

# MISSISSIPPI EMERGENCY MANAGEMENT AGENCY

# NEWS



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**FOR IMMEDIATE RELEASE**

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**SUBJECT: Flood Insurance is Your Best Protection against MS Disasters**

(Jackson) – Floods constitute the most common form of natural disasters within the state of Mississippi. Our state has 5.2 million acres of floodplain, which equates to approximately one acre in every six acres. There are less than 43,000 flood insurance policies in force within the state. Unfortunately, many homeowners and renters do not discover that their homeowner's insurance policies do not cover flood damages until after a flood has occurred. This can be the most costly error a homeowner, an apartment dweller, or a renter can ever make.

In many cases, a person does not realize that flood insurance is required for a home until the final closing proceedings. This occurs when the lending institution or mortgage company imposes its requirement for a flood insurance policy due to a structure's location within a community's Special Flood Hazard Area (also known as the floodplain). If the structure is located outside of the floodplain, there is no requirement for purchase of a policy. This can lull the unwary purchaser or builder into a false sense of security, in regard to his or her flood risk. Every structure within the state is located within a flood zone. It is either in a high-risk area, a moderate-risk area, or a low-risk area. Approximately 25% of all flood damages occur outside of the mapped floodplain.

People without flood insurance must hope for a Presidential Disaster declaration for assistance, which would then make available limited grant funding and low interest loans for repairs. The Small Business Administration administers the loan program. The loans must be repaid, with interest. For example, the terms for a \$50,000.00 disaster home loan are \$311.00 per month. Additionally, a lien is attached to the property and flood insurance must be purchased to protect the structure from any future flood damages. A flood insurance policy will "pay off" a damage claim with no subsequent monthly financial burden or property lien attachments.

There are 274 communities within the state that participate in the National Flood Insurance Program (NFIP). Of these 274 communities, 17 communities participate in the Community Rating System (CRS), whose higher standards entitle their policyholders to discounts of up to 15% on their annual premium. Any homeowner, business owner, or renter in one of these communities may purchase a flood insurance policy, regardless of the location of the structure. Insurance can be purchased directly from the NFIP or through a local insurance agent. There is a 30-day waiting period for a policy to take effect.

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Properties located in low-risk areas (B, C, or X zone) can purchase flood insurance through discount policies, which commonly have yearly premiums as low as \$106.00 per year, for \$20,000.00 in building coverage and \$5,000.00 in contents coverage.

Since 1978, Mississippi flood insurance policy holders have received \$222 million in flood insurance payments due to 27, 599 flood claims. The state is ranked as number eight in the nation in regard to the number of repetitive loss payments, with over \$117 million in claims. With the advent of Hurricane Season on June 1<sup>st</sup>, the citizens of the state are urged to purchase flood insurance as soon as possible. To purchase a policy, call your insurance agent. You may also call the NFIP's toll free number to obtain the name of an agent within your area. That number is 1-888-FLOOD29 or 1-888-356-6329.

Here are suggested Web sites for further information:

- <http://www.insure.com/home/flood/>
- <http://www.fema.gov/nfip>
- <http://www.msema.org/nfip.htm>

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