



## NEWSBLAST

### Homeowner's Issues

# Do You Know Your Home's Flood Risk?

**A**S THE WEATHER becomes more unpredictable, more areas are contending with the risk of floods, even if they are not located in a designated flood zone. Case in point: The epic rains that pummeled California this past winter, resulting in many parts of the state being hit by flooding.

And while you may not live in a designed flood zone, 22% of all flood insurance claims come from areas outside of high-risk flood zones – and that number is rising each year, according to the Federal Emergency Management Agency,

With all that in mind, how can you find out what your home's flood risk is?

### Gauging your flood risk

FEMA considers a property to be at high risk of flood if there is at least a one-in-four chance of flooding during the life of a 30-year mortgage.

Areas with this risk are known as special flood hazard areas (SFHAs). Federal regulations require federally regulated or insured mortgage lenders to confirm that mortgaged properties in these areas carry flood insurance.

The traditional way to determine flood risk is to locate it on a flood insurance rate map (FIRM). FEMA publishes these maps based on geographic survey data.

FIRMs are available for review at the Flood Map Service Center on FEMA's website. You can view your flood risk by entering your address in the search field.

Flood maps assign each area in a community to labeled flood zones. Areas with low-to-moderate risks of flooding are assigned to zones with labels beginning with the letters B, C, X or a shaded X. SFHAs are designated with the letters A or V. These areas are shaded on the maps for easy identification.

Property owners can also search for their flood risks at FEMA's flood insurance consumer [website](#). By entering your address in the fields on the home page, you can quickly learn whether you face a low-to-moderate or high risk.

The site also includes an estimator that can calculate how much financial damage a given amount of water (2 inches, 4 inches, etc.) would cause in homes of various sizes.

For example, 6 inches of water in a 2,000 square foot home would cause an estimated \$39,150 in damage.

FEMA also offers a suite of flood risk products that go beyond the information provided in a FIRM.

See 'Maps' on page 2

### FEMA's Library

- Flood risk maps, which show the overall picture of risk for a given area,
- Flood risk reports, which show community-specific risk information, and
- The Flood Risk Database, which stores all flood risk data for an area.

See 'Candles on the Water'



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# Don't Gamble on Minimum Coverage Policies

**O**NE OF the biggest pitfalls a car owner can make is buying the minimum liability limits required by their state. While the minimums vary from state to state, in all cases they are woefully inadequate to cover the costs of a serious accident if you are found at fault.

If you have a minimum value policy, your net assets are vulnerable to being seized if you are sued for causing injuries or property damage.

## REQUIRED LIABILITY COVERAGES

There are three types of liability coverage that motorists are required to carry, and for which all states set the minimum acceptable coverage limits:

- Bodily injury per person,
- Total bodily injury per accident (for numerous vehicle occupants, for example), and
- Property damage (including damage to the other vehicle).

Typically, these coverage limits are expressed as \$15,000/\$30,000/\$5,000 (in the case of California).

That means that the maximum your policy would pay out if you were found at fault in an accident is:

- \$15,000 for injuries you cause to one person,
- \$30,000 for more than one (even if you injure five people), and
- \$5,000 for any damage that you cause to another person's vehicle or property.

Does that sound like it's not enough? That's because it isn't.

The problem with these minimums is they are not nearly enough to cover the cost of most accidents, particularly if you crash into a high-end car. If repairs exceed your coverage limits, you'll have to pay out of pocket.

Bodily injuries sustained in car wrecks turn people's lives upside down. If the injuries are severe, they are unable to work, often face expensive medical treatment and rehabilitation

expenses, and endure pain and suffering – all of which can only be compensated with money.

That money usually comes from the insurance company or the liable party's personal wealth.

Drivers without enough liability coverage to pay those costs will still be held responsible. The courts can seize your assets and garnish your wages to pay for damage you've caused, so having the highest possible liability coverage levels is the best way to protect yourself.

The smartest thing for a car owner is to increase their liability levels as high as they can reasonably afford. While you may want to save money on your premium, it's not worth it if you are found at fault in an injury accident, or if you total a new Ferrari.

## How much is enough?

In an article on the subject, *Forbes* magazine recommends the following if you want to have "good coverage" \$100,000/\$300,000/\$100,000, or "even better": \$250,000/\$500,000/\$250,000.

If you are still unsure, you can call us for advice.

Finally, to avoid the fallout of being sued if you seriously injure someone, you may also want to consider an umbrella policy. These policies provide an extra layer of protection to help shield your assets in case you are sued or found liable for damages that exceed your policy limits. ❖



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## Use FEMA's Maps to Get an Idea of Your Home's Flood Risk

FEMA's products are helpful for community planners, but individual property owners can also use them to get a clear idea of their flood risks.

Elevation certificates may also be on file with local governments for certain properties.

These documents show the elevation of the lowest floor of a building (including the basement) compared to the base flood elevation for the area.

An elevation certificate demonstrates community compliance

with flood-plain management laws and is used to set appropriate flood insurance premiums.

## The takeaway

A flood can be every bit as catastrophic as a fire. It is worthwhile for property owners to learn their flood risk and take steps to reduce it. Additionally, with the increasing risk of flooding in non-flood-plain areas, if you live near a flood plain, you may want to consider securing flood insurance. ❖



## Auto Insurance

# New Car Totaled; Will Insurance Pay Off the Loan?

**I**T'S THE nightmare scenario for any new car buyer. You drive it off the lot and a few days later another driver runs a red light, smashing into your car and severely mangling most of the front end and irreparably damaging the frame – essentially totaling the vehicle.

Luckily nobody was injured, but will insurance cover the total loss? Are you expecting the insurer to pay off the loan and you can be on your merry way? That may not always be the case.

Since the other driver was at fault, their insurer will be the one picking up the tab for your vehicle and, as repairing it is out of the question, it will have to pay you for the damage.

But that may not always be enough to pay off the balance on your car loan.

### Depreciation factor

New cars depreciate in value immediately after they are driven off the lot. If you've had the car a short time, the insurer will deduct the mileage from the purchase price and pay you that replacement value of the car at that time. If that's the case, you should be able to pay off the loan without being out of pocket.

But, if the car is a few months or up to a year old, and you didn't put a lot of money down, you could be out of pocket. How much will depend on the loan terms (interest and length of loan) and how much you put down when you purchased the vehicle.

Since the crash was the other driver's fault, their insurance

company will pay you the current cash value of your vehicle. The loan is not a consideration for the insurer.

### Gap coverage

There is one way around this conundrum called “gap insurance,” but you would have had to set it up in advance.

This kind of coverage is ideal for people who didn't put much money down on their vehicle and/or have a loan that may stretch out for six or seven years. With payments on such a long horizon, you could be in a situation of owing more than your car is worth during the first few years of the loan.

Gap insurance is a special endorsement you can buy for your auto policy which will pay the difference between what you owe and what the vehicle is actually worth. This endorsement was created as vehicles became more expensive and loans became longer.

With gap insurance, the carrier pays the cash value of your vehicle, and then pays off the loan. So if the at-fault driver's insurer pays you the value of the car, your insurer would step in to pay off the loan.

If you don't have gap coverage, you will be left with part of a loan on a vehicle you no longer own – and you'll be without a vehicle. In some cases, the balance of your own loan can be tacked on to a new loan that you take out for a replacement vehicle. ❖



## Emergency Planning

# Preparing a 'Go-Bag' in Case of Sudden Evacuation

**A**S NATURAL catastrophes continue growing in number and severity, everybody should be prepared for quick evacuation in case of emergency. Even if you don't live in an area known for natural disasters, you should always be prepared in case you have to make a sudden evacuation.

While there is only so much planning we can do for this type of event, at the very least you should consider packing a "go-bag" of emergency supplies that can help keep you safe while finding a place to retreat to.

When you need to leave in a hurry, depending on how much time you have, you may also have time to pack some essentials, like important family documents, but if you have to move fast, a go-bag may be the only thing you have time to grab.

Every member of your family should have a go-bag, which should be easy to carry like a duffle bag or a decent-sized backpack.

First off though, you should store vital information on a flash drive, or better yet, on the cloud, like Dropbox. Take photos or scans of the following:

- All the rooms in your home, and all your valuables
- Driver's license
- The deed to your house
- Your will and/or trust
- Proof of insurance
- Medical records
- Passports
- Social security cards
- Birth certificates
- A list of personal contacts, addresses and phone numbers
- Your kids' immunization records
- Your pets' paperwork for vaccinations and medical history.

## WHAT YOU SHOULD PACK AND HAVE READY TO GO

- Water (one gallon per person per day).
- Hand-held water filter (find one at an outdoors store).
- Originals of essential documents like passports, birth certificates, wills and driver licenses.
- Cash, because sometimes when power goes out you cannot charge items during natural disasters.
- Non-perishable food.
- First aid kit.
- Hygiene products like soap, deodorant, toothbrushes and toothpaste, hand sanitizer, feminine supplies, contact lens solution, and shampoo.
- Medications.
- Household chlorine bleach and medicine dropper to disinfect water.
- Fire extinguisher.
- Matches in a waterproof container.
- Flashlight.
- Paper cups, plates, paper towels and plastic utensils.
- Batteries.
- Whistle.
- Phone chargers and portable external battery chargers.
- Two changes of clothes.
- Diapers, if necessary.
- Pet supplies.
- Portable battery-powered radio with extra batteries, in order to get news updates if cell towers and phone lines go down.
- Paper and pencil.
- Books, games, puzzles or other activities for children.
- Dust mask to help filter contaminated air, and plastic sheeting and duct tape to shelter-in-place.
- Moist towelettes, garbage bags and plastic ties.
- Basic tools (wrench, plyers, hammer, screwdrivers).
- Manual can-opener for food.
- Local maps.

