

EFFECTS OF MAP CHANGES – KNOW YOUR OPTIONS

Since 2003, the Federal Emergency Management Agency (FEMA) has led a major effort to update the nation's flood maps to reflect current flood risks. FEMA is continuing to provide new maps through a program known as Risk Mapping, Assessment & Planning (Risk MAP). The new maps are digital, easily accessible and represent the most accurate flood risk data available. Coconino County acts as a Cooperating Technical Partner in supporting FEMA's efforts to provide the latest flood risk information to County residents and business owners.

Flood risks can, and do, change over time due to community growth, erosion and other factors. With the issuance of new flood maps (known as Flood Insurance Rate Maps or FIRMs), many property owners learn that their risk of flooding has changed. And for some, the change means new flood insurance requirements. If a building in a moderate- or low-risk flood zone is newly identified to be in a high-risk area (known as a Special Flood Hazard Area or SFHA), then most lenders will require flood insurance when the new maps become effective. Other property owners will learn that their flood risk has been reduced and the federal lender requirement has been removed, though the lender can still require it. It is important to know if and how your flood risk has changed so that you can take advantage of the best cost-saving option while still staying covered for the next flood.

NEWLY IDENTIFIED AS HIGH-RISK

To help reduce the financial burden for affected property owners, the National Flood Insurance Program (NFIP) offers a cost-saving option for property owners whose buildings are newly identified to be at a high-risk for flooding (shown on a flood map as a zone beginning with the letter "A"; i.e., Zone A and Zone AE). This "Newly Mapped Procedure" rating option allows policyholders to purchase coverage at the lower-cost Preferred Risk Policy (PRP) rate for the first 12 months after new maps go into effect. After the first year, the rate begins a transition to a full-risk rate with annual rate increases of no more than 18 percent each year. Additional savings can be realized if a PRP is purchased and effective before the new maps become effective. If your property will be newly shown on the preliminary flood map as being in a high-risk area, then contact your insurance agent to see if the property qualifies for this newly mapped rating option.

INCREASE IN BASE FLOOD ELEVATION

If your building is being newly mapped into a high-risk area and is *not* eligible for a PRP, OR if the Base Flood Elevation¹ (BFE) around your property will be higher when the new flood map takes effect, then the NFIP offers an option to keep the current flood zone or BFE for future insurance rating, called "grandfathering."

The easiest way to take advantage of grandfathering is by having a policy in effect before the new flood maps take effect. This "continuous coverage" will lock in the current flood zone or BFE for rating when the policy renews in the future. For older structures that were built before Coconino County's first flood map was issued on November 16, 1983 (known as pre-FIRM buildings), this is the only grandfathering option available. Structures built on or after the community's first flood map was issued (post-FIRM buildings) have a second opportunity to lock in the flood zone or BFE for future rating if a policy is not in effect when the new map takes effect. A policy can be grandfather-rated after the effective date; however, you must show proof that the building was built in compliance with the flood map that was in effect at the time of construction. Your insurance agent can help produce the necessary documentation.

¹ Base Flood Elevation: The height (above sea level) that floodwaters are estimated to reach or exceed in a flood event with at least a one-percent chance of occurring in any given year.

Note that in some cases, using the new flood map for rating may actually result in a lower premium than what grandfathering provides. So have your insurance agent check all options.

FLOOD RISK CHANGES FROM HIGH TO MODERATE-LOW RISK

When a building that was in a high-risk area is shown to be in a moderate- or low-risk area on the new flood map, the federal mandatory purchase requirement is removed when the map becomes effective (though the lender can still require it); however, the risk has not been removed – *it has only been reduced*. Flood insurance is now significantly cheaper. The NFIP provides insurance agents with an easy way to convert an existing policy written in a high-risk zone to a Preferred Risk Policy (PRP) that does not require the insured to pay an additional amount; in fact, the property owner will get a refund of the difference in cost while still maintaining coverage. In addition, that policy will automatically include contents coverage (40% of the building coverage). Consequently, it is much less expensive and there is no gap in coverage.

SUMMARY

The following table summarizes the different effects and options available. To learn more about Coconino County’s flood mapping program and the status of the mapping project, visit www.coconino.az.gov/FEMAFloodplainRemapping. To learn more about flood insurance and insurance options available, contact your insurance agent or visit www.FloodSmart.gov.

IF MAPS SHOW...	THESE REQUIREMENTS, OPTIONS AND SAVINGS APPLY
<p>Change from moderate or low flood risk to high risk (flood Zone B, C, or X to Zone A, AE, AH, AO)</p>	<p>Flood insurance is mandatory. Flood insurance will be federally required for most mortgage holders. Insurance costs may rise to reflect the true (high) risk.</p> <p>Rating Options can offer savings. The NFIP provides savings by allowing lower-cost Preferred Risk Policy (PRP) rates to be used the first 12 months after a new flood map becomes effective. Premiums will then increase up to 18 percent each year. Affected property owners are encouraged to buy a PRP before the maps become effective for additional savings. Note: When the building is sold, the policy and rating option can be transferred to the buyer so they can continue to benefit from this cost-saving option.</p>
<p>Increase in the Base Flood Elevation (BFE)</p>	<p>An increase in risk can result in higher premiums; however, “grandfathering” can offer savings. The NFIP grandfathering rules allow policyholders to keep the current Base Flood Elevation to calculate their insurance rate if they have a flood policy in place before the new maps become effective or if built in compliance with the flood map in effect at the time of construction. This could result in significant savings. Note: When the building is sold, the policy and rating option can be transferred to the buyer so they can continue to benefit from this cost-saving option.</p>
<p>Change from high flood risk to moderate or low risk (e.g., flood Zone A, AE, AH, AO, to Zone X or shaded X)</p>	<p>Flood insurance is optional but recommended. The risk has only been reduced, not removed. Flood insurance can still be obtained, and at lower rates. Nearly 30 percent of all flood insurance claims in Arizona come from moderate-to-low-risk areas.</p> <p>Conversion offers savings. An existing policy can be easily converted to a lower-cost Preferred Risk Policy, if the building qualifies. Note that lenders always have the option to require flood insurance in these areas.</p>
<p>No change in risk level</p>	<p>No change in insurance rates. However, this is a good time to review your coverages and ensure that your building and contents are adequately insured.</p>