



## MAPPING TODAY'S FLOOD RISK: WHAT INSURANCE PROFESSIONALS SHOULD KNOW

In December 2014, the Federal Emergency Management Agency (FEMA) released new preliminary flood hazard maps, known as Flood Insurance Rate Maps (FIRMs), for all of Sarasota County. These new maps will become effective on November 4, 2016. The new FIRMs show the extent to which areas of the county are currently at risk for flooding. The remapping effort—part of FEMA's nationwide map modernization effort—was necessary because the flood hazard and risk information shown on the flood maps was outdated. Some of the maps now in force were developed more than 30 years ago. Since then, the drainage patterns have changed, new land development has occurred, and mapping and modeling technology has significantly improved. The new maps will give owners more up-to-date, reliable, Internet-accessible information about Sarasota County's flood risk on a property-by-property basis. Additional updates are currently underway by FEMA as part of their Risk Mapping, Assessment, and Planning (Risk MAP) Program and also by Sarasota County as part of the watershed program. See more scheduled updates including the Risk MAP coastal study at <https://scginternet.scgov.net/FloodMaps/>.

### KNOW THE EFFECTS AND FLOOD INSURANCE OPTIONS

While the FIRMs may not become effective until early 2016, it is important for insurance professionals to understand the effects that these map changes have on flood insurance requirements and what options are available for their clients.

Properties may be mapped into higher risk zones, have changes in their Base Flood Elevation (BFE), be mapped into lower risk zones, or remain in the same zone. Insurance professionals need to properly educate property owners about these map changes, how they affect the flood insurance requirements and the insurance options available. For an insurance agent or company to learn more about flood insurance, visit <https://Agents.FloodSmart.gov>.

### RATING OPTIONS COULD SAVE YOUR CLIENTS MONEY

If a building is mapped into a high-risk zone (noted on the

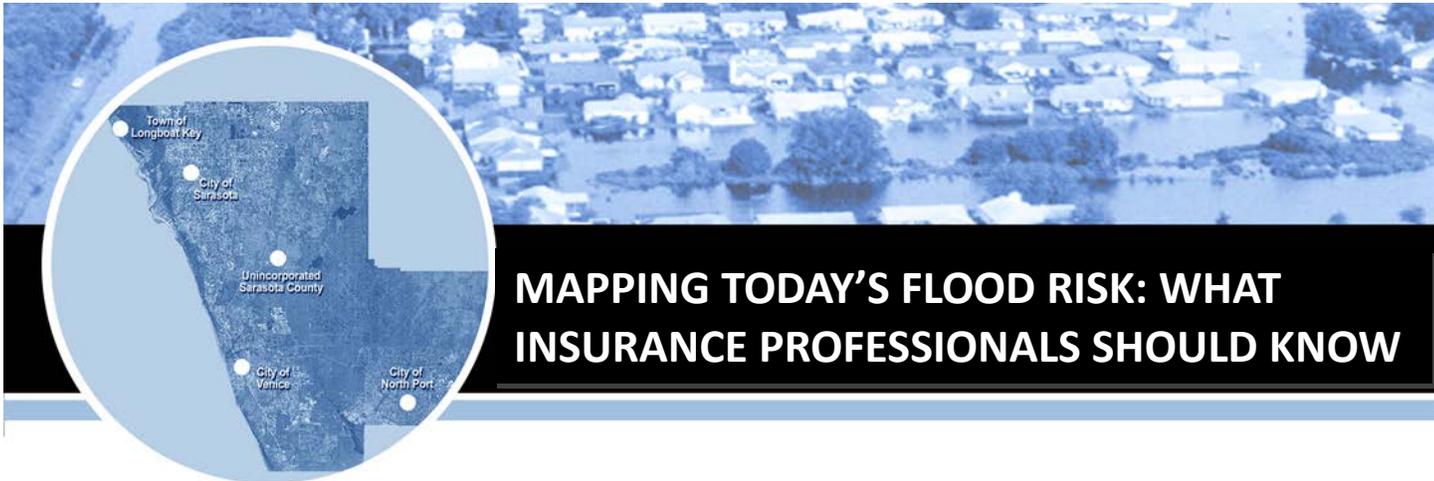
flood maps with the letter beginning with the letter "A" or "V") and there is a mortgage on the property through a federally regulated or insured lender, flood insurance will be federally required. If a property is already in a high-risk area, its base flood elevation may change. Either of these changes could result in higher flood insurance premiums.

The National Flood Insurance Program (NFIP) provides lower-cost flood insurance rating options. For buildings that qualify and are newly mapped into a high-risk area (e.g., mapped from Zone X to Zone AE), the NFIP provides the option to purchase a Preferred Risk Policy (PRP) before the maps become effective and then renew it with the lower preferred risk rates, even though the building is in a higher risk zone. Rates then will increase no more than 18 percent a year.

For buildings that don't qualify for a PRP, or are in a high-risk zone and are either being mapped into a higher risk zone (i.e., Zone AE to Zone VE) or there is an increase in the Base Flood Elevation (BFE), FEMA allows for the lower risk zone or BFE to be used for rating. This is known as "grandfathering." Because these "grandfathered" insurance rates may be less than the rates for the zone shown on the new FIRM, it is important to compare both when discussing insurance options.

### CONVERSION KEEPS CLIENTS PROTECTED

Some properties may be mapped into a moderate- or low-risk zone (shown on the new FIRM as an "X" or shaded "X" zone). Federal requirements for the mandatory purchase of insurance are lifted, though some lenders may continue to require coverage. Property owners should be reminded that the risk has only been reduced, *not removed*. They can maintain coverage by converting their current policy to the lower-cost PRP. This conversion is backdated to the current policy's effective date and then the cost of the PRP is deducted from the original premium paid. No additional funding is required from the insured and it typically results in a refund of premium. The NFIP also allows agents to keep the commission on both policies. With premiums being so low, a PRP offers significant cost savings while still providing coverage and the benefit of protection.



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### A NEW VERTICAL DATUM IS BEING USED

As part of the nationwide mapping effort, the new FIRMS are using a new vertical datum as the base for all elevations (NAVD88). This datum is a much more accurate one than the 80-year-old one used for the previous flood maps (NGVD29). As a result, a building's base flood elevation could show one measurement on the old map (i.e., 11') and another measurement on the new map (i.e., 10'), and its actual elevation will not have changed. Before grandfathering a property where elevation is involved, make sure the elevation on the elevation certificate and the base flood elevation (BFE) on the FIRM both use the same vertical datum. If you have to use two different datums, you may obtain conversion factors from the respective county or community; they are also reflected on the new FIRMs and in the Flood Insurance Study (FIS).

### WHERE TO VIEW THE MAPS

View preliminary and current effective FIRMS and Flood Insurance Study (FIS) reports online on the FEMA Map Service Center web site <http://msc.fema.gov/>.

See Sarasota County's FEMA Flood Zone Locator at <https://ags2.scgov.net/sarcoflood/> to identify your flood risk on the upcoming FIRM.

Please be advised the files are best viewed with a high-speed internet connection. View various flood map fact sheets at <https://scginternet.scgov.net/FloodMaps/>.

### MAPPING MILESTONES

- December 2014 - Preliminary flood maps released
- May 4, 2016 - Letter of Final Determination (LFD) from FEMA to community initiates a mandatory six (6) month compliance and adoption period.
- November 4, 2016 - Six month compliance and adoption period ends and FEMA Digital Flood Maps are effective.

### FOR MORE INFORMATION:

For general information, call the Sarasota County Contact Center at 941-861-5000, Monday through Friday (except holidays) from 8 am. to 5 p.m.

IF MAPS SHOW...	THESE REQUIREMENTS, OPTIONS AND SAVINGS APPLY*
Change from moderate- or low flood risk to high risk (flood Zone B, C, or X to Zone A, AE, AH, AO, V or VE)	<p><b>Flood insurance is mandatory.</b> Flood insurance will be federally required for most mortgage holders. Insurance costs may rise to reflect the true (high) risk.</p> <p><b>Rating options can offer savings.</b> The NFIP has rating rules which may offer lower rates than from using the new maps (e.g., Newly Mapped Properties).</p>
Change from high flood risk to moderate or low risk (e.g., flood Zone A, AE, AH, AO to Zone X or shaded X)	<p><b>Flood insurance is optional but recommended. The risk has only been reduced, not removed.</b> Flood insurance can still be obtained, and at lower rates. Nearly 25 percent of all flood insurance claims come from moderate-to-low-risk areas.</p> <p><b>Conversion offers savings.</b> 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>
Increase in existing high-risk area (e.g., Base Flood Elevation (BFE) increasing or going from Zone AE to Zone VE)	<p><b>An increase in BFE or going from a high to higher-risk zone can result in higher premiums; however, "grandfathering" can offer savings.</b> The NFIP 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 or flood zone to calculate their insurance rate. This could result in significant savings. Always compare this premium with using the new maps, as sometimes using the new map's zone/BFE may be better.</p>
No change in risk level	<p><b>No change in insurance rates.</b> However, this is a good time to review your coverages and ensure that your building and contents are adequately protected.</p>