



# Flood Map and Insurance Changes for Coastal Areas



## Insurance Professionals: Know the Effects and Flood Insurance Options

Hillsborough County is part of a multi-year process led by the Federal Emergency Management Agency (FEMA) to update coastal flood maps. New coastal flood risk data means a safer, more resilient Hillsborough County.

The coastal flood risks shown on today's flood maps (known as Flood Insurance Rate Maps, or FIRMs) are based on obsolete data and technology more than 30 years old. The 2007 countywide flood map update did not include an updated analysis of the coastal flood risk and does not reflect new development or changes in shoreline.

It is important for residents and business owners to understand the effects these map changes have on flood insurance requirements and the available options. Properties may be identified to be at a higher or lower risk, have changes in their Base Flood Elevation (BFE<sup>1</sup>), or experience no changes in risk. Property owners should take time to learn about these changes and how they affect the flood insurance requirements and insurance options available.

## Rating Options Could Save Clients Money

If a building is newly identified to be in a high-risk zone (noted on the flood maps with the zone beginning with the letter "A" or "V") and there is a federally backed or insured mortgage on the property, flood insurance will be required by the lender when the flood maps become effective. If a property is already in a high-risk area, its BFE may change. Any of these changes could result in higher flood insurance premiums for clients.

To help reduce the financial impact, the National Flood Insurance Program (NFIP) provides lower-cost flood insurance rating options. Buildings newly identified to be in a high-risk area may be eligible for the lower-cost Preferred Risk Policy (PRP) rates for the first 12 months after the maps become effective, with annual premium increases until they reach their full-risk rate. In other scenarios, buildings may be eligible to "grandfather" the lower-risk zone or BFE for future rating.

Because these insurance rating options may result in lower premiums than those determined using the new FIRM, it is important to compare both when discussing insurance options.

## What if the Property is No Longer in a High-Risk Zone?

Some properties may no longer be in areas designated as high-risk and will now be in moderate- or low-risk zones (shown on the new FIRM as Zone X or Zone X shaded). When the flood maps become effective, federal requirements for the mandatory purchase of flood insurance are lifted, though some lenders may continue to require coverage.

Even if lenders no longer require coverage, that doesn't mean that flooding is not possible. Property owners should be reminded that the risk has only been reduced, not removed. Existing coverage can be maintained by converting the current policy to the Preferred Risk Policy, which automatically includes contents coverage. This conversion is backdated to the current policy's effective date, and then the cost of the PRP is deducted from the original premium paid. The difference is then refunded to the policyholder.

In most cases a premium refund can be anticipated, and no additional funding is required from the policyholder. With premiums starting at less than \$200 a year, a PRP offers significant cost savings, while still providing important coverage.

<sup>1</sup>A BFE is the level that floodwaters have a 1 percent (1%) chance of reaching or exceeding in any given year.



If Maps Show...	These Requirements, Options, and Savings Apply
<p>Change from moderate or low flood risk to high risk (Zone B, C, or X to Zone A, AE, AH, AO, V, VE)</p>	<p><b>Flood insurance is mandatory.</b> Flood insurance will be federally required for most mortgage holders. Insurance costs may rise to reflect the true (high) risk.</p> <p><b>Rating options can offer savings.</b> The National Flood Insurance Program (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, with annual premium increases until it reaches the full-risk rate. Affected property owners are encouraged to buy a PRP before the maps become effective for additional savings. A Newly Mapped Procedure-rated policy can be assigned to a new owner at the time of sale.</p> <p>If your building was constructed before the County joined the NFIP (June 18, 1980), you must purchase and have a PRP effective before the 12-month period ends to take advantage of this lower-cost rating option. Note that once the flood maps become effective, if coverage is not required by the lender, there will be a one day waiting period before it becomes effective. There is no waiting period if lender-required.</p>
<p>Change from high-risk Zone A or AE to higher-risk Zone V or VE or increase in Base Flood Elevation (BFE<sup>1</sup>)</p>	<p><b>An increase in BFE can result in higher premiums; however, “grandfathering” can offer savings.</b> The NFIP grandfathering rules allow policyholders who built in compliance with the flood map in effect at the time of construction to lock in the earlier BFE or previous flood zone to calculate future flood insurance costs. This could result in significant savings. A grandfather-rated policy can be assigned to a new owner at the time of sale.</p>
<p>Change from high flood risk to moderate or low risk (e.g., Zone A, AE, AH, AO, V, VE, to Zone X or shaded X)</p>	<p><b>Flood insurance is optional but recommended. The risk has only been reduced, not removed.</b> Flood insurance can still be obtained, and at lower rates. About 20 percent of all flood insurance claims in Florida come from policies rated as lower-risk.</p> <p><b>Conversion offers savings.</b> An existing policy can be easily converted to a lower-cost PRP, if the building qualifies. Note that lenders always have the option to require flood insurance in these areas. PRP premiums start at less than \$200 a year.</p>
<p>No change in risk level</p>	<p><b>No change in insurance rates.</b> However, this is a good time to review your coverage and ensure that your building and contents are adequately insured.</p>

<sup>1</sup> A BFE is the level that floodwaters have a 1 percent (1%) chance of reaching or exceeding in any given year.

## Stay Informed

FEMA and Hillsborough County will hold public open houses for the preliminary maps in April 2019, followed by a 90-day public comment period, which is expected to begin in mid-2019. This time allows residents to have the opportunity to submit technical and/or scientific data to file an official appeal with FEMA regarding their individual property. Unless FEMA receives significant appeals or comments, the coastal flood maps should become effective sometime in mid-2020. A firmer schedule will become available once FEMA formally starts the public comment period.

To learn about the coastal remapping project, visit [HCFLGov.net/FloodMaps](http://HCFLGov.net/FloodMaps).

Visit [Floodsmart.gov](http://Floodsmart.gov) for more information about how to reduce the financial and physical impacts from flooding and the steps to take to ensure that ensure proper insurance coverage is in place.