



How to Buy the Cheapest Flood Insurance

by Laura Agadoni

If you live near water, you need to buy flood insurance because your regular homeowners or renters insurance does not cover floods. Floods are some of the costliest natural disasters, along with hurricanes, droughts and earthquakes. You can expect to pay \$30,000 -- the average flood claim -- or more if you get flooded without flood insurance. Sometimes you need to buy flood insurance even if you live far from any water because floods sometimes travel for miles. You probably want to get flood insurance as cheaply as possible, and there are various ways to go about this.

Prepare Your House

If you can prepare your house to be as safe as possible against a flood, your insurance will be cheaper. Determine whether you can locate your heating, electrical, ventilation, air conditioning and plumbing equipment above the base flood elevation. Store this equipment in the attic if you can to get it up high enough. If you live in a flood plain, make sure you have two flood openings that equal 1 square inch of opening per square foot of enclosed area. You cannot have a basement or a crawlspace in a flood plain if you want cheap flood insurance. If you have a basement or crawl space, you can fill it with pea gravel or some similar material.

Go to the Government

The federal government offers cheap rates through the National Flood Insurance Program because taxpayers subsidize it. You would find out about this type of flood insurance through FloodSmart.gov and buy it from an insurance agent. You can choose a higher deductible to get lower rates. The rate you pay depends on whether you live in a moderate- to low-risk area or a high-risk one.

Be Proactive

If you do not buy flood insurance and you live in or even near a flood plain, the bank that owns the property might buy it for you. You don't want that to happen because it will usually cost you more than if you were to buy your own policy. The phenomenon is called "force-placed insurance." If you live in an area prone to floods or hurricanes, you might be required to hold flood insurance because the bank wants to protect its investment. If you get a letter from your bank stating that you need flood insurance, you typically have a certain grace period to get your own insurance, or the bank will get it for you.

Buying It

Contact your homeowners insurance agent and ask about flood insurance. Ask whether you can get it through the National Flood Insurance Program. Your premium will be determined by whether you live in a floodplain. If you don't, your rates will be lower. But you can also qualify for lower rates in a high-risk

area if your house is high enough above the base flood elevation. Being only 1 foot above base flood elevation can save you up to 30 percent on your insurance premiums. If you are higher up, you can save even more. You would need to get an elevation certificate from your local government to prove that your house is above this level.