

HUB PRIVATE CLIENT

# FLOODS RISING

Protecting high-value homes from flood-related losses



The tragic Fourth of July flash floods in Central Texas, along with last year's devastating storms in the mountains of North Carolina, have shone a spotlight on a rapidly escalating concern. Severe flooding events outside of high-risk coastal and low-lying areas have become a recurring event. Whether created by the remnant moisture from named storms or the severe convective storms known as atmospheric rivers, major floods in recent years have decimated communities from the Gulf Coast to Southern California and from New England to Alaska. Despite the growing risk, nearly 97% of American homeowners carry no Federal flood insurance.<sup>1</sup> Most of those who do have coverage have limits that fall far short of adequate protection for high-value homes.

## WHO IS COVERED, AND HOW

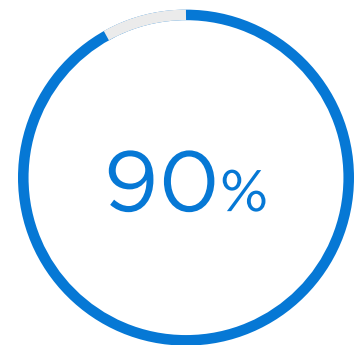
Standard homeowner policies in the United States do not cover damage or loss from flooding events. Those who wish to be covered, or who are required to be, must purchase policies from either a government program or private insurers. Roughly 4.7 million U.S. households, approximately 3.3 %, purchase coverage from the National Flood Insurance Program (NFIP). Of these, about 60% do so because it is required to secure a mortgage for properties in a designated flood zone. An additional 500,000 residential buildings are covered by private insurers.<sup>3</sup>

## THE LIMITS OF NFIP COVERAGE

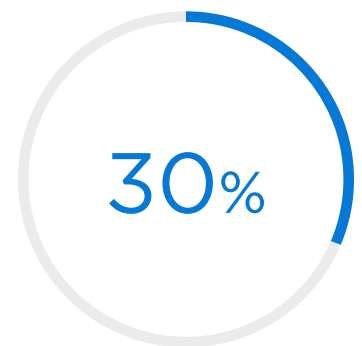
NFIP coverage is largely designed to help average American families recover from serious flood damage. It falls far short of meeting the needs of those with high-value homes. NFIP policies are currently capped at \$250,000 for damage to structures and \$100,000 for contents. There is no coverage for fences, decks and most external structures other than detached garages, or for temporary housing while repairs are being made to residences. Those purchasing policies directly from the NFIP may also not receive the level of support they have come to expect from private insurers.

## PRIVATE FLOOD INSURANCE AS A SUPPLEMENT OR REPLACEMENT

Considered untouchable a decade ago, a growing number of private insurers have re-entered the market. Some of these carriers essentially serve as administrators of NFIP policies, while others write policies directly. Supplemental policies from private carriers may be an attractive option for those who require higher amounts and broader coverage than the NFIP offers, and/or for those that desire more comprehensive coverage of contents, external structures and costs of living while flood damage is being repaired. In certain circumstances, private insurance may even be less expensive than the NFIP.<sup>5</sup>



of all natural disasters in the United States involve flooding, making it the most common and costly natural disaster.<sup>2</sup>



of U.S. flood-related losses in 2024 occurred outside of high flood risk areas.<sup>4</sup>

## ENHANCING RESILIENCY FOR HIGH-VALUE HOMES

While flood insurance provides a substantial level of protection should flood damage occur, there are also measures that high-value homeowners can take to prevent damage in the first place. Some are relatively inexpensive, while others require major renovation efforts.

- **Add a sump pump** to expel water from ground water seepage. Sump pumps should be connected to an emergency power system as flood events often create power outages.
- **Have sandbags and inflatable barriers on hand** to slow flooding should water levels reach door levels.
- **Renovate with flood resistant materials**, which will reduce the damage a flood may cause.
- **Relocate electrical panels above 100-year flood levels** to prevent a possible cause of fires.
- **Raise the home on to a higher foundation**. Clearly this is an expensive and disruptive undertaking that is generally only suitable for smaller homes in the highest risk areas.

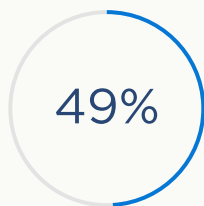
While homeowner policies do cover damage from sewer backups, it's also good practice to install backwater valves to prevent raw sewage from entering homes through sinks and toilets if flood waters cause the sewer system to overflow.



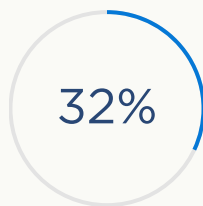
### HAS YOUR HOME BECOME MORE VULNERABLE?

Flood risk zones are expanding across the country. See how FEMA rates your home's risk profile [here](#).

## FLOODING HAPPENS EVERYWHERE



In the past five years, nearly half of all counties in the United States experienced a flood.



Over the past 10 years, nearly one-third of NFIP claims are from outside the high-risk zones.



River and stream flooding causes \$2.9 billion in damage each year.

## EXPERT GUIDANCE IN A COMPLEX MARKET

Protecting high-value homes from flood risk is fundamentally different than coverages for other risks.

Your HUB Private Client Risk Advisor is available to answer questions, address concerns and explore both Federal and private insurance options and determine the optimal approach to protecting your family, your home and your possessions.

To begin that conversation, contact your Private Client Risk Advisor.

<sup>1</sup> [https://www.valuepenguin.com/flood-insurance-policies-study#:~:text=An%20average%20of%20only%203.3,%25\)%20and%20Wyoming%20\(61.6%25](https://www.valuepenguin.com/flood-insurance-policies-study#:~:text=An%20average%20of%20only%203.3,%25)%20and%20Wyoming%20(61.6%25)

<sup>2</sup> National Flood Insurance Plan. Available at: <https://www.iii.org/article/spotlight-on-flood-insurance>

<sup>3</sup> [https://www.valuepenguin.com/flood-insurance-policies-study#:~:text=An%20average%20of%20only%203.3,%25\)%20and%20Wyoming%20\(61.6%25](https://www.valuepenguin.com/flood-insurance-policies-study#:~:text=An%20average%20of%20only%203.3,%25)%20and%20Wyoming%20(61.6%25)

<sup>4</sup> <https://www.valuepenguin.com/flood-insurance-policies-study#policies>

<sup>5</sup> Source: Milliman. chrome-extension://efaidnbmnnnibpcajpcglclefindmkaj/https://edge.sitecorecloud.io/millimaninc5660-milliman6442-prod27d5-0001/media/Milliman/importedfiles/uploadedFiles/insight/2017/private-flood-insurance-cheaper-nfip.pdf

# ABOUT PRIVATE CLIENT

Liability exposures are evolving—and so are the stakes. HUB Private Client helps affluent individuals and families safeguard their wealth with tailored excess liability solutions and expert risk guidance. Whether it's a serious auto accident, an injury on your property, or a lawsuit tied to travel, staff or social media, our Private Client Risk Advisors help ensure you're protected well beyond the limits of standard coverage. We assess your full risk profile, uncover gaps, and recommend strategies that reflect the way you live today.

Connect with your HUB Private Client Risk Advisor for a personalized review and proactive risk strategies designed to protect your assets, reputation and legacy.

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