

NATIONAL FLOOD INSURANCE PROGRAM

MAP UPDATES & FLOOD INSURANCE

WHAT INSURANCE AGENTS NEED TO KNOW



FEMA





What is the National Flood Insurance Program?

FEMA and its National Flood Insurance Program (NFIP) are dedicated to lessening the impact of flooding across the country. Part of this initiative is ensuring insurance agents understand flood maps and how they show a property's flood risk.

Although flood maps are no longer the primary variable considered when determining NFIP flood insurance rates, they are still an essential part of understanding flood risk and any applicable flood insurance purchase requirements. This guide will help you navigate conversations with property owners and renters regarding map updates.

About Flood Maps

Flood maps generally show a community's flood zones and if your client's property is in a Special Flood Hazard Area (SFHA). An SFHA is an area where flooding has a high chance of happening in any given year.

If your client is not in an SFHA, their area may have a lower chance of flooding happening in any given year. Additionally, many flood maps show the Base Flood Elevations (BFE) in a community—the level floodwaters may reach during a flood.

Knowledge Check



SFHAs are based on probabilities and do not predict the future. Floods can happen at any time, regardless of flood zone or SFHA status.

HOW FLOOD MAPS ARE USED

Flood maps are critical to inform local floodplain management building requirements and lenders' mandatory flood insurance purchase requirements.

Insurance agents previously relied on flood maps to calculate flood insurance premiums. Now, flood risk is calculated based on several property-specific characteristics such as distance to a water source, elevation and the cost to rebuild. However, you should still encourage your clients to use flood maps to understand one aspect of their property's flood risk.

Developers and builders use flood maps as part of their location-setting and construction decisions.

Community officials use flood maps to understand and communicate the local flood risk, manage their floodplains and establish safety requirements for new or substantially improved buildings. Flood maps also aid in loss mitigation from future floods—community officials use them to plan more safely for the future.

Lenders use flood maps to determine mandatory flood insurance purchase requirements for property owners.

WHY FLOOD MAPS ARE UPDATED

It is important to inform your clients that a variety of circumstances can trigger flood map updates at any time. Flood hazards can change, which may adjust the flood zone designation of a property. New land use, community development and natural forces—like changing weather, terrain changes and wildfires—all affect how water flows and drains.

Over time, the science of mapping flood risk has changed. FEMA uses the latest technology and works with local communities to update and issue flood maps nationwide. With advances in technology, today's flood maps show risks more clearly, which aids communities, property owners and insurance agents in taking steps to address flood risk.

How the Map Update Process Works

Understanding the timeline of a flood map update and communicating with clients early and often is essential to helping them protect the life they've built.

2.5–3 YEARS



FEMA works with the community to update the Flood Insurance Study (FIS) and flood map.



FEMA issues its preliminary study (FIS) and updated map. At this point, you can begin contacting local floodplain managers to learn about potential changes and review policies to identify any clients that may be impacted.



FEMA hosts a Community Open House for residents and stakeholders. This kicks off a 90-day appeal period during which communities and/or the public can submit data to revise the preliminary flood map.





Touch points

-  Clients
-  Communities
-  FEMA
-  Insurance Agents
-  Lenders



6 MONTHS - - - ->

POST-EFFECTIVE DATE



FEMA mails a Letter of Final Determination (LFD) to the Chief Executive Officer of a community. This initiates a six-month compliance period in which communities must adopt compliant floodplain management ordinances before the flood map becomes effective.



The new flood map goes into effect. You should reach out to community members and policyholders to discuss flood insurance coverage options.



Lenders deliver letters to customers explaining their new or revised flood risk.



If an Updated Flood Map Shows Your Client's Flood Risk Has Increased

For clients, learning that their property is in an SFHA can be stressful and overwhelming. As their insurance agent, continue to be their trusted advisor and guide them in the right direction.

EXPLAIN THE FLOOD INSURANCE REQUIREMENT

When the flood map identifies that your client's property is now in an SFHA, tell them to look out for a letter from their lender. They may be required to purchase and maintain flood insurance if they have a federally backed mortgage.

HELP CLIENTS UNDERSTAND PREMIUMS, COVERAGES & EXCLUSIONS

If a flood map update indicates their property has a higher risk of flooding, flood insurance premiums may increase. However, factors such as property characteristics and the cost to rebuild are also weighed to determine a fair and accurate flood insurance rate.

Take this opportunity to explain the details of their policy including coverage exclusions. Your client may want to reconsider keeping certain items in their basement, for example, after learning about the NFIP's limited coverage in that area of the home. **For more information on flood insurance coverage in a basement, visit agents.floodsmart.gov/basement-coverage-infographic.**

Did you know?



If your client's property is newly mapped into an SFHA but they do not have a federally regulated mortgage, **flood insurance may not be required** but is highly recommended.



COVER IMPORTANT TALKING POINTS

Talk about the value of flood insurance and address clients' concerns.

- **The price of flood insurance pales in comparison to the high cost of a flood event.** Living in a high-risk area can mean higher annual flood insurance policy costs. However, compared to the cost of even minor flood damage, flood insurance is a good value for the peace of mind it brings.
- **Just because it hasn't flooded before does not mean it won't flood in the future.** In SFHAs, there is at least a one-in-four chance of flooding during a 30-year mortgage. Plus, changing conditions—such as construction and natural events—can alter the landscape and increase your flood risk.
- **There are several opportunities to receive a lower flood insurance premium.** Discounts are available to clients newly mapped into SFHAs and those who make improvements to reduce the impact of flooding. **These discounts are discussed in more detail on page 8.**

RECOMMEND COST-SAVING OPTIONS

The NFIP offers a Newly Mapped discount for buildings located in an SFHA following a flood map update. Premiums then increase gradually— within the existing statutory limit set by Congress— until reaching the full risk premium.

Your clients may be eligible for this discount if they purchase or renew a flood insurance policy within the first 12 months after the update. However, if your client were to wait or let their flood insurance coverage lapse, they could miss out on the cost savings. Keep in close contact to ensure they renew their flood insurance coverage each year.

If the property or building is sold, an NFIP policy can be transferred to the new owners, allowing them to keep the lower-cost rate.

Alternatively, the buyer can purchase a new NFIP policy within one year and receive any discount the prior owner received. If the new owner does not take over the prior policy or buy a new policy within one year and the property's coverage lapses, the reduced insurance rate could increase quickly to the higher full-risk rate.

Clients can also encourage their community to participate in the Community Rating System (CRS) for lower flood insurance rates. The CRS is a voluntary incentive program that recognizes communities for implementing floodplain management practices that exceed the NFIP's minimum requirements.

In exchange for a community's proactive efforts to reduce flood risk, policyholders within that community can receive discounts up to 45% off their flood insurance premiums. **Learn more about the CRS at [fema.gov/community-rating-system](https://www.fema.gov/community-rating-system).**

DISCUSS MITIGATION MEASURES

There are a number of big and small ways your client can lower their property's exposure to flooding, which may make them eligible for lower flood insurance rates.

Mitigation options (such as installing flood vents on the building's lowest level, elevating the structure or raising heating and cooling systems) may offer some savings. **You can review FEMA's Homeowners Guide to Retrofitting for more options at agents.floodsmart.gov/homeowners-guide-retrofitting.**



Did you know?

You can browse stories, articles and case studies on successful mitigation efforts at agents.floodsmart.gov/mitigation-practices.



If an Updated Flood Map Shows Your Client's Flood Risk Has Decreased

For clients, learning that their property is outside of an SFHA can create a false sense of security—they can still be at risk of flooding. As their insurance agent, communicate that their risk is reduced but not removed and educate them on their coverage options.

EXPLAIN THE UPDATES

Property owners outside of an SFHA are generally no longer required to have flood insurance under the mandatory purchase requirement. However, the NFIP strongly recommends they continue to carry it, as an average of 40% of flood insurance claims come from low- to moderate-risk flood areas.

Even when their property's flood risk decreases, property owners may not see an impact to their flood insurance premium because rates are property specific.

GUIDE THE CONVERSATION

Use the following talking points to guide conversation and ensure your clients know how their flood risk is changing.

- **Don't rely on federal disaster assistance.** Most types of assistance require the flood event to be a presidentially declared disaster. Emergency aid also might not be enough to make a full recovery: a U.S. Small Business Administration loan must be repaid with interest and a FEMA disaster grant through the Individuals and Households Program (IHP) does not compensate for all losses caused by a disaster. IHP assistance is only intended to meet your basic needs and supplement disaster recovery efforts.

By comparison, flood insurance claim payments never need to be repaid and averaged \$68,000 from 2016 to 2021.

- **Flooding is the most common natural disaster.** You do not need to live in an SFHA or near a body of water to be at risk for flooding. In fact, 98% of counties in the United States have experienced a flood.
- **Most property insurance does not cover flood damage.** Unfortunately, standard homeowners, commercial property and renters policies do not cover damage due to flooding. The NFIP encourages everyone to purchase both building and contents coverage (if applicable) to fill gaps in their coverage and secure the broadest protection.
- **Purchase flood insurance before a flood event to ensure you're covered.** In most cases, it takes 30 days from the purchase of a policy for it take effect. Damage from a flood already in progress is excluded from coverage, since the flood began before the policy was purchased.



Did you know?

If your client has a mortgage, **their lender may still require them to carry flood insurance, regardless of their flood map designation.**





ADDITIONAL GUIDANCE AND CONTACT INFORMATION

Access the Resource Library at agents.floodsmart.gov for information on how to navigate flood map updates with your clients, including the consumer version of this brochure titled *Map Changes & Flood Insurance: What Property Owners Need to Know*.

To view recently updated flood maps from the last 12 months, visit FEMA's Map Service Center at msc.fema.gov/portal/productavailability or call **877-336-2627**. Additional resources for learning to read flood maps and assess flood risk are available at msc.fema.gov/portal/home.

Visit nfipservices.floodsmart.gov for information about flood insurance agent training webinars.

Learn more about the NFIP's flood insurance rating methodology at fema.gov/flood-insurance/risk-rating.



FEMA



Congress created the National Flood Insurance Program (NFIP) in 1968 to reduce future flood damage through floodplain management, and to provide people with flood insurance through individual agents and insurance companies. FEMA manages the NFIP.

If you use a relay service, such as video relay service (VRS), captioned telephone service or others, give FEMA the number for that service.