



Contact

For Immediate Release

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## **Texans Waiting For Flood Insurance Decision**

With no decision on funding the deeply in debt National Flood Insurance Program (NFIP), Texas homeowners are wondering what protection they have if hit by rising waters. The federal government flood program has lacked any funding since June 1.

Texans have 688,000 flood insurance policies in effect. Many of these policies are up for renewal while others are seeking new policies in anticipation of the hurricane season. The storm surge from Hurricane Ike resulted in 44,000 flood insurance claims.

Insurance agents have been telling homeowners to pay their premiums and their policy will remain in force. It's a much different story on purchasing new policies especially on home closings.

Scott Daughtery, assistant general counsel with the Texas Bankers Association, said the state's lenders have been following FEMA policies and procedures that have allowed home closings to continue unimpeded. "I've not heard of any banks that stopped home loans because of the lack of funding for the flood insurance program."

However, Mark Lujan, a regional manager for the NFIP, says around the country lenders have been seeking out surplus lines companies to provide flood insurance to secure home loans. "While these companies are not federally backed, they are providing a flood insurance policy which is needed in some cases to close a loan."

The costs to consumers have jumped dramatically. The NFIP offers flood insurance policies for approximately \$400, while excess carrier's premiums would be much more costly.

Wally Goodman, an agent with the Borden Insurance Agency in Corpus Christi, said agents have a nine-page FEMA document that directs agents on how to deal with the current dilemma. Goodman said a lot of confusion surrounds the 30-day waiting period on when the flood insurance policy begins. "With no legislation in place, we don't know if there will be a retroactive provision that triggers this 30-day waiting period. It could be 30 days from when the funding begins," Goodman said.

Congress is considering legislation that would pump \$19 billion back into the NFIP. This is the fourth time that lawmakers have allowed the NFIP to expire. The current legislation would keep \$250,000 in place for residential coverage and \$100,000 for contents and \$500,000 for commercial structures and \$500,000 for contents.

The Insurance Council of Texas recommends that all Texans, especially those along the Texas coastline, consider purchasing flood insurance. “Hurricane Ike was a startling reminder of how homes, supposedly built high enough to withstand a flood or storm surge, were swept away,” said Mark Hanna, a spokesman for the Insurance Council of Texas. “A third of all homes that are flooded each year are located outside flood plains.”

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The Insurance Council of Texas is the largest state insurance trade association in the country consisting of approximately 500 property and casualty insurers writing business in Texas. For more information turn to ICT’s Web site at [www.insurancecouncil.org](http://www.insurancecouncil.org).

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