

# KANSAS

## FLOODPLAIN MANAGEMENT TIPS



February 2018

### The Myths and Facts of Flood Insurance

In a recent survey conducted by the Innovation Center for the U.S. Dairy it was revealed that a full 7 percent of American adults believe that chocolate milk comes from brown cows. Is it any wonder then that many Americans also have incorrect beliefs about flood insurance. Consider these common misconceptions.

Many people believe that flooding is covered under their homeowner's policy along with other hazards such as fire and tornado. Sewer backup coverage is generally available as a rider on a home insurance policy. Insurance against flooding is a completely separate policy. There is a flood insurance policy for the building and another policy for contents. Each policy is purchased separately. The Preferred Risk Policy does combine building and contents coverage.

There are misconceptions about flood insurance and coverage in basements. Property owners who thought their contents were covered learned, after a flood, that their contents in their basements were not covered. Other people believe that flood insurance is worthless and that there is no coverage in a basement at all. This is also not true. Coverage is provided for foundation elements, including posts, pilings, piers, or other support systems for elevated buildings. Coverage also is available for basement and enclosure utility connections, as well as for certain mechanical equipment necessary for the habitability of a building, such as furnaces, water heaters, clothes washers and dryers, food freezers and the food in them, air conditioners, heat pumps, electrical junctions, and circuit breaker boxes. That foundation coverage is particularly important because if you don't have a foundation anymore then you don't have a building.

There seems to be a belief that properties outside the floodplain either can't get or don't need flood insurance. Many of the properties that flood in Kansas are outside of the special flood hazard area. We have also had property owners get Letters of Map Amendment who then cancelled their flood insurance. A bigger flood came along and those properties were flooded. The Preferred Risk Policy is a reasonably priced option for most structures outside of the special flood hazard area. Buildings that do not meet the loss history requirements are not eligible for the Preferred Risk Policy.

People will decide to go out and buy flood insurance when the river is rising and rain is in the forecast. With a few exceptions, there is a 30 day wait period for flood insurance. A lesson learned by the people who saw the weather forecast and went out to purchase flood insurance immediately before the flood. They had paid for a policy before the flood happened but it hadn't been in place for a full 30 days before the flood. No claims were paid for them. Better to get the flood insurance now and not wait if your building is at risk.

The booklet "Answers to Questions About the NFIP" published in 2011 is an excellent source for the facts about flood insurance. Order free copies of this booklet from the Federal Emergency Management Agency by calling 1-800-480-2520.

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## **Private Flood Insurance**

There were a series of storms and heavy rain events in Northeast Kansas in July and August. A property owner in Fairway had just purchased a home in June. He found out the day before the closing the house is in the floodplain. By end of July he had his first flood. By end of August he had been flooded three times. The crown of the street sits higher than the driveway. He has a driveway that leads down to a garage parking area under the home. This driveway acted like a funnel to direct water in to lower level of the home.

This building was insured. The owner had purchased flood insurance from a private company. The property owner had items of value in his lower level so he purchased additional contents coverage. In order to reduce the cost of the premiums the property owner decided to go with a \$5,000 deductible on his flood policy.

After the first flood happened the property owner learned that the contents in the lower level were not covered under the policy. There was also that large deductible on the policy. A small claim was paid and repairs were started.

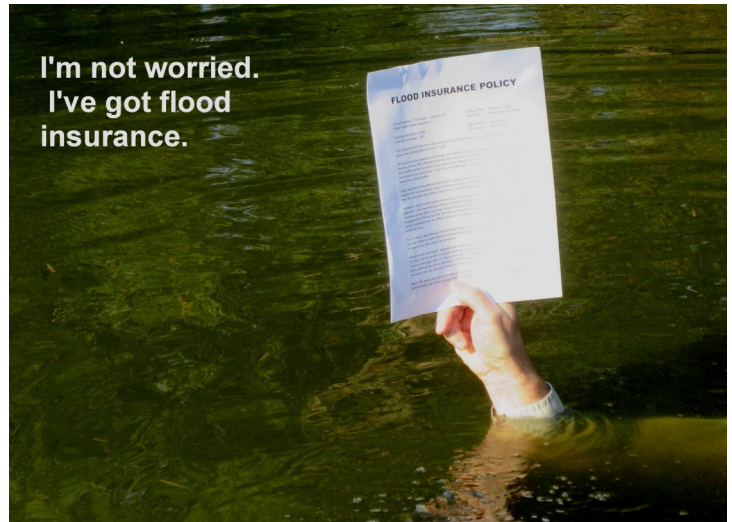
It was about a week later that the second storm came through the area and the home was flooded again. This was a separate second flood event so the \$5,000 deductible was applied again. Unfortunately, there had not been enough repairs made to meet the deductible and no claim was filed for the second flood. The newly replaced garage doors had to be replaced again at the property owner's expense. About ten days later there was a third round of flooding in the same area and this home was flooded again. Once again, no claim was paid.

At this point the property owner is very unhappy and frustrated with his new home in the floodplain and with his insurance. He contacted community officials and staff with Kansas Division of Water Resources. His request was to have his home bought out through some type of mitigation grant. Flood Mitigation Assistance (FMA) is a grant program that can be used to mitigate flooded properties.

The property in Fairway had been insured under the National Flood Insurance Program (NFIP) by a previous owner. There had been flood insurance losses. It was listed as a repetitive loss property by the insurance definition of the term. The home in Fairway had not had enough losses to meet the repeat flood loss definition under the hazard mitigation grant requirements. The most recent losses were not added to the NFIP data base because the insurance was through a private company and no claims were made for the second and third flood. A condition of an FMA grant is that properties are insured through the National Flood Insurance Program. The property in Fairway did not qualify because there was insurance through a private company instead of the NFIP.

Private flood insurance may not have been the best option for this home owner in Fairway when it came time to file a claim or seek a grant. Why then did this property owner and so many other property owners go with a private market flood insurance policy instead of a policy through the NFIP? The answer is all about money.

The NFIP is more than just an insurance program. The NFIP charges a Federal policy fee that is spent on things like new flood maps and assisting communities with flood risk. Private flood insurance doesn't pay for those things so that fee isn't part of the premium on a private flood policy. There are other fees on a policy as well.



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The NFIP is required to charge a Homeowners Flood Insurance Affordability Act surcharge of \$25 on a primary residence and \$250 on other buildings. That fee isn't paid with a private flood insurance policy. There also isn't a reserve fund fee on a private policy. Some private flood policies have an Increased Cost of Compliance fee and some do not. Without these fees a private insurance policy may cost less than NFIP policy for same building.

Some private insurance market flood insurance companies have websites where you can answer some simple questions, describe your building diagram and get an on line quote. An elevation certificate is not required and that eliminates the expense of having a survey. Unfortunately, through having surveys done we have found out some properties qualified for Letters of Map Amendment. Saving money by not having a survey could actually end up costing some property owners.

No need to hire a surveyor, fewer policy fees and the option to choose a higher deductible are ways that private flood insurance can be purchased for less than a policy through the NFIP. Property owners have said that their private insurance is less than half of the cost of a flood insurance policy through the NFIP. It is hard for a property owner to turn down the cost savings. Especially since many property owners incorrectly believe their home will never flood. They just don't accept that a flood could happen to them.

Everyone can't get a private flood insurance policy for their business or property. One company that sells private flood insurance in Kansas has a list of things that make a property ineligible for their flood insurance. The list includes mobile homes, any buildings that have incurred more than one flood claim within 5 years, any property designated by the Federal Emergency Management Agency as a Severer Repetitive Loss property, any property in a community that does not participate in the NFIP and any property designated by State or local authority to be in violation.

In looking at this list you'll see that a community must join the NFIP and have a floodplain management person and agree to enforce regulations. A community can't choose to not join the NFIP and then tell citizens to go get flood insurance with a private company. It may be a good thing the property owner in Fairway wasn't able to file a claim for his second and third flood because that would have meant having more than one flood claim within 5 years.

A less expensive policy can look very attractive to people. Advise citizens who are considering a policy with a private flood insurance company to discuss it with their insurance agent. Citizens should learn the difference between an NFIP policy and a policy through a private insurance firm. The policy with the less expensive premium may not turn out to be the best policy to have when they need to file a claim.

### **Insurance Proceeds Ordinance**

Kansas Statute Annotated K.S.A. 40-3901 allows for a community to establish a lien of not to exceed 15% against the proceeds of any insurance policy based upon a covered claim for damage to a building. Up until 2016 the Statute only applied to fire. It now applies to other insurance coverage and that would include flood damage or tornado damage in a floodplain.

This is particularly important to communities attempting to enforce substantial damage requirements in their floodplains after a disaster. The lien is just one more tool to use to gain compliance. The reimbursement of the funds is a carrot to help to get affected property owners to work with Floodplain Managers.

A community must have an ordinance in place. A sample ordinance is available from the League of Kansas Municipalities (LKM). Visit the LKM resources website for pre-disaster planning to learn more. The adopted ordinance must be filed with the Kansas Insurance Department. Insurance companies are responsible to check.

## **Training Opportunities**

The Floodplain Management Program will host the following training sessions throughout Kansas. If you are interested in any of the no-cost training opportunities, please contact Tom Morey at 785-296-5440 or Steve Samuelson at 785-296-4622. A training registration form is in this newsletter.

### **Post Flood Responsibilities**

This free class is intended for community officials responsible for administering floodplain management regulations. The course focuses on what to do during and after a disaster event. Topics include substantial damage, permitting, Increased Cost of Compliance and violations. Allowed 3.5 hours for certified floodplain managers. Limited to 20 participants.

•Salina – Feb. 22, 2018 8:30 a.m.-12:30 p.m.

•Lenexa – May 3, 2018 8:30 a.m.-12:30 p.m.

### **Violations and Enforcement in Floodplain**

This free class is intended for community officials responsible for enforcing floodplain management regulations. The course will focus on various types of violations, how to correct violations and enforcement procedures. Allowed 3.5hours toward CFM. Limited to 20 participants.

• Abilene– Feb. 14, 2018 8:30 a.m.-12:30 p.m.

• Ottawa– June 12, 2018 8:30 a.m.-12:30 p.m.

### **Basics of the National Flood Insurance Program**

This class is for officials responsible for administering their local floodplain management ordinance. The focus is on the National Flood Insurance Program (NFIP) and concepts of floodplain management, maps and studies, ordinance administration, and the relationship between floodplain management and flood insurance. Allowed 3.5 hours toward CFM. Limited to 20 participants.

•Manhattan– March 8, 2018 8:30 a.m.-12:30 p.m.

•Park City– July 26, 2018 8:30 a.m.-12:30 p.m.

Find more information about floodplain management from Kansas Department of Agriculture  
Division of Water Resources on line at:  
<http://agriculture.ks.gov/divisions-programs/dwr/floodplain>

Email saves money on postage. The electronic newsletter also has links and the photos are in color. If you are getting this newsletter by postal mail and would prefer email please contact Steve Samuelson at [steve.samuelson@ks.gov](mailto:steve.samuelson@ks.gov).

Mark your calendar. The Kansas Association for Floodplain Management 2018 conference will be September 5 and 6 in Wichita. More information will be posted at the website: [www.kafm.org](http://www.kafm.org). Registration will be done through a link on the website. If you have questions about registration please contact Don Slone, Chairman, at 913-667-1708.

**Kansas Department of Agriculture**  
**Division of Water Resources**  
**Floodplain Program**  
**Training Registration Form**

Name \_\_\_\_\_

\_\_\_\_\_

Title \_\_\_\_\_

Organization \_\_\_\_\_

Address \_\_\_\_\_

City \_\_\_\_\_ State \_\_\_\_\_ Zip \_\_\_\_\_

Telephone \_\_\_\_\_ Fax \_\_\_\_\_

E-mail \_\_\_\_\_

Name, date and location of training you will attend \_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_

\*Please share this invitation with anyone else who could benefit from the training.

\*\*Classroom locations will be sent to registered participants one week before the training.

Please mail or fax your registration to:

KANSAS DEPARTMENT OF AGRICULTURE  
FLOODPLAIN MANAGEMENT PROGRAM  
6531 SE Forbes Ave., Suite B  
TOPEKA, KS 66619  
Fax to: 785-296-8298

For questions about training, please contact Steve Samuelson by email at [steve.samuelson@ks.gov](mailto:steve.samuelson@ks.gov) or by phone 785-296-4622, or contact Tom Morey at [tom.morey@ks.gov](mailto:tom.morey@ks.gov) and 785-296-5440.

Please help us keep our records current. If the name that appears on this newsletter is for an individual no longer with your organization, please call 785-296-4622, or email [steve.samuelson@ks.gov](mailto:steve.samuelson@ks.gov) to report the change.

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### **ASFPM 2018 National Conference in Phoenix**

The 2018 Association of State Floodplain Managers National Conference will be June 17-22, 2018 in Phoenix, Arizona. This conference is an excellent opportunity for floodplain managers to receive training on mapping technologies, regulations, permitting, outreach and best practices. It is estimated the conference will be attended by more than 1,000 floodplain management professionals. This conference is great chance to meet people for networking and to learn the latest news in floodplain management.

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