
City Commission Briefing on NFIP

Community Development Department

May 18, 2015

Flood insurance is mandatory. Flood insurance will be federally required for most mortgage holders. Insurance costs may rise to reflect the true (high) risk.

The PRP Eligibility Extension Program can offer savings.

To ease a homeowner's transition from a moderate-to-low risk area to a high-risk area, which would require the mandatory purchase of flood insurance and an increase in flood insurance costs, the National Flood Insurance Program is extending eligibility for the lower-cost Preferred Rate Policy to properties that were remapped on or after October 1, 2008.

"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 Base Flood Elevation (BFE). In addition, buildings newly mapped into a high-risk area may be eligible for the lower-cost Preferred Risk Policy (PRP) for two years after a map change, before they grandfather in the lower-risk zone rates.

Why the PRP Extension?

Since 2003, FEMA has led a major effort to update the nation's flood maps to reflect current flood risks. Flood risks can, and do, change over time due to community development, aging flood control structures, erosion, and other factors. As a result, many property owners have learned that their risk of flooding has increased and that their property has been newly mapped into a high-risk area. This can mean new, mandatory flood insurance purchase requirements; however, the NFIP offers a cost-saving option. If your property was newly mapped into a high-risk flood zone on or after October 1, 2008, you still may be eligible for the lower-cost Preferred Risk Policy (PRP).

Who is eligible?

- To be eligible for the PRP, your building must meet certain loss-history requirements. If there have been two disaster relief payments, or claims for flood losses of \$1,000 or more, or three losses of any amount, you cannot obtain a PRP.

- If you are the owner of a building that meets the loss history requirements and was newly mapped into a high-risk flood zone (shown on a flood map as a zone beginning with the letter "A" or "V") since October 1, 2008, you are eligible to purchase or renew a PRP.
- The PRP option will continue until FEMA completes its analysis and implementation of premium rate revisions put in place by the Biggert-Waters Flood Insurance Reform Act of 2012.

What you need to do

Talk to your insurance agent. Previous and current flood zone documentation for your property will be needed to validate your PRP extension eligibility. Historic maps and current effective maps are available

Newly Changed to High Risk: PRP Eligibility Extension

To help reduce the financial burden for affected property owners, the National Flood Insurance Program (NFIP) offers a cost-saving option to property owners whose buildings are now in high-risk flood areas (shown on a flood map as a zone beginning with the letters A or V) on or after October 1, 2008. The NFIP allows the lower-cost Preferred Risk Policy (PRP) meant for buildings in moderate- to low-risk areas to be written on eligible buildings, even though they are now in a high-risk area.

To be eligible, the building must meet certain loss-history requirements. Contact your insurance agent for more information on the PRP eligibility requirements.

PRP policy premiums may be increased up to 18 percent each year as part of the premium rate revisions put in place by the Homeowner Flood Insurance Affordability Act of 2014

Rates will change.

PRPs issued on properties located in an SFHA will move to full-risk rates over time, consistent with HFIAA of 2014.

Buy flood insurance 30 days before the July 6th maps go into effect.

It typically takes 30 days for a policy to go into effect, have flood insurance before July 6th will qualify owner for the first year at PRP rate and two years at the PRP extension rates for a total of 3 years at discounted rates instead of the 2 year provided after the maps become effective.

RESIDENTIAL: PREFERRED RISK POLICY (PRP) ZONES B, C, X^{1,2,3}

BUILDING & CONTENTS ⁴

CONTENTS ONLY ⁷

Coverage	Annual Premium		Coverage	Annual Premium	
	Without Basement or Enclosure ⁶	With Basement or Enclosure ⁵		Contents Above Ground	All Other Locations
\$20,000/ \$8,000	\$137	\$167	\$8,000	\$44	\$66
\$30,000/ \$12,000	\$173	\$203	\$12,000	\$63	\$95
\$50,000/ \$20,000	\$233	\$262	\$20,000	\$99	\$136
\$75,000/ \$30,000	\$276	\$311	\$30,000	\$116	\$160
\$100,000/ \$40,000	\$308	\$342	\$40,000	\$130	\$179
\$125,000/ \$50,000	\$324	\$359	\$50,000	\$144	\$199
\$150,000/ \$60,000	\$346	\$380	\$60,000	\$158	\$219
\$200,000/ \$80,000	\$380	\$421	\$80,000	\$186	\$242
\$250,000/ \$100,000	\$405	\$452	\$100,000	\$215	\$266

Rates effective April 1, 2015

These PRP rates are for 1-4 Family Residential. Other residential building and contents coverage combinations are available.

¹ Add a \$25 HFIAA surcharge for policies covering primary residences only if the named insured's primary residence is a single-family dwelling, an individual condominium unit, or an apartment in a non-condominium building. Add a \$250 HFIAA surcharge for all other policies.

² Add the \$50 Probation Surcharge, if applicable.

³ Premium includes a 10% Reserve Fund Assessment and \$22 Federal Policy Fee.

⁴ Premium includes ICC Premium of \$5 for residential coverage up to \$230,000 and \$4 for coverage over \$230,000. Deduct this amount if the risk is a condominium unit.

⁵ Do not use this section of the table for buildings with crawlspaces or subgrade crawlspaces; see footnote 6. Use this section of the table if a building elevated on a crawlspace has an attached garage without openings.

⁶ Use this section of the table for buildings with crawlspaces or subgrade crawlspaces.

⁷ Use this "All Residential Contents-Only Coverage" premium table for individual residential condominium unit contents-only policies.

Preferred Risk vs. Standard Rates

Effects of Map
Changes on Insurance

- Preferred Risk Policy Rates
 - Must be in Zone B, C, or X at time of application AND each subsequent renewal*
 - Fixed premiums; fixed limits
 - Limited loss history
- Standard Rates
 - Rate Tables provided in Flood Insurance Manual
 - Risks not eligible for Preferred Risk Policy
 - Flexible limits

*NOTE:

Effective April 1, 2015:

Newly mapped into high-risk area get PRP rates for 12 months after a new map becomes effective.

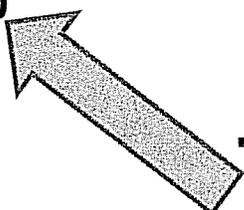
Rates then increase up to 18% annually.

One-time application to all properties newly mapped in since October 2008 – by April 2016.

Newly Mapped into High-Risk

Effects of Map
Changes on Insurance

High-Risk (Zone A, AO, AE, AH, V, VE)

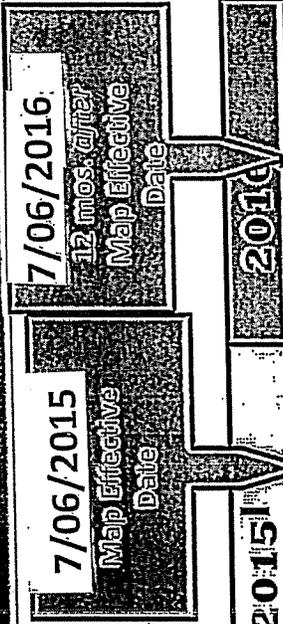


Moderate- or Low-Risk (Zone B, C, X)

- *Federal Mandatory Purchase Requirement*
- Increased Risk = Increased Flood Insurance Costs
- FEMA provides cost-saving option:
 - Lower-cost preferred risk rates *available for 12 months after effective date.*
- **DON'T WAIT!** Buy PRP now as risk is higher than previously identified

Newly Mapped Procedure

2015 Standard Zone X = \$1,882



Year	Policy Type	Property (PRP Rate)	Newly Mapped Property Rate
2014	PRP Policy	\$405*	
2015	Newly Mapped Property	\$455	\$530
2016	Newly Mapped Property	\$455	\$530
2017	Newly Mapped Property	\$455	\$530
2018	Newly Mapped Property	\$455	\$615

Renewal Date	Renewal Date	Renewal Date
7/05/2015	7/05/2016	7/05/2017
New Policy		
		7/05/2018

*\$200K/\$80K Building/Contents -April 2015; includes \$25 HFIAA Surcharge
 *Current PRP Rates (assumes 3 % increase) plus higher RFA and FPF & \$25 HFIAA Surcharge)

Newly Mapped Scenarios

Effects of Map
Changes on Insurance

SCENARIO	ACTION TO TAKE
Newly mapped into the SFHA on/after 04/01/2015	Properties Newly Mapped Rate if covered within 12 months of the map revision date
Newly mapped into the SFHA on/after 04/01/2015, not covered within 12 months of the map revision date	<p>Eligible for grandfathering. If no continuous coverage:</p> <ul style="list-style-type: none"> ● Pre-FIRM buildings—rate using the new flood map ● Post-FIRM buildings—grandfather using built in compliance rules
Newly mapped into an SFHA between 10/01/2008, and 03/31/2015, and are not currently covered	Eligible for the Properties Newly Mapped Rate if covered before 04/01/2016
PRP Eligibility Extension policies issued prior to 04/01/2015	Renewed with the Properties Newly Mapped Rate on the first effective date on or after 04/01/2015

NFIP "Grandfather" Rules

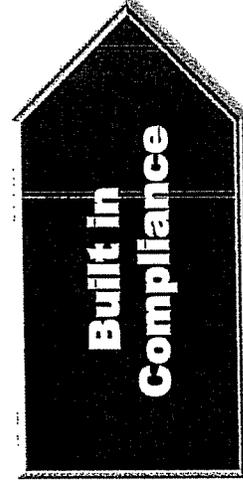
Effects of Map
Changes on Insurance

BENEFIT OPTIONS:

- Use the current rating criteria for that property; or
- Have the premium rate determined by:



- when coverage was first obtained; or



- the BFE and/or flood zone on the FIRM (old map) in effect when the building was originally constructed

Continuous Coverage

Effects of Map
Changes on Insurance

If policy was obtained **prior** to the effective date of the map change:

- Can be purchased up to the day before the map's effective date
- Rates can be based on current zone/BFE
- Continuous coverage must be maintained
- Can be assigned to a new owner



Previous Map | Previous BFE

Effects of Map
Changes on Insurance



77' -76' = +1 (Elevation Difference)

\$921

NATIONAL FLOOD INSURANCE PROGRAM

FIRM
FLOOD INSURANCE RATE MAP

City of Floodville

PANEL 290 OF 125
SEE MAP INDEX FOR PANELS NOT SHOWN

COMPLIES WITH
FEDERAL EMERGENCY MANAGEMENT AGENCY
REGULATIONS

ISSUED DATE: 11/06/96

MAP NUMBER
4820100290 J

MAP REVISOR:
NOVEMBER 6, 1996

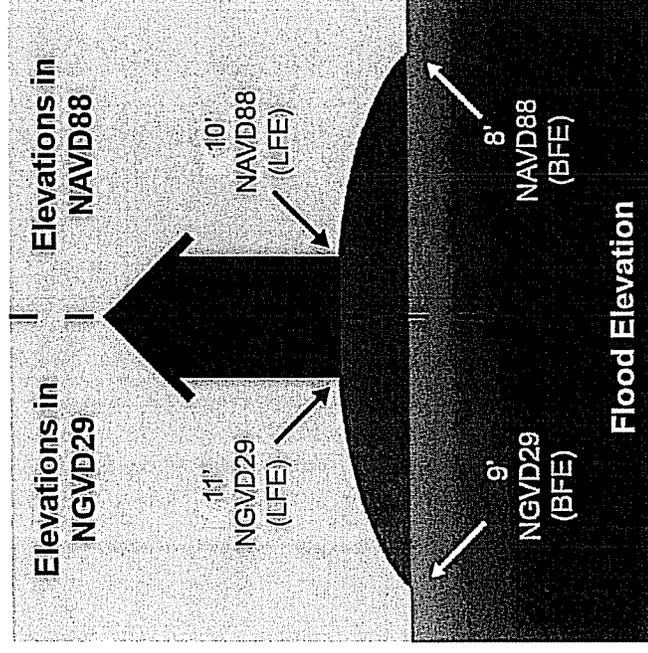
Federal Emergency Management Agency

*Lowest Floor Elevation: 77 ft
**\$200K/\$80K Building/Contents April 2015

Vertical Datum

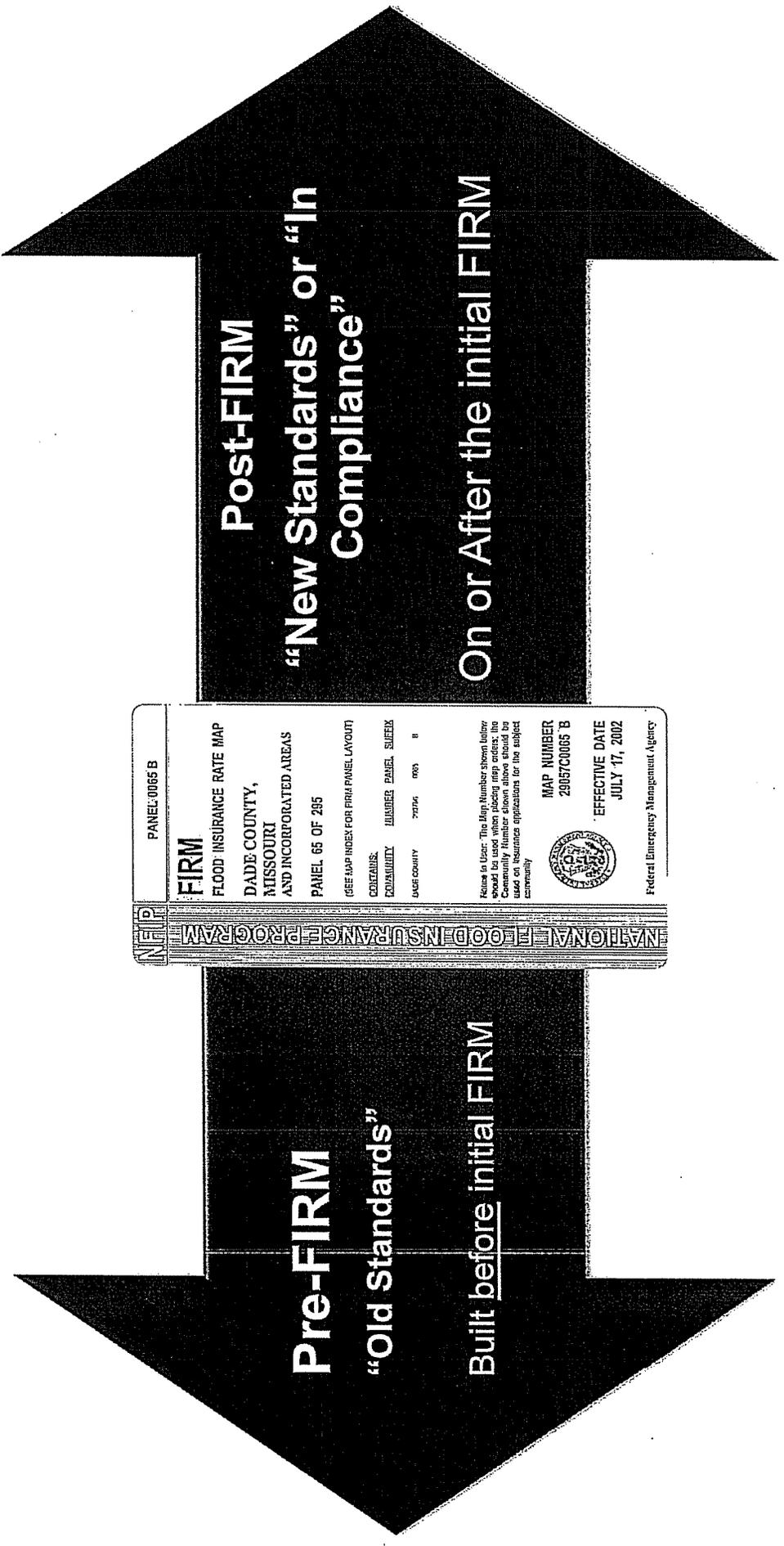
Effects of Map
Changes on Insurance

- Vertical Datum
 - Does **not** change the relationship of the ground heights to the water surface
 - Does change the value assigned to those heights that are printed on the maps and other supporting documents and data
 - Users of elevation data from multiple sources must take care that the **elevation values are based on the same datum**



Two Rate Structures:

Effects of Map
Changes on Insurance



NFIP PANEL: 0065 B

FIRM
FLOOD INSURANCE RATE MAP
DADE COUNTY,
MISSOURI
AND INCORPORATED AREAS
PANEL 65 OF 285

(SEE MAP INDEX FOR FIRM PANEL LAYOUT)

COUNTY: DAVENPORT COUNTY MISSOURI
COMMUNITY NUMBER: 28074 000 0

Notes to Users: The Map Number shown below should be used for all insurance applications. The Community Number shown above should be used on insurance applications for the subject community.

MAP NUMBER: 28057C0065 B
EFFECTIVE DATE: JULY 17, 2002

Federal Emergency Management Agency



The Essentials

1. In what community is the property located?
2. Community Status - Regular or Emergency Program?
3. In what zone is the building located?
4. What is the building's Date of Construction (DOC)?
5. Is the building Pre-FIRM or Post-FIRM?
6. Is an Elevation Certificate required?
7. What is the occupancy of the building?
8. How many floors in building (including basement/enclosure)?
9. Does the building have a basement/enclosure?
10. What is the replacement cost of the building?
11. How much insurance is required?
12. What deductible has the client requested?

Determining Pre-FIRM and Post-FIRM

Pre-FIRM

If DOC is on or before 12-31-1974 or before initial FIRM Date

Compare Initial FIRM Date with Date of Construction (DOC) or Substantial Improvement Date (Initial FIRM is when the Community first enters the Regular Program).

Post-FIRM

If DOC is after 12-31-1974 or on or after initial FIRM Date, whichever is later.

Special Flood Hazard Areas (SFHA)

SFHAs are the flood zones that have the greatest risk of flooding. They are darkly shaded areas on the maps. During a 30-year mortgage, there is a 26% chance of flooding in these areas and only a 4% chance of fire in the same period.

SFHA designations start with the letters "A" (Riverine/Inland Group) or "V" (Coastal Group) - indicated by tidal floods with velocity.

The Base Flood Elevation (BFE) and Base Flood Depth (BFD) is the level at which there is a 1% chance of flooding in any given year.

Zones

A or V	BFEs not provided.
A1-A30	BFEs <u>are</u> provided.
AE	(AE replaces A1-A30 on new FIRMs).
V1-V30	BFEs provided.
VE	(VE replaces V1-V30 on new FIRMs).
AH	Shallow water depths (ponding, 1-3 feet).
AO	Shallow water paths (sheet flow, 1-3 feet). BFDs (Base Flood Depths) <u>may be</u> provided.
A99	A protective system such as dikes, dams and levees. No BFEs are provided.
AR	Area that results from decertification of a previous flood protection system.

Elevation Certificate Requirement

Certificate NOT Required

All Pre-FIRM Zones

Post-FIRM Zones
B, C, X*, A99, D and AR

* X Zones may be shaded or unshaded. Shaded X Zone replaces the B Zone and Unshaded X Zone replaces, the C Zone on new FIRMs.

Certificate IS Required

Post-FIRM Zones

A1-A30, AE, AH, V1-30, VE

A** Unless BFE information is available from the community, use the measured difference between the highest adjacent grade and the top of the bottom (lowest) floor.

AO Property owner, owner's representative or building official can complete. Use 2ft if no BFDs are shown on the Map.

** Elevation Certificate not required but may result in better rates.

Non-Special Flood Hazard Areas (NSFHA)

NSFHAs B, C, and X Zones are *low to moderate risk flood zones*. On the FIRM, they are unshaded or lightly shaded. Historically, 30% of all claims occur in these areas. **A Preferred Risk Policy may be available.**

Where to Obtain an Elevation Certificate

To find out if a certificate already exists, check with the community department that maintains local maps or the local permit office. To have a certificate completed, contact a licensed land surveyor, registered local law to certify elevation information, except as noted above in Zone AO or A (without BFE).