



NATIONAL
FLOOD
INSURANCE
PROGRAM



FLOOD INSURANCE GRANDFATHERING RULES

What are Flood Insurance Rate Maps?

The Flood Insurance Rate Maps (FIRMS) issued by the National Flood Insurance Program delineate the special flood hazard areas which are the basis for both floodplain management requirements and flood insurance policy rates. Special flood hazard areas are the land in the floodplain within a community subject to a 1% or greater chance of flooding in any given year. Any flood zone shown on the FIRM that begins with the letter A or V is a special flood hazard area where flood insurance is required by federally regulated lenders. Other flood zones designated with the letters B, C, D or X are not special flood hazard areas and flood insurance is not a federal requirement in those flood zones. Lenders and federal agencies must use the FIRM to determine if they must require flood insurance on an insurable building that is securing a loan.

What does flood insurance cost in these flood zones?

The amount of coverage for a flood insurance policy is based on the replacement cost of an owner occupied primary residence or the actual cash value of a commercial building or vacation home. It does not include the value of the land. Contents insurance can be provided separately. The rate for that amount of coverage varies according the flood risk zone designation and when the building was constructed. If a building was constructed before 12/31/74 or before the date of the communities initial FIRM which ever is later, it is considered a Pre Firm structure. If a structure is constructed or substantially improved (50% or more of the market value) after 12/31/74 or the date of the communities initial FIRM which ever is later, it is referred to as a Post Firm structure. For example, the cost of a one year flood insurance policy on a single family home with no basement, with a replacement value of \$100,000 for the building would be:

\$396. in flood zones B, C, X, A99, AR (Pre Firm or Post Firm)

\$620. in flood zones A, AE, A1-A30, AO, AH, D for buildings construction before the first FIRM was issued for that community unless an elevation certificate is presented that allows a lower rate. (Pre Firm)

\$496. in flood zones AE, A1-A30, with an elevation certificate showing the lowest floor is at or above the base flood elevation for that special flood hazard area. (Post-FIRM or Pre-FIRM with an elevation certificate)

(above rates are as of 05/01/02 & do not reflect any credits for the CRS program)

Sample rates can be viewed on the web at http://www.fema.gov/regions/ix/r9_nfip.shtm

Do flood maps change?

The FIRMS can be changed if a new Flood Insurance Study is done by the National Flood Insurance Program. they can also be updated through the Letter of Map Revision or Amendment application process when new technical data is submitted to correct the special flood hazard area depicted on the map. Such changes may be based on the construction of flood control projects that reduce flood risk, accounting for new development that may increase the flood risk and expand the floodplain, or better scientific or technical data that allows the special flood hazard areas to be more accurately drawn.

What happens to insurance rates when the flood maps change?

If the new flood map shows an increase in the flood risk for a building the cost of insurance for that building will normally increase. However, to recognize policyholders who have built in compliance with the FIRM and / or remained loyal customers by maintaining continuous flood insurance coverage, the National Flood Insurance Program has “**Grandfathering rules**”. These rules allow such policyholders to benefit in the Rating for that building. For such buildings, the insured would have the option of using the new rating criteria for that property if that would result in a lower rate **or** they could have the premium rate determined by using one of the two Grandfather rules. **The policies are assignable to a new owner should the property be sold.**

Rule #1: Renewal of an existing policy:

The insurance agent will rate your flood insurance policy based on the FIRM that is in effect on the date you purchase the policy. Flood insurance policies may then be renewed and still be rated based on the FIRM in effect when the policy was initially rated as long as the flood insurance coverage is continuous and the building has not been altered in a manner that would remove this benefit. That means that if you have purchased flood insurance before a flood map change becomes effective you can renew the flood insurance policy based on the old zone. For example, if your building is in flood zone X and a new map revision will place it in a zone AE where the rates are much higher, you can purchase flood insurance before the effective date of the new map while the building is still in zone X then you can continue to renew that policy at the less expensive zone X rate even after the new map change places the building in a higher risk zone AE. To maintain this grandfather rule benefit the building owner must maintain continuous coverage with no lapse in the policy. This grandfather rule can be used for any insurable building.

Rule #2: New policy for a Post-Firm Building:

The National Flood Insurance Program will honor a Grandfather rule for buildings constructed after the first FIRM for the community became effective if the building was built in compliance with the FIRM in effect at the time of construction, and if the building has not been altered to negate this benefit. Under this Grandfather rule, the property owner must provide proper documentation to the insurance company. The documentation must show: the date of the FIRM that was in effect when the building was constructed; the flood zone on that FIRM in which the building was located; the base flood elevation & lowest floor for rating purposes, if any, for that zone; a copy of the map panel showing the location of the building. A letter from a community official verifying this information is also acceptable. This grandfather rule cannot be used for buildings constructed before the first FIRM for the community was effective.

How can I find out when the first FIRM for my community became effective?

You can call the National Flood Insurance Program’s flood map assistance line (Toll Free 1-877-336-2627) and ask for the date that the first Flood Insurance Rate Map for your community became effective.

You can also view the Community Status List for Region IX (AZ, CA, HI, NV and GU) on the internet at http://www.fema.gov/regions/ix/r9_nfip.shtm

Where can I buy a flood insurance policy?

Any licensed property casualty agent in your state can write a flood insurance policy. However, not all agents have taken the training to learn how to write these policies. You should ask your regular insurance agent who provides your homeowners insurance if he or she can write a flood insurance policy for you. If your agent can not write the policy, as for a referral to an agent who will write a flood policy by calling the National Flood Insurance Program (NFIP) telephone response center at 1-888-379-9776 and request a referral to an agent in your area. An additional option is to use the internet address <http://www.floodalert.fema.gov> to get a list of insurance companies that offer flood insurance in your area.