



NEWS RELEASE

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IMMEDIATE RELEASE

January 29, 2010

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**GOVERNOR PAWLENTY REMINDS MINNESOTANS
TO CONSIDER FLOOD INSURANCE BEFORE SNOWMELT**
Flood Damage Not Covered Under A Standard Homeowner's Policy

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ST. PAUL — With the potential for serious flooding in the Red River, Minnesota and possibly Mississippi river valleys this spring, Governor Pawlenty is reminding Minnesota homeowners to consider purchasing optional flood insurance before the snowmelt and spring rains. Flood damage is not covered under a standard homeowner's policy.

"Minnesotans who have recovered from previous flooding know the value of flood insurance," Governor Pawlenty said. "Now is the time to make sure homes and property are covered, before the snow melts and waters rise."

Governor Pawlenty signed legislation in 2008 that requires insurance companies and agents to annually notify homeowners if their insurance policy does not include flood coverage. The required notice also reminds homeowners that they have the right to purchase flood insurance if they so chose.

The Governor proposed the legislation in response to the floods that hit southeastern Minnesota in 2007, where many homeowners were unaware that flood insurance was not included in their home insurance policy or believed that flood insurance was not available to them.

The Minnesota Department of Commerce provides information for consumers who are considering flood insurance to safeguard their homes:

- The standard homeowners' insurance policy does NOT cover flood damage. Flood insurance is a special policy that is backed by the National Flood Insurance Program (NFIP). Check with your insurance company to see if they offer coverage. Check with area floodplain maps to figure out if your property falls on a 100-year floodplain, a 500-year floodplain or neither. However you do not have to be in a floodplain to purchase flood insurance.
- Anyone can buy flood insurance as long as their community participates in the National Flood Insurance Program.
- Flood insurance becomes effective 30 days after it is purchased. It is never a good idea to wait to purchase insurance until you absolutely need it. The rule of thumb in situations such as flooding is it is better to be safe than sorry. There are recent examples of property flooding on the 29th day after purchasing insurance.
- Floodplains are not the only areas at risk for flooding. Twenty to 25 percent of all Minnesota flood claims come from outside areas designated as high risk.

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- In the majority of floods, uninsured victims may have to use their own resources to rebuild or recover. Until the President declares a flood a disaster, disaster assistance is unavailable. Less than 50 percent of all floods are declared disasters. Disaster assistance is typically offered in the form of a loan which must be paid back.
- The average flood insurance premium is \$400 per year depending on where you live and the coverage you choose. In low- to moderate-risk areas, coverage can be purchased for just over \$100:
- Homeowners can buy up to \$250,000 worth of structural coverage. Businesses can buy up to \$500,000 of coverage. There is separate coverage for contents: up to \$100,000 for residential and \$500,000 for non-residential, so renters can purchase flood insurance too.
- Standard flood insurance does NOT typically cover basement improvements or personal contents in basements. It does, however, cover the structural elements and essential equipment normally located in basements, such as a furnace, water heater, washer and dryer. Talk to your insurance agent about specific coverage available for basements.
- Flood insurance is available in all communities that participate in the National Flood Insurance Program. Most Minnesota communities participate. To find out if your community participates in the program, visit www.fema.gov/plan/index.shtm.
- All claims and expenses of the NFIP program are funded by insurance premiums, not tax dollars.
- Purchasing flood insurance: contact your local insurance agent or insurance company to find out what types of offers they have for purchasing flood insurance.

For more information about flood insurance, contact the Federal Emergency Management Agency (FEMA), Federal Insurance Administration, Washington DC. 20472. Information is also available on the National Flood Insurance Programs website at www.fema.gov/plan/index.shtm. For information about filing claims, or to report trouble applying for flood insurance, call the national information line at 1-800-427-4661.

For consumers experiencing problems with an insurance company or to report any fraudulent activity, contact the Minnesota Department of Commerce Consumer Response Team at 800-657-3602 or 651-296-2488 or on the web at www.insurance.mn.gov.

For information additional information about flood insurance, flood preparation, safety, cleanup and more, see www.dnr.state.mn.us/floodsafety/index.html.

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