



Flood Insurance: Beware of Misconceptions

By Patrick Fridgen

As heavy rains fell in mid June and late August this past summer, many were reminded that flooding is not just a spring time event in North Dakota. Mother Nature made this particularly clear for thousands of North Dakotans living in the Red River Valley. Although we were reminded that many of us are at risk of flooding on any given day in the spring or summer, we should also be reminded that there is something we can do about.

One of the most important steps people can take in protecting themselves and their property from devastating flood-related losses is to purchase flood insurance. Unfortunately, there are common misconceptions among individuals related to flood insurance that often result in unnecessary financial losses. Misconceptions such as:

"My property is located outside of the identified floodplain, so I don't need to carry flood insurance."

Within the City of Fargo, only 107 homes are actually located in the identified floodplain. However, after the tremendous rainfalls that occurred this past summer, several hundred homes experienced flood-related damages. In communities such as Fargo, where the surrounding landscape is basically flat, it is perhaps of utmost importance to carry flood insurance even if your home or business is located far from the nearest river. In fact, between 20

and 25 percent of all claims paid by the National Flood Insurance Program (NFIP) are for policies outside of the identified floodplain. Obviously, not everyone is at risk of flooding. This depends upon the ground elevation of property. However, people should evaluate their risk, and take the necessary steps to protect themselves from financial loss with a flood insurance policy if necessary.

"Flood insurance is only available to individuals whose property is located in the floodplain."

As long as your community is enrolled with the NFIP, you *are* eligible to purchase flood insurance, even if your property is not in an identified floodplain. In fact, if your home or business is located outside of an identified floodplain, flood insurance is available to you at a reduced rate.

"Why should I carry flood insurance? The Federal Emergency Management Agency provides financial assistance whenever a disaster strikes."

This widespread misconception can be extremely costly. With this in mind, home and business owners opt not to purchase flood insurance because they believe they will get reimbursed for all flood-related losses whether they carry flood insurance or not. This is not the case.

In order to be eligible for any disaster assistance through federal

programs such as those administered by FEMA, a Presidential Disaster Declaration must be declared for the affected area. However, it is possible to have a devastating localized flood event, and not receive an official disaster declaration. If no declaration is made, no recovery programs or financial assistance are available through FEMA. For those without flood insurance, it is possible that they could be responsible for all flood-related losses out of their own pockets. Unfortunately, in severe cases, this can mean tens of thousands of dollars in personal losses that go uncovered.

When FEMA disaster assistance is available, only enough relief is provided to get individuals back into their homes. Assistance only covers basic repairs that make the home habitable. Typically, the most common form of Federal disaster assistance comes from loans that must be paid back with interest. In cases of severe damage, rental assistance for temporary housing can be provided.

Something to consider when purchasing a business or homeowner insurance policy is to ask the property insurance agent about sewer back-up coverage. Flood insurance policies will not cover losses from a sewage back-up unless this coverage is added to a regular insurance policy as a rider.

"I can wait to see if experts predict excessive spring flooding before I go purchase a flood insurance policy."

Each year, thousands of people throughout the country take the financial gamble that they will be able to prepare for future flooding in their area by waiting to purchase flood insurance just before flooding occurs. Most often, flood insurance does not take effect until 30 days after it is purchased. An exception to this is when flood insurance is a condition of a bank loan. While 30 days may be long enough before spring flooding, how many people in the Red River Valley whose homes

were flooded during this past summer's excessive rainfalls predicted those events 30 days in advance? None.

Getting Insured

As stated before, flood insurance is available to homeowners, renters, or business owners in or out of the floodplain, as long as their community, city, county or township (for rural residents) is enrolled with the

NFIP. Federally-backed NFIP coverages are available from all North Dakota insurance agents who are licensed to sell property or casualty insurance.

Single-family homeowners can purchase flood insurance protection up to a maximum of \$250,000 for the structure, and another \$100,000 for contents. For business owners, the maximum allowable coverage is

\$500,000 for structures and another \$500,000 for contents. Renters can purchase up to \$100,000 in coverage for personal belongings.

For information on purchasing flood insurance, individuals can either contact their insurance agent, or get information directly from the NFIP by calling 1-800-720-1090. Internet users can get information online from the FEMA website at www.fema.gov. ■



COMMISSION MEETING MINUTES

By Patrick Fridgen

The North Dakota State Water Commission (Commission), chaired by Governor Edward T. Schafer, acted on several items of business and was given status reports on continuing water management projects and programs at the September 11, 2000, meeting in Bismarck.

The Commission approved a change in their cost-share policy, now including domestic water supplies. A federal mandate affecting municipal drinking water standards has left several communities needing upgrades to their water supply systems. Unfortunately, this mandate is largely under funded through the federal government. Therefore, the Commission will now cost-share up to 65 percent for domestic water supply projects. State Engineer Dave Sprynczynatyk included \$15 million in the 2001-2003 biennial budget proposed for this purpose.

The State Water Commission also approved the adoption of a prioritization process for matching project needs to available funding. The prioritization process includes a filter mechanism, and a methodology for prioritizing water development projects based on a point system. Formalization of the process will begin immediately. The process is

expected to be fully implemented by 2002 for use in preparing the State Water Commission's 2003-2005 biennial water project budget.

Following a recommendation by Secretary Sprynczynatyk, the Commission approved \$72.34 million in 2001-2003 funding needs for prioritized water development projects and SB 2188 authorized projects. This will include \$40.84 million for prioritized projects and the remaining \$31.5 million for SB 2188 projects.

The Commission approved cost-share for non structural flood damage reduction acquisition projects in Cass County (\$256,200), Drayton (\$7,233), and Fargo (\$26,600). The Federal Mitigation Assistance (FMA) program is providing 75 percent of the total project costs. FMA is funded by FEMA and administered through the State Water Commission. The State Water Commission is cost-sharing 12.5 percent of the acquisition costs, while the remaining 12.5 percent is covered by Cass County, Drayton, and Fargo.

The City of Minot came to the Commission for cost-share to develop a comprehensive storm water management plan for the City. In response, the Commission approved cost-share in the amount

of 1/3 of the eligible costs, not to exceed \$55,400.

The Commission also received a request for cost-share from the Grand Forks County Water Resource District for the emergency repair of dams and channels located in the Upper Turtle River watershed. Cost-share was approved for 50 percent of the eligible costs, not to exceed \$43,125.

Due to higher oil prices, the increased amount of available funding in the Resources Trust Fund enabled the Commission to approve an additional \$99,500 for the Baldhill Dam flood pool raise. This brings the total cost-share contributed by the Commission to \$349,500 for the pool raise.

Related to the Twin Lakes Emergency Outlet at Devils Lake, the Commission approved \$75,000 for engineering design, technical services, and to secure options for land rights necessary to construct the temporary emergency outlet to the Sheyenne River.

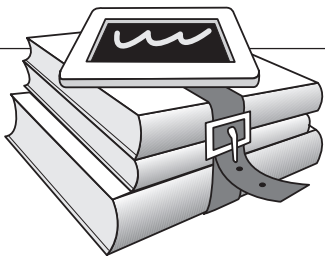
And finally, the Commission approved the Garrison MR&I budget for fiscal year (FY) 2000/2001. FY 2000 MR&I allocation is \$10.555 million, based on an additional unallocated funding of \$275,000. The projected FY 2001 MR&I allocation is \$6.5 million. ■



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THE WATER PRIMER

Are more people using less water?

Recent statistics on water use by the U.S. Geological Survey (USGS) show that the nation is using less water. Less water to the tune of 402 billion gallons per day (bgd) for all uses, which is 2 percent less than in 1990, and nearly 10 percent less than in 1980. This is even despite a continuous increase in population over that same time period.

Freshwater per capita use also decreased for 1995. Total per-capita use was 1,280 gallons per day (gal/d), compared to 1,340 gal/d in 1990. The USGS has compiled and re-

ported national water use statistics once every 5 years since 1950.

After continuous increases in the nation's total use of surface and ground water from 1950 to 1980, water use declined and has remained fairly constant since the mid-1980s, according to the USGS.

"If you were to ask people if the nation was using more or less water now than say 15 or 20 years ago, the vast majority probably would say that we are using more water now," said Robert Hirsch, USGS Chief

Hydrologist. "The overall decline in water use is an encouraging signal."

"The nation is clearly using surface and ground water resources more efficiently," said Hirsch. "Enhanced citizen awareness of the value of water and conservation programs in many communities across the country have helped to cut water use in spite of continued population growth. Improved irrigation techniques and more efficient use of water by industry have contributed to reduced water use as well."

However, long-term concerns remain about the quality of available water. "With increased demands for water for instream uses such as river-based recreation, aesthetic enjoyment and fish and wildlife habitat, the overall competition for good quality water will continue to increase," Hirsch said.

Irrigation is the top freshwater user at 134 bgd in 1995. Although, when fresh and saline water are combined, more water continues to be withdrawn for thermoelectric power generation than for any other water use.

In a state-by-state comparison, California accounts for the largest total water use (46 bgd), followed by Texas, Illinois and Florida. Two dozen states and Puerto Rico had less water withdrawn during 1995 than during 1990. ■

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TRENDS IN GROUND AND SURFACE WATER WITHDRAWALS AND POPULATION 1950-1995

