

HOMEOWNERS FREQUENTLY ASKED QUESTIONS

THE EFFECTS REVISED FLOOD MAPS HAVE ON EXISTING STRUCTURES

When new flood maps are proposed, there is usually a period of at least six months between the time the proposed maps are made available to the public and the date when they go into effect. You and your insurance agent can use this time to decide what strategy will result in the lowest rates for the same amount coverage or even an increased amount of coverage.

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;
- First floor height;
- Location, age, occupancy, date of construction, number of floors, and type of building; and
- Replacement Cost Value.

I have flood insurance and my house is in a high-risk flood zone according to the current effective flood map. The new map, however, will show my house as being in a moderate- or low-risk zone. Will I have to continue to carry flood insurance when the new map officially takes effect?

If you have a loan on the property through a federally regulated or insured lender, you will no longer have a **Federal** requirement to purchase flood insurance when the new map takes effect. Lenders can still require flood insurance, even for property that is no longer in a high-risk zone.

Even if there is no longer a requirement to purchase flood insurance, all homeowners and business owners are encouraged to continue coverage, because the **risk has only been reduced, not removed**. More than 35% of Georgia floods claims comes from moderate- and low-risk areas.

According to my community's current effective map, my house is located in a moderate- or low-risk zone. The new flood map will show it as being in a high-risk zone. Will I have to purchase flood insurance when the new map officially takes effect? How much will it cost?

If you have a loan on the property through a federally regulated or insured lender and you do not already have flood insurance, your lender will require you to purchase flood insurance when the map becomes effective. If you do not purchase the insurance within 45 days after being informed that flood insurance is required, the lender can force-place the insurance at a significantly higher rate and charge you for 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 floodplain.

The NFIP provides a cost-saving option for properties newly identified to be at high risk (e.g., Zone X to Zone A). Policies purchased within 12 months after the new map's effective date will be provided a discount and then the premiums will slowly go up each year until they reach the full-risk rate. Talk to your insurance agent for more details.

My house was built at or above the BFE shown on the flood map effective at the time of construction:

On the new map, my house will remain in the high-risk zone, but the BFE WILL DECREASE. What will happen to my insurance premium when the new map officially takes effect?

While FEMA's updated flood insurance rating no longer uses BFE for rating, you should still contact your insurance agent to ensure your policy is properly rated.

On the new map, my house will remain in the high-risk zone, but the BFE WILL INCREASE. What will happen to my insurance premium when the new map officially takes effect?

While FEMA's updated flood insurance rating no longer uses BFE for rating, you should still contact your insurance agent to ensure your policy is properly rated.

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

On the new map, my house will remain in the high-risk zone, but the FLOOD ELEVATION WILL INCREASE. Will my house be considered to be in violation of any National Flood Insurance Program (NFIP) regulations when the new map officially takes effect?

Any house that can be shown to have been built in compliance with local floodplain management regulations and the flood map at the time of construction will continue to be considered compliant, even if the new maps will show an increase in flood elevation or a change to a more restrictive zone designation. However, should your house be **substantially damaged** (if damage is 50% or more of the pre-damaged market value) and you wish to repair it, you will be required to bring the entire structure into compliance with the zone designation and flood elevations in effect at the time the repairs take place.

If the structure is less than substantially damaged, you do not need to refer to the flood map when repairing damages. Please note, however, that there may be more stringent or local requirement that take precedence over those stated here. Regardless of whether your building is substantially damaged, you will need a building permit to make repairs and need to contact your local building official.

My house was built in the high-risk zone. What do I do if I want to build an addition or otherwise improve it?

If the value of the addition or improvement to the house is less than 50% of the market value of the existing structure, you need only make sure that the addition meets or exceeds the standards currently in effect at the time of construction. Under certain circumstances, only the addition needs to be elevated to the flood elevations shown on that map. Additions and/or other improvements valued at 50% or more of the market value of the existing structure are considered **substantial improvements**. In such cases, the entire structure must be brought into compliance with the elevations on the map in effect at the time the improvement begins.

Please note, however, there may be more stringent local requirements that take precedence over those stated here. Regardless of whether your building is substantially improved, you will need a building permit to make the improvement and need to contact your local building official.

What are strategies to get the best rates when new flood maps are proposed?

Make certain you have flood insurance at the best possible rates **before** the new maps take effect. Identify your flood zone on the proposed new map. Your insurance agent may have a copy of the current effective flood map but is unlikely to have the proposed new flood maps. You can usually review the proposed maps in your local government's building or planning office. Look for notices of public meetings where the proposed maps will be displayed and local, state, and/or federal officials will be available to answer your flood map and insurance questions. Check the options outlined previously for the best flood insurance rate.

If you don't have flood insurance now, consider purchasing a policy before the new maps take effect. If your home is in a moderate- or low-risk zone (flood zones labeled B, C, or X on the current map), your lender may not have required coverage, and you may never have thought you needed it. This is a potential significant financial mistake (see the third bullet under "Helpful Tips"). If the proposed map identifies you in a higher risk zone, and you have a mortgage from a federally regulated or insured lender, you will be notified by letter after the new map goes into effect that you must purchase flood insurance. If you do not purchase the insurance within 45 days of notification, the lender will force place the insurance at a higher rate and charge you for the cost.

How will I know when new flood maps are being issued for my community?

- Ask your local floodplain manager; your City Clerk or County Manager's office can help you locate him or her.
- Look for an official notice in your local newspaper.
- Look for articles in community newsletters, inserts in your utility bill, etc.
- Check your community's website.
- Visit www.GeorgiaDFIRM.com

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What do the different zone designations mean?

The table below provides an explanation for the most commonly found flood zone designations on a Flood Insurance Rate Map.

| RISK LEVEL | FLOOD HAZARD ZONE |
|-----------------------------------|---|
| High Flood Risk | <p>AE, A, AR, Agg, AH or AO Zone. These properties have a 1 percent chance of flooding in any year—and a 26 percent chance of flooding over the life of a 30-year mortgage.</p> <p>VE or V Zone. These properties have a 1 percent chance of flooding in any year and also face hazards associated with coastal storm surge and waves.</p> <p>Insurance Note: High-risk areas are called Special Flood Hazard Areas, and flood insurance is mandatory for most mortgage holders.</p> |
| Moderate or Low Flood Risk | <p>B or Shaded X Zone. These properties are moderate-risk zones.</p> <p>C or X Zone. These properties are in an area of overall low-risk.</p> <p>The risk in these zones is reduced, but not removed. FEMA statistics show that more than 35 percent of Georgia flood claims come from these areas.</p> |
| Undetermined Risk | <p>D Zone. The Zone D designation is used for areas where there are possible but undetermined flood hazards. In areas designated as Zone D, no analysis of flood hazards has been conducted. Flood insurance is optional and available.</p> |

What Are Some Helpful Tips?

- Encourage your insurance agent and local officials to keep any copies of the old flood maps. They can be hard to obtain after new maps have taken effect.
- Make a copy of the portion of the map panel showing your home's location.
- Consider buying flood insurance even if you are outside the high-risk area. On average, more than 35% percent of Georgia flood insurance claims come from the less risk-prone flood zones that are designated as B, C, or X zones.
- Do not let your flood insurance lapse. Having continuous flood insurance coverage protects your property against flood damage and assures that the basis for rating your policy remains unchanged.
- If you are building a new home, keep a copy of your elevation certificate. It documents your building elevation as well as the flood zone and BFE in effect when the home was built. It may also help you obtain a lower rate.
- If your elevation certificate shows that the ground level at your home is above the BFE, you can request a Letter of Map Amendment (LOMA) to remove your home or your entire lot from an AE or VE flood Zone.
- If you are buying a building that has flood insurance coverage, talk to your insurance agent about having the flood insurance policy "assigned" to you by the seller so that the coverage is continuous.
- The lack of flood openings in buildings elevated on solid foundation walls can raise your rates. Contact your insurance agent and local building department for assistance on ways that your home could be altered to reduce the cost of flood insurance. Such alterations might include the installation of flood vents or the elevation of utility equipment (i.e., water heater, furnace, central air conditioner unit, etc.).
- Consider higher deductibles. Deductibles up to \$10,000 are available that will reduce annual premiums. Check with your mortgage lender before increasing the deductibles.
- If they don't already, encourage your community to participate in the Community Rating System (CRS), which provides insurance premium discounts based on activities and higher regulatory standards that the community implements. In a CRS community, everyone enjoys living in a safer community while receiving flood insurance discounts.

This summary is not an alternative to the flood insurance policy or local construction regulations. It is intended to give property owners and flood insurance policyholders some ideas on what to do if a revised flood map is proposed and you wish to keep your flood insurance premiums to a minimum under the regulations. To describe the general issues in the clearest language, numerous simplifications have been used. Contact your local building official or floodplain manager for details on local construction regulations. Contact your insurance agent for your rating options on specific buildings; visit www.FloodSmart.gov for general flood insurance information.