

# THE EFFECTS OF MAP CHANGES ON FLOOD INSURANCE



## Frequently Asked Questions

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### 1. 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; and,
- For newer buildings in floodplains, the elevation of the lowest floor relative to the Base Flood Elevation (the level that flood waters have a 1% annual chance of reaching any given year) can also be used to rate the policy.

### 2. According to my community's current effective flood maps, my house is located in a low- to moderate-risk zone. The new preliminary maps show it located in a high-risk zone. Will I have to purchase flood insurance when the new maps officially take effect?

If you have a loan on your house through a federally regulated lender and do not already have flood insurance, your lender will require you to purchase flood insurance when the new maps become effective. If you don't purchase the insurance within 45 days after being informed that flood insurance is required, the lender can buy the insurance for your home at a higher rate and charge you 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) within 45 days of being informed by your lender that your property is located in a high-risk zone.

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

### 3. I have flood insurance, and my house is in a high-risk flood zone according to the current effective flood maps. The new preliminary maps show it located in a low- to moderate-risk zone. Will I have to continue carrying flood insurance when the new maps officially take effect?

If you have a loan on the property in question that is through a federally regulated lender, you will no longer have a *Federal* requirement to purchase flood insurance when the new maps take effect. Lenders do retain the prerogative to require flood insurance, even for property that is not in a high-risk zone. If you wish to continue coverage once the new maps take effect, you may be eligible for preferred risk rates based on your property being in a low- or moderate-risk area. You should have your policy re-rated using the new maps, which should lower your premium.

Even if you are not required to purchase flood insurance, home and business owners are encouraged to continue coverage at the preferred risk rates, because the risk has only been reduced, not removed. About one out of every four NFIP flood claims comes from low- and moderate-risk areas.



- 4. My house was built at or above the Base Flood Elevation shown on the current effective maps (or a previous map). On the new preliminary maps, my house will remain in the same zone, but the Base Flood Elevation will increase. What will happen to my insurance premium when the new maps officially take effect?**

If you can show that your house was built in compliance with local floodplain management regulations and the maps in effect at the time of construction, the basis for rating your policy does not change and your premium will continue to be calculated using that original Base Flood Elevation. If you can't show that your house was built in compliance at the time of construction, your policy will be re-rated (at renewal) using the new maps 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 Base Flood Elevation.

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

- 5. My house was built at or above the Base Flood Elevation shown on the current effective maps (or a previous map). On the new preliminary maps, my house will remain in the same zone, but the Base Flood Elevation 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 preliminary map officially takes effect. The lower Base Flood Elevation may result in a lower premium.

- 6. My house was built in a "Zone A" or "Zone AE" to the flood elevation in effect at the time of construction. On the new preliminary maps, my house is mapped into a "Zone VE." What will happen to my insurance premium when the new preliminary maps officially take 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, the basis for rating your policy does not change. Your premium can continue to be calculated using the same zone in effect at the time of construction when the policy renews, after the new preliminary maps officially take effect. If you cannot show that your house was built in compliance at the time of construction, your policy will be re-rated (at renewal) after the new maps take effect using the new flood zone designation and flood elevations, 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 zone in effect at the time of construction.

- 7. My house is shown as being in "Zone VE" on the current effective maps. On the new preliminary maps, my house is mapped into a "Zone AE." What will happen to my insurance premium when the new map officially takes effect?**

You should contact your insurance agent to ensure the policy is re-rated when the new map officially takes effect. The change to a "Zone AE" designation will likely lower your premium.