

Levees and Flood Insurance: When risks and requirements change

Flood risks can change over time, altering floodplain boundaries. New flood hazard maps are being developed that will indicate current risks, including the risks for people living near levees. The new maps for this area will reflect the fact that some levees no longer meet federal standards for flood protection. This, in turn, could prompt changes in flood insurance requirements for property owners.

Levee protection always comes with risk

Levees are designed to protect against a certain level of flooding. As levees age, the level of protection they provide can change. Erosion, seepage or decay can increase the risk of flooding. In more serious flood events, levees can fail or be overtopped. When levees overtop or fail, the flooding that follows can be catastrophic. That is why the Federal Emergency Management Agency (FEMA) recommends that residents and business owners living in areas behind *all* levees carry flood insurance.

New flood insurance requirements

Areas of high and moderate-to-low flood risk are shown on flood hazard maps (also known as Flood Insurance Rate Maps) issued by FEMA. If a levee can protect against a major flood – defined as a flood with a 1 percent chance of occurring in any given year – the maps show the areas near the levee as moderate-to-low risk areas.

However, when a levee is found to no longer meet federal standards for protection from a major flood, the flood hazard maps will show the areas behind the levee as high-risk areas (also known as Special Flood Hazard Areas). In high-risk areas, most mortgage holders will be required to carry flood insurance by their lender.

The chart below provides details on specific map situations and related flood insurance requirements.

IF THE NEW MAP SHOWS A STRUCTURE IN...	...THE NEW FLOOD INSURANCE REQUIREMENTS WILL BE...
<p>Zones A, AE, A1-30, AH, AO, V, VE, V1-30 These zones designate high-risk areas known as Special Flood Hazard Areas (SFHAs).</p>	<p>Flood insurance is mandatory for structures with mortgages from federally regulated or insured lenders. Strongly recommended for all structures.</p>
<p>Zones B, C, X, shaded X These zones designate moderate- to low-risk areas.</p>	<p>Flood insurance is not federally required, but recommended. Some lenders may require flood insurance.</p>
<p>Zone AR This zone designates an area where a levee is determined to no longer provide sufficient flood protection, but is in the process of being restored.</p>	<p>Flood insurance is mandatory for structures with mortgages from federally regulated or insured lenders. Strongly recommended for all structures. Rates are the same as those in the B, C, X zones.</p>
<p>Zone A99 This zone designates an area where a federal levee is under construction and can demonstrate adequate progress.</p>	<p>Flood insurance is mandatory for structures with mortgages from federally regulated or insured lenders. Strongly recommended for all structures. Rates are the same as those in the B, C, X zones.</p>

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Grandfathering offers flood insurance savings

When new maps are issued and flood zones change, flood insurance rates will change as well. Because the process of issuing new maps takes time, residents and business owners can save money on flood insurance coverage if they take advantage of cost saving options available through the National Flood Insurance Program.

By purchasing flood insurance before the new maps go into effect, and by maintaining continuous coverage, property owners can continue to use the rating criteria on the flood map that was in effect when coverage was purchased. This can result in a

cost savings for property owners when the map change results in a higher premium rate. They will be “grandfathered in” at these more favorable rates.

Until the new maps become effective, many property owners can save even more by purchasing the lowest-cost flood insurance, a Preferred Risk Policy (PRP). However, it is important to note that the PRP is available *only* when the building is in a moderate-to-low risk zone on the effective date of the policy. After the area is remapped as a high-risk zone, at renewal the policy will be priced using the standard (not preferred) rates for a moderate-to-low risk zone. These savings can still be significant compared to the standard rates for a high-risk zone.

IF YOUR HOME OR BUSINESS CURRENTLY ...	DO THIS BEFORE THE NEW MAPS GO INTO EFFECT	DO THIS ONCE THE NEW MAPS BECOME EFFECTIVE
Has a mortgage and is NOT protected by flood insurance	Purchase a Preferred Risk Policy now and be eligible for future “grandfathering”.	Keep coverage in force and you will be “grandfathered in”, avoiding high-risk rates.*
Has a mortgage and IS protected by flood insurance	Renew your policy. You can save by having a policy in force.	Continue to renew your policy and maintain your savings.
Does NOT have a mortgage and is NOT protected by flood insurance	While you are not required to carry flood insurance, levee protection comes with risk. Purchase a PRP now and be eligible for future “grandfathering”.	Renew your policy each year to retain the current risk rating once new maps are in place.*
Is leased or rented	Protect the contents of your home or business by purchasing preferred risk contents coverage.	Talk with your insurance agent about other insurance options that may be available.

*After the maps go into effect, the PRP rates will convert at the policy’s next renewal to standard NFIP rates for a moderate-to-low risk zone. Note, the benefits of a low-cost policy can be transferred. If the property is sold, the flood insurance policy can be transferred to a new owner and the new owner can continue to be rated using the earlier flood zone designation, as long as there is no lapse in coverage.



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