

Protecting Your Assets

Making Flood Insurance Affordable

(NAPSA)—While over the past several years hurricanes have been growing stronger and more destructive, you can protect yourself and your family. The edgier weather patterns and the associated losses have led to an exploration of the benefits of mandatory flood insurance for everyone, according to chartered property casualty underwriters.

Downpour

Researching recent catastrophic hurricanes, Greg Nelson, CPCU, discovered that flood-related losses have been so high that the federal government's National Flood Insurance Program is struggling to keep rates affordable. That's bad news, considering that the Atlantic Ocean has just started a cycle of heightened activity that could last 40 years, according to the National Hurricane Center. And while flooding occurs in all 50 states, more Americans are gravitating to coastal, hurricane- and flood-prone communities.

Dollar For Dollar

Making flood insurance mandatory is a "pay-me-now or pay-me-later" proposition, according to Nelson. If you "pay me now," the extra cost added to a traditional property/casualty policy may be as little as \$5 to \$10 a year. Paying later will cost a whole lot more.

For instance, FEMA needed a \$20 billion bailout to pay all the Hurricane Katrina claims. It may be true that most people will never use flood insurance, but having it is a security blanket in the rare event that you need it.

A mandatory flood program would work with private insurers collecting premiums and taking enough to cover administrative costs. 

"So do you want a system where everyone is paying for the few who get covered or a system where everyone chips in less and everyone is covered?" says Nelson, who has 30 years' experience writing property/casualty insurance policies.

The Plan

A mandatory flood program would work with private insurers collecting premiums and taking enough to cover administrative costs. The rest of the money would go into a federal flood fund. Congress has begun preliminary discussions about a national catastrophic insurance program that would include mandatory flood coverage.

"The whole argument is, spread the risk over everyone because it will be cheaper than the way it is now," he says. "It is a more reasonable and practical way to do it."

You can learn more about flood insurance by contacting a CPCU Society agent or by visiting www.cpcusociety.org and accessing the Agent & Broker Locator.

