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<https://www.msn.com/en-us/channel/source/Moneywise/sr-cid-628f54d09fe47d89?> This Florida woman bought a flood insurance policy for \$8,600 — but after her home flooded during Tropical

Storm Debby, her nearly \$100K claim was denied due to a major loophole

Story by Joe Cortez

• 8h • 4 min read

ocid When Tropical Storm Debby came through Pinellas County, Florida in early August, Danielle Jensen thought her home was protected with flood insurance from the National Flood Insurance Program (NFIP). After all, she did spend \$8,600 on a policy administered directly by the Federal Emergency Management Agency (FEMA).

But when insurance adjusters came through, they denied her claim outright, not due to any fault of her own. A "prior loss" report discovered that the previous owner filed a flood insurance claim, but did not complete the repairs with the claim payout. From the home's condition to the serial numbers on the appliances, everything was the same from the previous insurance claim, leaving her family on the hook for close to \$100,000 in damages.



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"It's worthless, unless we flood again after we've made all these repairs," Jensen told Tampa Bay's [News Channel 8](#). "At which point we could use it because it's all new materials."

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A denial like this can happen to anyone living in one of the roughly [23,000](#) NFIP communities if homeowners aren't aware of their property's past.

How the National Flood Insurance Program works

The National Flood Insurance Program is offered to homeowners through more than 50 insurance companies and directly through FEMA with NFIP Direct. According to FEMA, anyone living in a "high-risk flood area" with a mortgage from a government-backed lender has to have flood insurance. *

The policy can cover both the home and the homeowner's belongings. Building coverage includes things like the foundation and electrical and plumbing systems, while contents coverage can help homeowners recover personal items like clothes, electronics and furniture. Based on government data, more than \$79 billion has been paid for nearly 1.9 million filed claims throughout the life of the program.

Unfortunately, traditional homeowners and renter's insurance will not cover flood damage, and if your home has received federal disaster assistance in the past, you are required to hold flood insurance for as long as you live at the property. That doesn't guarantee that every situation will be covered — and in the case of Jensen, the actions of the past homeowner caused her flood claim to be denied. *

Under the current NFIP Claims Manual, a claim can be denied if there was a previous flood damage claim and no repairs were made with the policy's payout.

But as of October 1, 2024, sellers are now legally required to disclose any prior flood claims and payouts to homebuyers so they can avoid this trap.

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What can I do to protect my home from denied flood insurance claims?

The problem for NFIP-participating communities up until now is that federal law didn't require disclosure of a previous flood insurance claim, or the outcomes thereof. Any disclosure of claims information without the consent of the claimant or current homeowner was seen as a violation of the Privacy Act — meaning the owner didn't have to provide information about prior claims during the home sales process.

Thanks to Florida's House Bill 1049, you can get a clear yes or no regarding past claims from the seller on the disclosure form before purchasing a home in a high-risk flood zone. Any knowledge gaps or unsure responses may be a red flag. You can also work with your real estate agent to get as much information as you can before closing, including requesting a full prior loss report from the seller.

Congressional representatives in the state, Kathy Castor and Gus Bilirakis, also told News Channel 8's Better Call Behnken that they're working on larger solutions to protect flood victims and urge those who have had their claims denied to reach out for support. They plan to increase provider competition to reduce flood insurance rates and mandate more transparency to prevent what happened to Jensen from happening again.

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