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FOR INFORMATION CALL

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Flood Insurance Buyers Need to Beware, and Be Aware, Aldermen Warn

FEMA flood insurance option not likely a smart buy for vast majority of Milwaukee homeowners who had water in basements, say Aldermen Bohl, Wade and Witkowiak

Flood insurance offered by the Federal Emergency Management Agency (FEMA) would not be a smart buy for the vast majority of Milwaukee homes that experienced basement damage caused by the torrential rains from big storms this past July, according to **Alderman Jim Bohl and Alderman Willie C. Wade, and Alderman Jim Witkowiak.**

Alderman Bohl said a FEMA news release (see attached) issued October 20 is “confusing and dangerous” because it may spur some city residents to purchase flood insurance that they’ll never use. “Plain and simple, flood insurance does not cover damage caused by sewer discharge backups in basements, and by far that is exactly what caused the vast majority of damage to homes and buildings in Milwaukee in July,” he said.

“The FEMA pitch is confusing, because many people automatically think that if something is recommended by the federal government, ‘well then it must be good protection,’” Alderman Bohl said. “The fear I have is that many people will buy flood insurance that is of no use to them. I think this is selling false hope, and I think it is just wrong.”

The issue came up during today’s regular meeting of the Common Council, where the Council approved a proposal sponsored by Alderman Joe Davis, Sr. that authorizes the city to apply for FEMA’s community rating system (CRS) accreditation. If the accreditation is granted, it will allow residents to purchase flood insurance at discounted rates.

Alderman Bohl said flood insurance should only be considered by persons whose home or business is located in or near a floodplain, or if they believe there is a reasonable chance that their property could be subject to flooding by a body of water such as a river or a creek.

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Flood Insurance/ADD ONE

Water backup or sewer discharge coverage – often offered as a rider to homeowner policies – should be pursued by people who experienced surcharge backups in their basements, he said.

The FEMA news release, according to Alderman Bohl, uses questionable phrasing and wording. “To me, it’s a sales job to say (in the release) that ‘for as little as \$119’ a year you can obtain flood insurance,” he said. “And it also offers an 800 number people can call to get a list of local insurance agents they can contact. Is it really FEMA’s role to be hawking insurance?”

Alderman Wade, whose 7th Aldermanic District was hit especially hard by the July rain storms, said he shares Alderman Bohl’s concerns about the FEMA pitch on flood insurance. Alderman Wade said he believes it’s “no coincidence” that the FEMA news release does not mention backup or surcharge rider policies, which he said are generally offered at a lower cost than flood insurance.

“People need to be very careful that they’re not buying insurance under false pretenses,” said Alderman Wade. “My fear is that the insurance industry is not overly anxious to let people know about surcharge and sewer backup coverage, because it’s not as big of a product, price-wise as flood insurance.”

Alderman Witkowiak said he advises residents to have their water damage related insurance needs closely evaluated before purchasing such insurance. “Although FEMA states in the release that ‘20 to 25 percent of all flood claims are filed in low-to-moderate flood risk areas,’ the fact is that most residents in the 12th District and the entire city are at far greater jeopardy of water backup or sewer line surcharge damage in their homes than actual flood damage,” he said.

Alderman Bohl said his raising a flag to the flood insurance issue is an attempt to save residents and consumers who suffered devastating basement damage “from being swamped again,” but this time by unnecessary costs.

“My strong, strong advice (on flood insurance) is ‘buyer beware, buyer be aware,’” he said.