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News Release

VERMONT TOWN SEES VALUE OF FLOOD INSURANCE

OFFICIALS IN PEACHAM MOVING FORWARD WITH FLOOD INSURANCE PLANS

BURLINGTON, Vt. – The heavy rains and flooding in Vermont this spring have prompted some communities to take matters into their own hands when it comes to preparing for the next flood.

The town of Peacham is preparing to participate in the National Flood Insurance Program, a move that will give its residents access to federally-backed flood insurance as well as allow the town to qualify for additional aid in the event of a flood.

“Floods are America's most common natural disaster, but homeowner’s insurance policies don’t usually cover flood damage,” said the Federal Emergency Management Agency’s Federal Coordinating Officer, Craig Gilbert.

The National Flood Insurance Program (NFIP) offers federally backed insurance to property owners and renters in communities that participate in the program, as well as increased state disaster assistance and access to federal mitigation grants that can be used to help prevent future damage.

In exchange, those municipalities agree to adopt and enforce floodplain ordinances that set standards for building or repairing structures in the floodplain to reduce the risk of damage from flooding.

Damage in Peacham this spring was primarily confined to roads and public infrastructure, but a few homes, like that of John and Jenny Mackenzie, were affected by the flood waters.

“It rolled right through our basement,” John Mackenzie said. “It wiped out our furnace and utilities, ruined the foundation, and washed out part of our yard.”

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The Mackenzies asked town officials to enroll Peacham in the National Flood Insurance Program, not only so they could purchase flood insurance but also to help reduce any potential damage in future floods.

“There had already been some interest in enrolling in the federal flood insurance program after another person tried to get insurance last year,” Select Board member Annette Lorraine said. “Now following recent storm events we are better able to see the value of having flood insurance available to residents.”

“Peacham doesn’t have many structures in the floodplain, but local management of their floodplains using a flood hazard ordinance will help avoid flood damages and recovery costs,” said Kari Dolan, NFIP Coordinator for the Vermont Department of Environmental Conservation.

Nearly 21,000 communities participate in the NFIP nationwide. As of this year, some 231 Vermont towns and cities were participating in the program, which is administered by FEMA but whose policies are sold through private insurance agents throughout Vermont.

According to officials, many people decline to buy flood insurance because they believe they cannot qualify for it, or that it will cost too much.

“We understand that it is an additional expense for households already coping with a recession, but you can buy affordable flood insurance,” Gilbert said. “And just because your neighborhood hasn’t flooded in the past doesn’t mean you aren’t eligible.”

More than 25 percent of claims paid are from areas at medium or low risk of flooding. In these areas, NFIP flood insurance can be purchased for as little as \$129 a year for a building and its contents or \$49 for contents only.

Homes can be insured against flood damage for up to \$250,000 and commercial buildings insured for up to \$500,000. Policies can be written to include contents coverage up to \$100,000 for homes and \$500,000 for business owners' contents. Renters can insure their personal property for up to \$100,000.

The average homeowner pays about \$600 a year for flood insurance, Gilbert said.

“That’s a bargain considering that just an inch of water in a home can cause more than \$10,000 in damage,” he said. “Less than half of the floods in the U.S. result in a federal disaster declaration. Flood insurance claims are paid regardless of whether a disaster is declared.”

Since 1973, the NFIP has paid nearly \$40 billion dollars in flood insurance claims, helping hundreds of thousands of families and businesses recover from flood events.

Due to the 30-day waiting period, NFIP policies become effective 30 days after the premium is paid and remain in effect for a year.

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FEMA's temporary housing assistance and grants for public transportation expenses, medical and dental expenses, and funeral and burial expenses do not require individuals to apply for an SBA loan. However, applicants who receive SBA loan applications must submit them to SBA loan officers to be eligible for assistance that covers personal property, vehicle repair or replacement, and moving and storage expenses.

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