limitations. The maximum coverage amount for a home is $250,000 and $100,000 for contents. There are excess coverage amounts available for some properties. They will not cover any contents other than mechanicals; water heaters, a/c units, refrigerators, pumps, etc. that are below grade which includes basements and crawl spaces.

The policies do not cover additional living expenses which pays for a place to stay if your home is uninhabitable. Your homeowner's policy has this provision for other disasters, *but it won't cover loss by flood.*

The premium for these policies is based on the FIRM (Flood Insurance Rate Map) which is redrawn every few years as well as any changes to the flood zone rating. A rating of *AE* means your home is in a Special Flood Hazard Area (SFHA) which has a higher likelihood of flood or preferred zone which is *X*.

You can find your community flood zone map at: **msc.fema.gov/portal/home.**

For general information about NFIP go to: **floodsmart.gov.** There is a 30-day waiting period for the policy to take effect except for a lender required policy to obtain a mortgage loan.

Several private insurance flood policies have entered the market by companies like Zurich, Assurant, and Lloyds.

The policies operate outside FEMA and may offer higher dwelling and contents coverage as well as additional living expense coverage. The increased benefits do come with increased premium cost.

Finally, even though it elicits a groan, read your policy! Policy booklets come with definitions of what is covered and to what extent. Talk to your agent if you have any questions and review all your policies annually.

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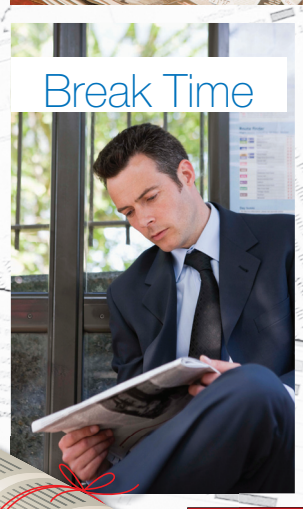

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In Honor of All Veterans

The Cottage Grove Sentinel is preparing to publish its "Honoring our Heroes" a special section devoted to all military veterans who are Cottage Grove-area residents or have a connection to this area.

If you are interested in sharing your military story in the annual Veterans Day publication, or in updating information that we have published previously, please complete the form below and submit it to the Cottage Grove Sentinel. Service photographs are also welcome.

Submit forms and photos (preferably) by e-mail to gmanly@cgsentinel.com; or by mail to Cottage Grove Sentinel, Attn: Gary Manly, PO Box 35, Cottage Grove, OR 97424; or drop forms off at the Cottage Grove Sentinel, 1498 E. Main Street, STE 104, Cottage Grove. Please be sure that all materials are carefully labeled with your name and phone number.

ALL FORMS AND PHOTOGRAPHS MUST BE SUBMITTED BY OCTOBER 21, 2021.

Thank you for participating in this project to remember and honor our veterans.

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Branch of Service: _____

Rank Achieved (optional): _____

Dates Served: _____

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_____

Special Information (E.G., POW): _____

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Has your veterans information been published previously in the Cottage Grove Sentinel Veterans Publication? YES NO

Do we have your military photo(s) on file? YES NO

(Note: If you have submitted photos in the past, we will still have them on file.)