

## HOMEOWNERS FREQUENTLY ASKED QUESTIONS:

### THE EFFECT REVISED FLOOD MAPS HAVE ON EXISTING STRUCTURES

When new flood maps are proposed, there is usually a period of at least six months between the time the proposed maps are made available to the public and the date when they go into effect. You and your insurance agent can use this time to decide what strategy will result in the lowest rates for the same amount coverage or even an increased amount of coverage.

#### Q What factors determine flood insurance premiums?

A number of factors determine premiums for National Flood Insurance Program (NFIP) flood insurance coverage. Major factors include:

- Amount of coverage purchased;
- Deductible;
- Flood zone;
- Location, age, occupancy, date of construction, and type of building;
- The elevation of the lowest floor relative to the elevation of a 1% annual chance has of reaching in any given year (known as a Base Flood Elevation, or BFE)

#### Q I have flood insurance and my house is in a high-risk flood zone according to the current effective flood map. The new map, however, will show my house as being in a moderate- or low-risk zone. Will I have to continue to carry flood insurance when the new map officially takes effect?

If you have a loan on the property through a federally regulated or insured lender, you will no longer have a *Federal* requirement to purchase flood insurance when the new map takes effect. Lenders do retain the prerogative to require flood insurance, even for property that is no longer in a high-risk zone. If you wish to continue coverage once the new maps take effect, you may be eligible to convert your existing policy to lower-cost Preferred Risk Policy, based on your property being located outside the high-risk zone. This could also result in a refund of some of the premium paid for your current policy.

Even if there is no longer a requirement to purchase flood insurance, homeowners and business owners are encouraged to continue coverage, because the *risk has only been reduced*, not removed. About one out of every four flood claims comes from moderate- and low-risk areas.

#### Q According to my community's current effective map, my house is located in a moderate- or low-risk zone. The new flood map will show it as being in a high-risk zone. Will I have to purchase flood insurance when the new map officially takes effect?

If you have a loan on the property through a federally regulated or insured lender and you do not already have flood insurance, your lender will require you to purchase flood insurance when the map becomes effective. If you do not purchase the insurance within 45 days after being informed that flood insurance is required, the lender can force place the insurance at a higher rate and charge you for the cost of it. If you dispute the lender's determination that your property is located in a high-risk zone, you and your lender can jointly request a Letter of Determination Review from the Federal Emergency Management Agency (FEMA) with 45 days of being informed by your lender that your property is located in a floodplain.

If you purchase flood insurance *before* the new maps take effect, your policy can be rated using your current lower risk zone—which can result in you saving money on the premiums.

**Q My house was built at or above the BFE shown on the flood map effective at the time of construction. On the new map, my house will remain in the high-risk zone, but the BFE will *decrease*. What will happen to my insurance premium when the new map officially takes effect?**

You should contact your insurance agent to ensure that the policy is re-rated when the new map officially takes effect. The lower flood elevation may result in a lower premium.

**Q My house was built at or above the BFE shown on the effective map at the time of construction. On the new map, my house will remain in the high-risk zone, but the BFE will increase. What will happen to my insurance premium when the new map officially takes effect?**

If you can show that your house was built in compliance with local floodplain management regulations and the flood map in effect at the time of construction and can document that there has been no substantial improvement and the lowest floor elevation has not changed since construction, the basis for rating your policy does not change; your premium will continue to be calculated using that original BFE. If you cannot show that your house was built in compliance at the time of construction, your policy will be re-rated (at renewal) using the new flood map after they become effective, which may raise your premium.

If you can show that your home has been continuously insured since before the map change, your premium will continue to be rated using the original BFE.

If you do not have a loan through a federally regulated or insured lender, you are not required by Federal regulations to carry flood insurance; it is still recommended and is available to you.

**Q My house was built at or above the BFE shown on the effective map at the time of construction. On the new map, my house will remain in the high-risk zone, but the flood elevation will increase. Will my house be considered to be in violation of any National Flood Insurance Program (NFIP) regulations when the new map officially takes effect?**

Any house that can be shown to have been built in compliance with local floodplain management regulations and the flood map at the time of construction will continue to be considered compliant, even if the new maps will show an increase in flood elevation or a change to a more restrictive zone designation. However, should your house be substantially damaged (if damage is 50% or more of the pre-damaged market value) and you wish to repair it, you will be required to bring the entire structure into compliance with the zone designation and flood elevations in effect at the time the repairs take place. If the structure is less than substantially damaged, you do not need to refer to the flood map when repairing damages. Please note, however, that there may be more stringent or local requirement that take precedence over those stated here. Regardless of whether your building is substantially damaged, you will need a building permit to make repairs and need to contact your local building official.

**Q My house was built in the high-risk zone. What do I do if I want to build an addition or otherwise improve it?**

If the value of the addition or improvement to the house is less than 50% of the market value of the existing structure, you need only make sure that the addition meets or exceeds the standards currently in effect at the time of construction. Under certain circumstances, only the addition needs to be elevated to the flood elevations shown on that map. Additions and/or other improvements valued at 50% or more of the market value of the existing structure are considered

**substantial improvements.** In such cases, the entire structure must be brought into compliance with the elevations on the map in effect at the time the improvement begins. Please note, however, there may be more stringent local requirements that take precedence over those stated here. Regardless of whether your building is substantially improved, you will need a building permit to make the improvement and need to contact your local building official.

**Q What Are Strategies to Get the Best Rates When New Flood Maps Are Proposed?**

Make certain you have flood insurance at the best possible rates *before* the new maps take effect. This then affords you the option of continuing the same rating after the new maps are adopted. Check the options outlined previously for the best rate. Identify your flood zone on the proposed new map. Your insurance agent may have a copy of the current effective flood map but is unlikely to have the proposed new flood maps. You can usually review the proposed maps in your local government's building or planning office. Look for notices of public meetings where the proposed maps will be displayed and local, state, and/or federal officials will be available to answer your flood map and insurance questions.

**If you don't have flood insurance now, consider purchasing a policy before the new maps take effect.** If your home is located in a moderate- or low-risk zone (labeled B, C, or X on the current map), your lender may not have required coverage, and you may never have thought you needed it. This is a potential significant financial mistake (see the third bullet under "Helpful Tips"). If the proposed map places you in a higher risk zone, and you have a mortgage from a federally regulated or insured lender, you will be notified by letter after the new map goes into effect that you must purchase flood insurance. If you do not purchase the insurance within 45 days of notification, the lender will force place the insurance at a higher rate and charge you for the cost.

**If your lowest floor elevation (including a basement) exceeds the Base Flood Elevation (BFE) on the new maps, check for possible elevation discounts.** Elevation discounts are available for structures whose lowest floor elevations are higher than the established BFE.

**Q What Do the Different Zone Designations Mean?**

The table below provides an explanation for the most commonly found flood zone designations on a Flood Insurance Rate Map.

RISK LEVEL	FLOOD HAZARD ZONE
High Flood Risk	<p><b>AE, A, AR, A99, AH or AO Zone.</b> These properties have a 1 percent chance of flooding in any year – and a 26 percent chance of flooding over the life of a 30-year mortgage.</p> <p><b>VE or V Zone.</b> These properties have a 1 percent chance of flooding in any year and also face hazards associated with coastal storm waves.</p> <p><b>Insurance note:</b> High-risk areas are called Special Flood Hazard Areas, and flood insurance is mandatory for most mortgage holders.</p>
Moderate or Low Flood Risk	<p><b>B or Shaded X Zone.</b> These properties are moderate-risk zones.</p> <p><b>C or X Zone.</b> These properties are in an area of overall low-risk.</p> <p>The risk in these zones is reduced, but not removed. FEMA statistics show that one out of 4 flood claims come from these zones.</p> <p><b>Insurance note:</b> Lower-cost preferred rate flood insurance policies (known as Preferred Risk Policies) are often an option in these areas.</p>
Undetermined Risk	<p><b>D Zone.</b> The Zone D designation is used for areas where there are possible but undetermined flood hazards. In areas designated as Zone D, no analysis of flood hazards has been conducted. Flood insurance is optional and available.</p>

## WHAT ARE SOME HELPFUL TIPS?

- Encourage your insurance agent and local officials to keep any copies of the old flood maps. They can be hard to obtain after new maps have taken effect.
- Make a copy of the portion of the map panel showing your home's location.
- Consider buying flood insurance even if you are outside the high-risk area. On average, about 25 percent of all flood insurance claims come from the less risk-prone flood zones that are designated as B, C, or X zones. Ask your insurance agent about the Preferred Risk Policy — it may be just what you need to protect your most important investment.
- Do not let your flood insurance lapse. Having continuous flood insurance coverage protects your property against flood damage and assures that the basis for rating your policy remains unchanged.
- Keep a copy of your elevation certificate. It documents your building elevation as well as the flood zone and BFE in effect when the home was built.
- If your elevation certificate shows that the ground level at your home is above the BFE, you can request a Letter of Map Amendment (LOMA) to remove your home or your entire lot from an AE or VE flood Zone. You may then qualify for a Preferred Risk Policy at a lower rate.
- If you are buying a building that has flood insurance coverage, talk to your insurance agent about having the flood insurance policy “assigned” to you by the seller so that the coverage is continuous. (Note: There is a 30-day grace period before claims can be made after the policy “assigned” to you.)
- The lack of flood openings in buildings elevated on solid foundation walls can significantly raise your rates. Contact your local building department for assistance on ways that your home could be altered to reduce the cost of flood insurance. Such alterations might include the installation of flood vents or the elevation of utility equipment (i.e., water heater, furnace, central air conditioner unit, oil tank, etc.) above the flood level.
- Consider higher deductibles. Deductibles up to \$5,000 are available that will reduce annual premiums. Check with your mortgage lender before increasing the deductibles.
- Encourage your community to participate in the Community Rating System (CRS), which provides insurance premium discounts based on activities and higher regulatory standards that the community implements. In a CRS community, everyone enjoys living in a safer community while receiving flood insurance discounts.

### Q How will I know when new flood maps are being issued for my community?

- Ask your local floodplain manager; your City Clerk or County Manager's office can help you locate him or her.
- Look for an official notice in your local newspaper.
- Look for articles in community newsletters, inserts in your utility bill, etc.
- Check your community's website.
- Visit [www.GeorgiaDFIRM.com](http://www.GeorgiaDFIRM.com)

This summary is not an alternative to the flood insurance manual or local construction regulations. It is intended to give property owners and flood insurance policyholders some ideas on what to do if a revised flood map is proposed and you wish to keep your flood insurance premiums to a minimum under the regulations. To describe the general issues in the clearest language, numerous simplifications have been used. Contact your insurance agent for your rating options on specific buildings and contact your local building official or floodplain manager for details on local construction regulations.