



# FEMA

## Community Officials: Answering Flood Insurance Questions

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### **If I own an older home, how will the March 21, 2014 law affect my flood insurance premiums?**

Property owners need to know that all Pre-FIRM buildings are again eligible for lower subsidized premiums. Pre-FIRM building owners can transfer their flood insurance policy and Grandfathering Rules will apply (See description of Pre-FIRM building on reverse side).

### **If I build or substantially improve my house and meet all the building codes, will I get the lowest possible flood insurance premium?**

Not always. Building higher can lower premiums. It is recommended that property owners seek the advice of their insurance agent before commencing construction or substantial improvement. For instance, it's possible that an additional 6" of elevation may save thousands of dollars in premiums over 5 years.

### **My building will be newly mapped into a Special Flood Hazard Area (SFHA), what are some things I need to be aware of?**

If your house is serving as security for a loan or line of credit, your lender will be required by law to have a flood insurance policy in place within 45 days from the time they are notified that your house is in a SFHA which will happen after the new map takes effect. The first step is to see your insurance agent about a flood insurance policy before your building gets mapped into a SFHA. If you choose to buy a policy now (before the new map takes effect), the policy premium will be based on the non-SFHA zone. After the map officially changes, your policy will continue to be rated with lower flood zone premiums (see Grandfathering

Rules). Next, discuss with your agent FEMA's Preferred Policy Extension Rule for buildings newly mapped into an SFHA. It could save you premium dollars after the maps change. A community official can help you qualify for the Preferred Policy Extension Rule by providing a copy of the last map in effect before the new map as proof your building was not in a SFHA zone.

### **When my house was built, it met all the floodplain building ordinances for the map in effect at that time. Isn't it unfair that I now need to pay high flood insurance premiums because the new map changes my flood zone?**

If a building, at the time of its construction or substantial improvement, met all the floodplain ordinances and has not since been altered, a community official can provide the property owner with a letter confirming the building was built in compliance. The property owner can submit that letter to their insurance agent. The agent will then be able to get a premium quote for the building using the flood zone and/or BFE in effect at the time of construction or substantial improvement which may be a significantly lower premium. This type of premium savings is called "Built-in-Compliance" grandfathering. Ask your insurance agent about this rule and whether it may apply to your house.

### **I have heard about another premium saving rule called "continuous coverage" Grandfathering. How does that work?**

After a property owner buys an NFIP flood insurance policy, going forward the policy premium will be determined using the flood zone and/or BFE

that was in effect when the initial policy was purchased regardless of subsequent map changes so long as the policyholder does not allow the policy before the new map takes effect is an opportunity to "anchor" an older (less expensive) flood zone and/or BFE for future renewals and save premium dollars. Talk to your insurance agent about the "continuous coverage" grandfathering rule.

**Other than my insurance agent, where can I get more detailed information on flood insurance and mapping?** Two FEMA sponsored websites may be helpful:

- 1.) [www.FloodSmart.Gov](http://www.FloodSmart.Gov), and
- 2.) FEMA's Map Service Center website: <https://msc.fema.gov> or call toll-free 877-336-2627 and speak with a FEMA Map Specialist.

The NFIP Regional Manager for New England is Tom Young (603-625-5125 TYoung@NFIP-iService.com).

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## Explanation of Key Terms

**Pre-FIRM Building:** A building for which construction or substantial improvement occurred on or before December 31, 1974, or before the effective date of an initial Flood Insurance Rate Map (FIRM).

**Subsidized Premium:** The premium charged represents a significant discount off of full actuarial rates.

policy to lapse by not paying the renewal premium. Buying a flood insurance

**Full Actuarial Rates:** Insurance premiums are developed based on the building's actual exposure to the risk of flooding based on elevation data captured on an Elevation Certificate.

**Special Flood Hazard Area:** FEMA Flood Zones that begin with either the letter "A" or the letter "V" are SFHA's. These areas are considered vulnerable to damage by a flood having a 1% chance of occurring in any given year (also referred to as the Base Flood).

**Preferred Policy:** A low premium policy offered to most buildings not located in a SFHA and meeting other eligibility requirements such as loss history.

**Preferred Policy Extension Rule:** Provides temporary premium relief for a building newly mapped into a Special Flood Hazard Area (SFHA) by allowing an NFIP policy to be written at lower premiums for a period of one or two years.

**Grandfathering Rules:** Rules that allow a policy premium to be determined based on rating criteria representative of an older FEMA Flood Insurance Rate Map resulting in premiums that are more beneficial (lower) to the policyholder.

**Elevation Certificate:** A tool used to provide elevation information necessary to ensure compliance with community floodplain regulations, to determine proper insurance premium, and to support a request for a Letter of Map Amendment.

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