

MAP CHANGES AND FLOOD INSURANCE: WHAT PROPERTY OWNERS NEED TO KNOW >>



FEMA



WHAT IS A FLOOD MAP?

The maps that show the flood risks for U.S. communities are officially called Flood Insurance Rate Maps—or FIRMs. Created by the Federal Emergency Management Agency (FEMA) for floodplain management and insurance rating purposes, FIRMs generally show a community's flood zones, Base Flood Elevations (BFEs), and floodplain boundaries, all of which provide an indication of the risk of flooding. FIRMs designate high-risk areas—those with a 1 percent or higher annual risk of experiencing a flood—and moderate- to low-risk areas—where the risk of flooding is less than 1 percent per year. Remember, there is no such thing as a no-risk flood zone. No matter where you live or work, there is always some risk of flooding. Flood insurance premiums are based on the degree of flood risk.

WHY DO FIRMS CHANGE?

Flood risks change over time. Water flow and drainage patterns can alter dramatically because of land use and community development or because of natural forces such as changing weather patterns, surface erosion, subsidence, wildfires or sea-level rise. Likewise, the ability of levees and dams to provide the necessary protection can change as infrastructure ages, thus increasing the risk. To reflect the most current flood risks, FEMA is using the latest data-gathering and mapping technology to update and issue new FIRMs nationwide.

HOW ARE FIRMS USED?

Communities use FIRMs to manage floodplains and develop sound building ordinances. Mortgage lenders use FIRMs to help determine a property's flood risk and decide whether flood insurance will be required as a condition for a loan. Insurance professionals use FIRMs in the rating process that determines a property's flood insurance premium.

HOW DO FIRMS SHOW FLOOD RISK?

Areas of moderate to low risk are shown as zones labeled B, C, or X on a FIRM. High-risk areas are shown as zones beginning with the letters A or V. Areas of undetermined risk are shown with the letter D.

HOW IS THE RISK SHOWN ON THE FIRMS REFLECTED IN INSURANCE PREMIUMS?

If your building is in a high-risk area—also called a Special Flood Hazard Area, or SFHA—you will likely pay a higher flood insurance premium than someone in a moderate- to low-risk area. The exact amount you pay depends on a number of factors, including the elevation of the building itself.

In a high-risk area, your insurance premium will also depend on when your building was constructed in relation to the date of the FIRM. Some buildings constructed before the community's first FIRM, called pre-FIRM, are eligible for subsidized premium rates that are determined with limited underwriting information.

WHAT IF THE NEW MAP SHOWS THAT MY RISK HAS CHANGED?

This chart shows the effect of map changes on insurance rates. For exact rating information, contact your insurance agent.

| CHANGE IN RISK | RATE IMPACT |
|---|--|
| Moderate- to low-risk area (Zone B, C, or X) or Unknown (Zone D) TO High-risk area (Zone A or V) | Flood insurance is mandatory. Flood insurance will be required if you have a mortgage from a federally regulated or insured lender. Rating options can offer savings. Buildings newly mapped into a high-risk area may initially be eligible for a lower-cost rate during the first 12 months following a map change. Premiums will then increase up to 18 percent each year as part of the premium rate revisions put in place by the Homeowner Flood Insurance Affordability Act of 2014. Purchasing a policy before the new map goes into effect will maximize your savings. Your insurance agent can provide more details on how to save. A policy can be assigned to new owners, allowing them to keep the lower rate. |
| High-risk area to higher-risk area (Zone A to V) OR Increase in BFE | Grandfathering can offer savings. The NFIP grandfathering option allows policyholders who have built in compliance with the flood map in effect at the time of construction to keep their previous zone or Base Flood Elevation to calculate their insurance premium. This could result in significant savings. A grandfather-rated policy can be assigned to new owners. In most cases, your insurance agent will ask you to provide an Elevation Certificate. |
| High-risk area (Zone A or V) TO Moderate- to low-risk area (Zone B, C, or X) | Flood insurance is optional, but recommended. The risk is reduced, not removed. More than 20 percent of NFIP claims come from buildings outside of high-risk areas. Conversion offers savings. An existing policy can be converted to a lower-cost Preferred Risk Policy, with a refund of the premium difference. Although flood insurance is no longer federally required, your mortgage lender might still choose to require it. |
| No change | No change in insurance rates. Still, this is a good time to talk with your insurance agent to learn your specific risk and make sure you have enough flood insurance coverage. |

HOW CAN I REDUCE MY RATES?

If you find you will have to pay a higher premium for flood insurance, you can take these steps to help reduce the cost:

- **Mitigate.** One way to reduce your rate is to reduce your risk, because premiums are based on risk. For example, you can fill in a basement or install flood vents in the crawl space beneath the lowest level of your building, which helps reduce the chance that the foundation of your building will be displaced during a flood, and lowers your premium. When remodeling or rebuilding, you can consider elevating your entire structure. Something as simple as raising heating and cooling systems, water heaters, the electrical panel, and other mechanical items so that they are less likely to be damaged or destroyed in a flood may offer some premium savings.
- **Encourage community action.** You can encourage your community to participate in the Community Rating Service (CRS), if it doesn't already. CRS is a voluntary incentive program that recognizes communities for implementing floodplain management practices that exceed the National Flood Insurance Program (NFIP) minimum requirements. In exchange for a community's proactive efforts to reduce flood risk, policyholders can receive reduced flood insurance premiums. For more information, visit FloodSmart.gov/CRS.
- **Apply for a Letter of Map Change (LOMC).** FIRMs are developed to a scale that is useful for community officials, lenders, and insurance professionals, but not every rise in terrain can be depicted at this scale. If you think your building is imprecisely mapped as being in the floodplain, FEMA provides a process to allow property owners to request a more precise flood zone designation. Two types of LOMCs are Letters of Map Amendment (LOMAs) and Letters of Map Revision-Fill (LOMR-Fs). A LOMA is usually issued because a property has been mapped as being in the floodplain, but is actually on naturally high ground. A LOMR-F is for a property that is now elevated above the BFE by the placement of fill. For more information on filing a LOMA or LOMR-F, visit fema.gov/letter-map-amendment-letter-map-revision-based-fill-process.
- **Consider a higher deductible.** Just as with automobile or homeowners insurance, increasing your deductible—an amount you pay out of your pocket to cover a claim before coverage is applied—will lower your premium. A new \$10,000 deductible, available to homeowners as of April 1, 2015, will result in up to a 40 percent discount from the base premium. However, using the maximum deductible might not be appropriate in every financial circumstance and might not be allowed by lenders to meet mandatory purchase requirements.

WHERE CAN I LEARN MORE?

If a mapping project is occurring in your community, stay in contact with your local floodplain administrator to learn when and where changes are occurring and to find out where you can view the new maps. When preliminary FIRMs are released, they and the current FIRMs will also be posted to msc.fema.gov. To learn more about FEMA's mapping program, visit fema.gov/national-flood-insurance-program-flood-hazard-mapping.

To hear about ways to reduce your insurance premium—such as grandfathering, choosing a higher deductible, or taking mitigation action—ask your insurance agent to help you determine what may be best for your financial situation. To learn more about flood insurance or to find an insurance agent, visit FloodSmart.gov.