

Flood Insurance Requirements and Options

It's important to understand how flood risk changes may affect the purchasing, protecting, and insuring of property. The table below summarizes how changes in flood risk may impact insurance requirements, options, and provide cost savings benefits.

If Maps Show...	These Requirements, Options And Savings Apply
<p>Change from low or moderate flood risk to high risk (flood zone B, C, or X to zone A, AE, AH or AO, V, VE)</p>	<p>Flood insurance is mandatory. Flood insurance will be federally required for most mortgage holders. Insurance costs may rise to reflect the true (high) risk.</p> <p>“Grandfathering” can offer savings. The National Flood Insurance Program has “grandfathering” rules to recognize policyholders who built in compliance with the flood map in effect at the time of construction or who maintain continuous coverage. Sometimes, though, using the new flood maps can actually result in a lower premium, especially if the home is high enough above the BFE.</p>
<p>Change from high flood risk to low or moderate risk (e.g., flood zone A, AE, AH, AO, to X or shaded X)</p>	<p>Flood insurance is optional but recommended. The risk has only been reduced, not removed. Flood insurance can still be obtained, and at lower rates. About 25 percent of all flood insurance claims come from moderate-to-low-risk areas.</p> <p>Conversion offers savings. An existing policy can be easily converted to a lower-cost Preferred Risk Policy, if the building qualifies. Note that lenders always have the option to require flood insurance in these areas.</p>
<p>Increase in the Base Flood Elevation (BFE)</p>	<p>An increase in BFE can result in higher premiums; however, “grandfathering” can offer savings. The National Flood Insurance Program grandfathering rules allow policyholders who have built in compliance with the flood map in effect at the time of construction to keep the earlier base flood elevation to calculate their insurance rate. This could result in significant savings.</p>
<p>No change in risk level</p>	<p>No change in insurance rates. However, this is a good time to review your coverages and ensure that your building and contents are adequately protected.</p>

Source: Flood Map Outreach Guidebook for Local Governments