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[00:00:30] **Speaker 1** Property loss due to flooding, like what happened in Milwaukee, is likely not covered by the standard homeowners insurance policy. It would be covered up to a point under flood insurance. But according to the State Insurance Commissioner's Office, Wisconsin has one of the lowest number of flood insurance policies in the nation, at under 11,000 of more than 2.7 million households. Our next guest researches flood insurance costs and benefits. As Assistant Professor in the Risk and Insurance Department at the Wisconsin School of Business. Philip Mulder joins us now and thanks for being here.

[00:01:06] **Speaker 2** Thank you, Frederica, happy to be here.

[00:01:07] **Speaker 1** So what's the explanation for why so few people hold flood insurance? Do they not know that they need it?

[00:01:13] **Speaker 2** I think that it's a variety of cases. You know, on the one hand, especially in a state like Wisconsin where we're not used to thinking of floods as a regular risk, a lot of people don't do the due diligence that you would need to discover that your homeowner's insurance policy doesn't cover that peril, right? You may be told that as you buy the policy, but maybe you forget over time or you don't notice as you're kind of finalizing the details. In other cases, maybe people do know that flood isn't covered, but it is an extra cost. That can be on the low end. You know, $300, $400 a year. On the high end, if you are in a high-risk area, maybe even thousands of dollars a year, for a lot of households, that's outside of their immediate budget, especially if flooding isn't top of mind as a potential risk.

[00:01:57] **Speaker 1** Certainly top of mind right now, right, after what happened in Milwaukee. But I put a Milwaukee address that did experience flood damage into the flood risk calculator, and it came out as low risk. Are flood maps accurate, and have they changed recently, do they change a lot?

[00:02:15] **Speaker 2** The information that we have about flood risk can often be, I think, confusing to the typical household. It's sort of important to break down what might be out there. On the one hand, you have sort of what we've always called flood maps, which are made by FEMA, and those can often out of date. These are updated over time by the U.S. Army Corps of Engineers through studies, but that process is supposed to be done every five years, but often flood maps can be more than a decade out of dates. Even when they are updated, they don't always do a rigorous study. So yes, that information is often out of date. Even if you're not in an official floodplain, your home may have substantial risk. The National Flood Insurance Program is using newer information now to price policies based on risk rating 2.0. But that can be very difficult for homeowners to learn about. So sometimes you'll see information on the flood map that tells you you're low risk, and another set of information may be telling you that you're high risk.

[00:03:08] **Speaker 1** And so what should the homeowner do?

[00:03:10] **Speaker 2** Well, it's important to sort of take a holistic view of everything that you can do to learn about your risk. There's also third-party tools out there, like First Street Foundation. I understand that at the end of the day, this probably seems like throwing even more information at the homeowner. I think looking into what the NFIP is charging you, this is the National Flood Insurance Program, that premium is based off of their best estimate of your risk, if you're being charged a high premium, it's probably because you have high risk.

[00:03:45] **Speaker 1** And it seems to me that some people might explain away risk in Wisconsin by saying what happened in Milwaukee was a thousand year flood. It's not going to happen again.

[00:03:55] **Speaker 2** Well, you know, I mean, a one in a thousand chance of having your home ruined is a substantial risk, right? That's what flood insurance and insurance in general is for, is to take something that, yes, it's unlikely, but if it were to happen, could be catastrophic and to, you, know, get insure against that. The other thing, too, is, you know, when we talk about things like a thousand year or a 100 year flood, that's a very... A tricky concept to wrap our heads around it does not mean that this will only happen once every thousand years. There's thousand year floods every year somewhere in the country, right? And in addition, what is a thousand year flood? That's something that we can only estimate and that we think is changing with changing weather patterns.

[00:04:39] **Speaker 1** So if you buy a flood insurance policy, maybe you're not even in a high risk area, but maybe you just want to be covered. Does that then cover for replacement or are they all different?

[00:04:51] **Speaker 2** You are probably gonna be able to find some different types of coverage on the market. So I've thrown out the term NFIP, the National Flood Insurance Program, that is a federally run insurer and they are the primary provider of flood insurance in the United States and including Wisconsin. They will sell you up to $250,000 of coverage. A lot of homes that will not cover the full replacement cost, but for some of the smaller floods. Maybe primarily affect the lower levels of a home, which are more typical in Wisconsin, you might be able to get enough coverage. Now, there's also private providers of flood insurance, and there you might able to find more coverage options and things that can cover more expensive homes. It's always important to talk things through with an agent or a broker, understand differences between actual cash value, replacement cost value, policies. These can definitely be tricky concepts.

[00:05:44] **Speaker 1** So given torrential rain events that are on the increase, should we all just assume that we need flood insurance?

[00:05:51] **Speaker 2** You know, it's, I think it's a decision that every household has to make for itself. What I hope is that people can go in with full information. I think that often people assume that they have low risk because they're not in a floodplain. That's not always going to be true. People will say things like, oh, I can't get flood insurance, I'm not in the floodplain, that's not true. The National Flood Insurance Program will sell flood insurance in almost every community as a participating NFIP community. That means you can buy flood insurance inside. Or outside of the flood point. So people should understand their options. Now, there's other steps you can take. Some pumps in your basement, elevating homes that are near waterways, keeping a buffer of savings. If you only face small, say, basement damages, these are other tools that homeowners can use to handle flood risk, but flood insurance is definitely one of those tools and households should take a look at their budgets and see if that makes sense.

[00:06:46] **Speaker 1** If you put a sump pump or other measures like that in your basement, does that reduce the cost if you buy flood insurance?

[00:06:52] **Speaker 2** Not in every case. And in addition, some things are excluded through flood insurance policy. So basements, in many cases, you might be on your own altogether, certainly for, say, covering the contents down there. Flood insurance is really for dealing with the worst-case scenarios. I know that a $10,000 or $20,000 loss can be financially catastrophic to families. But ultimately, what flood insurance is for is even bigger losses, potentially the kind flooding that could ruin your entire home.

[00:07:23] **Speaker 1** Well, Philip Mulder, thank you. Thank you so much for the information.

[00:07:25] **Speaker 2** Thank you, it was my pleasure.

[00:07:27] **Speaker 1** As another school year quickly approaches, we have an update on lead contamination in Milwaukee Public Schools. Here and now reporter Stephen Potter has this report.