

How New Flood Hazard Maps Affect Insurance

Flood Insurance

Flood insurance is an important first step in protecting your financial investment. Over the life of a 30-year loan, a home in a high-risk area (known as a Special Flood Hazard Area) has about a 3 times greater chance of having a flood than having a fire. In accordance with the Flood Disaster Protection Act of 1973 and the National Flood Insurance Reform Act of 1994, flood insurance is required for all structures located in a high-risk area, that carry a home mortgage loan backed by a federally-regulated lender or service. The risk can vary dramatically from neighborhood to neighborhood and within a neighborhood. Remember, flood insurance is available for all properties, regardless of risk designation, and is the only insurance that protects you from flood damage. Learn more by visiting the [National Flood Insurance Program](#) consumer website.

Zone Changes May Affect Flood Insurance Costs

Insurance costs may rise for some to reflect heightened risk. However, property owners may be able to save money by purchasing insurance prior to map adoption (anticipated February 2007). This process is called "Grandfathering" a flood insurance policy (learn more on Grandfathering). Likewise, some property owners may find their risk is now reduced and that they are eligible for an optional, low-cost flood-insurance policy. Learn more by visiting the [Preferred Risk Policy](#) website.

Flood Insurance Requirements and Options

When the new maps are adopted, some property owners' flood insurance requirements will change. However, options exist that will allow property owners to save money while still protecting their property.

IF MAPS SHOW...	THESE REQUIREMENTS, OPTIONS AND SAVINGS APPLY
Change from low or moderate flood risk to high risk	Flood insurance is mandatory. Flood insurance will be federally required for most mortgage holders. Insurance costs will rise to reflect the true (high) risk. Grandfathering offers savings. The National Flood Insurance Program (NFIP) has "grandfathering" rules to recognize policyholders who have built in compliance with the flood map or maintained continuous coverage in the NFIP. Your insurance agent can provide more details on how to save.

Change from high flood risk to low or moderate risk	<p>Flood insurance is optional, but recommended. The risk has only been reduced, <i>not removed</i>. Flood insurance can still be obtained, at lower rates. 25 percent of all flood insurance claims come from low to moderate risk areas.</p> <p>Conversion offers savings. An existing policy can be converted to a lower-cost Preferred Risk Policy.</p>
No change in risk level	<p>No change in insurance rates. Residents can talk to their insurance agent to learn their specific risk and take steps to protect their property and assets.</p>