

## NFIP'S NEW LOWER-COST INSURANCE OPTION

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***Has your community recently been affected by flood map changes? Property owners may be eligible for a new flood insurance option that can provide temporary financial relief.***

In 2003, more than 70 percent of the flood maps (known as Flood Insurance Rate Maps, or FIRMs) in the United States were at least 10 years old and many no longer reflect current flood hazards. Congress passed a law and appropriated funds that directed the Federal Emergency Management Agency (FEMA) to create the five-year Flood Map Modernization Program - a program dedicated to using current data and technology to update flood maps nationwide. Since then, communities across the country have been experiencing flood map changes.

With the Flood Map Modernization Program – and now Risk MAP<sup>1</sup> – providing updated FIRMs, communities are gaining a better understanding of their real flood risk. In some cases, this means areas in a community previously thought to be at a moderate-to-low-risk for flooding are now being accurately identified as high-risk and designated as Special Flood Hazard Areas (SFHAs). This increased risk of flooding is real and many property owners now find themselves required by lenders to purchase flood insurance.

To help reduce costs, property owners can now purchase the low-cost Preferred Risk Policy (PRP) during the two years following a map revision. However, at the end of the two year eligibility period, the PRP would have to be rewritten as a higher premium standard-rated policy at each subsequent renewal. While the PRP premiums are not permanently available, policies converted from a PRP to a standard rated policy will be eligible for grandfathering using the lower risk zone reflected on a previous map. FEMA recognizes the financial hardship that a SFHA may place on property owners; therefore, they are extending the eligibility period for PRPs starting January 1, 2011.

**Who's Eligible?** Owners of buildings that were mapped into an SFHA due to a FIRM revision effective on or after October 1, 2008, and before January 1, 2011 are eligible to receive a reduced premium for up to two years beginning January 1, 2011 through December 31, 2012. Additionally, owners of buildings that will be newly mapped into an SFHA due to a map revision on or after January 1, 2011, will also be able to receive up to two years of reduced premiums. The property must still meet PRP eligibility requirements related to claims and disaster aid. In addition, insurance agents will need to provide previous and current flood zone documentation (e.g., previous and current effective FIRM<sup>2</sup>) to validate PRP extension eligibility. Property owners should be reminded to talk to their insurance agent about other available rating options offered through the National Flood Insurance Program that may provide them with additional savings (e.g., grandfathering, elevation rating, and higher deductibles).

**For More Information:** The PRP extension provides affected property owners with temporary financial relief in order to adjust to the new flood risk designation. To learn more about this cost-savings option, visit [www.Floodsmart.gov/PRPExtension](http://www.Floodsmart.gov/PRPExtension).

## WHY HISTORIC FLOOD MAPS ARE IMPORTANT

FEMA

As the Federal Emergency Management Agency (FEMA) updates its inventory of Flood Insurance Rate Maps (FIRMs), some property owners may find that their homes or businesses have been mapped into higher risk flood zones or have increases in the area's Base Flood Elevations (BFEs). This will result in either lenders requiring the purchase of flood

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<sup>1</sup>Risk MAP (Mapping, Assessment, Planning) is FEMA's current five-year mapping initiative that builds on the successes of Flood Map Modernization. While Flood Map Modernization was focused on generating new countywide FIRMs, Risk MAP will be focusing more on a watershed level as well as remapping all coastal areas.

For more information about Risk MAP, go to [http://www.fema.gov/plan/prevent/fhm/rm\\_main.shtm](http://www.fema.gov/plan/prevent/fhm/rm_main.shtm).

<sup>2</sup>One source is FEMA's online Map Service Center at [www.msc.fema.gov](http://www.msc.fema.gov).

insurance for the first time or a potential increase in existing premium. To help reduce this additional financial burden, the National Flood Insurance Program (NFIP) offers different insurance rating options to help reduce the financial impact. These options include the new Preferred Risk Policy (PRP) Eligibility Extension option (visit [www.FloodSmart.gov/PRPExtension](http://www.FloodSmart.gov/PRPExtension) for more details) as well as the Grandfathering option. To help determine if a property may be eligible for the PRP extension or grandfathering rating option, property owners may need to obtain a copy of a previous (“historic”) FIRM. One place to obtain a copy of a historic FIRM is from FEMA’s Map Service Center.

### **FEMA’s Map Service Center**

FEMA’s Map Service Center (MSC) is the official government distribution center for digital copies of effective and historic FIRMs. Mapping products and services are available online at <http://msc.fema.gov>. The following guide provides step-by-step instructions for looking up your property address on the current effective FIRM or past historic FIRMs.

#### **What is an Effective FIRM?**

An effective FIRM is the official map used to identify Special Flood Hazard Areas (SFHAs) within communities. Effective FIRMs are used by homeowners, community officials and industry officials to identify flood risks, help mitigate against flood losses, and to determine rates for flood insurance policies.

#### **What is a Historic FIRM?**

Historic flood maps are digital images of FIRMs that have been superseded by effective maps. Historic FIRMs are useful for floodplain management and flood insurance rating.

#### **How do I contact the Map Service Center?**

Visit the Web site: <http://msc.fema.gov> • Call 1-877-336-2627 • E-mail: [MSCservices@riskmapcfs.com](mailto:MSCservices@riskmapcfs.com)

#### **How do I order products from the Map Service Center?**

Visit the Web site: <http://msc.fema.gov> • Call 1-877-336-2627 • Fax 1-800-358-9620 •

Mail the MSC order form to: FEMA Map Service Center • P.O. Box 1038 • Jessup, MD 20794-1038