

## FLOOD RISK AND FLOOD INSURANCE FREQUENTLY ASKED QUESTIONS

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- 1. My lender is not requiring that I carry flood insurance. Do I need it?**  
By law, most lenders require flood insurance if your home or business is in a high-risk area (a flood zone beginning with the letter “A” on the flood maps). If your home or business is in a moderate- or low-risk area (shown as flood zones B, C, or X), then you are still at risk and should strongly consider purchasing some coverage. Greater than 1 out of 3 flood claims in Arizona come from these lower-risk areas. And if you are in or near an area that has experienced a wildfire (e.g., Schultz, Pipeline, Museum), you should strongly consider flood insurance as the risk can now be significantly higher. Visit [www.FloodSmart.gov/Wildfires](http://www.FloodSmart.gov/Wildfires) to learn more about the risk of flood after wildfires.
- 2. An insurance agent told me that my home’s flood insurance premium had increased significantly since last year. I watched the Pipeline West Post-Wildfire Flooding Update and saw the Schultz/Pipeline Flood Maps released on June 28, 2022. Did these maps cause my flood insurance to increase?**  
No. The Schultz/Pipeline Flood Maps did not affect flood insurance rates. They are used to help inform property owners about the change in flood risk and actions they can take to reduce the risk. More details can be found at [www.coconino.az.gov/SchultzPipelineFloodArea](http://www.coconino.az.gov/SchultzPipelineFloodArea).
- 3. If the flood insurance premium increase wasn’t due to the Schultz/Pipeline Flood Maps, then what caused it? Or is it that agents are taking advantage of the threat of post-wildfire flooding and raising rates?**  
The premium increase may be due, in part, to a new way FEMA is rating flood insurance through the National Flood Insurance Program (NFIP). This new methodology is called Risk Rating 2.0 (RR 2.0). As of October 1, 2021, all new policies started being rated using RR 2.0. All existing policies started being renewed using RR 2.0 as of April 1, 2022. FEMA estimates in the first year that about 25% of Arizona policies will see an immediate decrease, about two-thirds will see the same or less of an increase compared to previous years’ changes. More information about RR 2.0 can be found at [www.fema.gov/flood-insurance/risk-rating](http://www.fema.gov/flood-insurance/risk-rating).
- 4. How is Risk Rating 2.0 (RR 2.0) different from how flood insurance premiums were determined?**  
RR 2.0 uses industry best practices and the latest technology to provide rates that better reflect each individual property’s flood risk. FEMA uses a combination of its flood mapping data along with 3 catastrophe models, data from other federal government sources (e.g., National Oceanic and Atmospheric Administration, U.S. Army Corps of Engineers), and commercially available structural and replacement cost data.

**5. What variables help determine what my flood insurance rate is?**

Under RR 2.0, your flood insurance cost is based on a building's unique flood risk determined using the information described in question 4 and key variables like:

- Occupancy type,
- Construction type,
- Foundation type,
- First-floor height,
- Distance and ground elevation relative to flooding source(s),
- Year of construction, and
- Building replacement cost.

To learn more about how rates are determined, review FEMA's Rate Explanation Guide at <https://bit.ly/3Pr5qB6>.

**6. Under Risk Rating 2.0, will I still need an Elevation Certificate to rate my policy?**

An Elevation Certificate (EC) will no longer be required to purchase coverage under RR 2.0. Instead, FEMA will use its tools and resources to determine FEMA-sourced elevation data of a building. However, a property owner may choose to provide an EC and submit it to their agent to see if it will result in a lower rate.

Please note that ECs will still be used for floodplain management building requirements and as-built certification. You may download an EC from here: <https://bit.ly/3AVZL26>.

**7. What discounts are available to reduce my flood insurance premium?**

Coconino County and the City of Flagstaff participate in FEMA's Community Rating System (CRS). CRS is a voluntary incentive program that recognizes and encourages community floodplain management practices that exceed the minimum requirements of the NFIP. As a result, policies in all flood zones receive a 10% discount in Coconino County and 25% discount in the City of Flagstaff.

RR 2.0 also provides discounts in all flood zones for mitigation activities such as engineered flood openings and elevating machinery and equipment. Elevating a building higher above the ground can also reduce your premium.

Another option to reduce your premium is to choose a higher deductible if you feel you can cover that cost (if you have a loan, the lender may need to approve that). Talk to your insurance agent to learn more about flood insurance and available discounts. You can also visit [www.FloodSmart.gov](http://www.FloodSmart.gov).

**8. I am in a low-risk flood zone (Zone X) and have a Preferred Risk Policy (PRP). Will I still get to keep my PRP under Risk Rating 2.0?**

Because FEMA can determine a property's specific flood risk – including distance and height above the flooding source(s) – flood zones are no longer used as a rating variable. Consequently, PRPs will no longer be offered, and existing ones will be renewed using the new rating methodology. Some PRP policyholders will see their policy premiums go down, while others will increase until they reach a full-risk premium (rates cannot increase more than 18% a year). Read FEMA's PRP fact sheet at <https://bit.ly/3cjX4wU>.

**9. FEMA and the Flood Control District are updating the flood maps for some parts of Coconino County. Under Risk Rating 2.0, how will this affect my flood insurance costs?**

FEMA and the Flood Control District are updating flood maps for areas around Kachina Village/Mountaineer, Munds Park and Oak Creek Canyon. You can learn more about these projects at [www.coconino.az.gov/FEMAFloodRiskRemapping](http://www.coconino.az.gov/FEMAFloodRiskRemapping).

When the new maps become effective, some property owners will find that their flood risk has not changed, while others will find it has increased or decreased. Those newly identified to be at high risk (e.g., going from Zone X to Zone A) will be required to purchase flood insurance from their lender. RR 2.0 offers a newly mapped discount the first year to help reduce the financial impact of the map change. The premium then will increase no more than 18% a year until it reaches its full-risk premium.

Any other change in risk (e.g., Zone A to Zone X, or an increase or decrease in Base Flood Elevation [BFE]) will not affect how a premium is calculated because FEMA no longer uses flood zones or BFEs as rating variables. However, flood zones and BFEs are still used for building requirements and flood zones are used by lenders to determine flood insurance requirements.

For more information about the effects of map changes on insurance, read the Association of State Floodplain Manager's fact sheet at [www.floods.org/koha?id=6320](http://www.floods.org/koha?id=6320).