

FEMA Announces Cost Saving Flood Insurance Rates in Newly Mapped Flood Hazard Area

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Property owners required by their lenders to purchase flood insurance due to new flood hazard identification in their area may be eligible for flood insurance discounts for the next two years. On Jan. 1, 2011, FEMA introduced the Preferred Risk Policy (PRP) Extension, which is intended to offer savings to people with structure(s) in newly identified Special Flood Hazard Areas (SFHA).

In July of 2010, the Acting Federal Insurance and Mitigation Administrator announced FEMA would revise its Preferred Risk Policy (PRP) eligibility. On January 1, 2011 owners of buildings designated in a SFHA dating back to October 1, 2008, may be eligible for **the lower cost PRP for two years** following the effective date of the map change.

Several factors prompted FEMA to offer a short term reduced-rate flood policy, one of which is the country's poor economic conditions. Other factors include the large number of counties nationwide receiving new flood hazard maps within a short time period, expanding floodplains due to de-accredited levees, and natural geographic changes that have resulted in new Base Flood Elevations and increased flood risk.

This means property owners and renters who were formerly exempt from mandatory flood insurance purchase requirements imposed by lenders may now be required to purchase flood insurance. The Preferred Risk Policy Extension eases the financial burden on affected property owners, allows them time to understand and plan for the financial implications of the requirement, while providing a lower cost policy for up to two years.

How Does the PRP Extension Work?

If a new Flood Insurance Rate Map (FIRM) is adopted by a community between October 1, 2008, and January 1, 2011, structures that were moved from B, C, or X zones into an A or AE zone due to map revisions may be eligible for a PRP policy. Those who qualify and purchase a new policy in 2011 or renew a policy after January 1, 2011, can obtain a PRP Extension policy for two years. After two years the determination for rating the policy will be based on the zone in which it was rated prior to the PRP Extension. The PRP Extension will also be available to participating communities undergoing map updates after January 1, 2011.

The Preferred Risk Policy Extension should not be confused with the existing Preferred Risk Policy that is available only in B, C or X zones to properties that have a very limited number of insurance claims or disaster assistance applications. Policyholders in the B, C and X zones are not required to purchase flood insurance and can select the amount of coverage that best fits their needs. Whereas, federally insured or regulated lenders will require specific flood coverage to meet or exceed the mandatory purchase regulations in the Flood Disaster Protection Act of 1973 and amended by the National Flood Insurance Reform Act of 1994.

To determine whether a property is eligible for the PRP Extension, the underwriting insurance

(Continued on page 3)

(Continued from page 2)

company or agent must:

- verify the loss history of the building
- identify the building on current and previous flood maps
- maintain documentation of the flood risk zone before and after map change

FEMA is working with lenders and insurance providers to facilitate the implementation of the program.

How Do Local Officials Fit Into This Picture?

Many insurance providers will use available data from www.msc.fema.gov (FEMA Map Service Center) or use flood hazard determination firms to determine the flood zones before and after map changes, others may direct their clients to go to their local communities to obtain the information needed to verify eligibility. Information can include:

- Requests for copies of Letters of Map Amendment (LOMAs), Letters of Map Revision (LOMRs) and Letters of Determination Review (LODRs);
- Copies of the flood map with the property clearly marked;
- A community letter, indicating the policyholders address and appropriate map information; or,
- Copies of completed Elevation Certificates.

If the community provides a written response, it must:

- Be on community or department letterhead;
- Include name of property owner and property address;
- Include the type of building;
- Include the prior flood zone, prior map date and prior community number, and the map panel number and suffix; and,
- Include the name and title of the official writing the letter, including signature, date signed and contact information.

For additional information regarding the Preferred Risk Policy Extension, go to www.floodsmart.gov; type "Preferred Risk Policy Extension" in the search box in the upper right-hand corner of the page. If you have additional questions, you can also contact your National Flood Insurance Program (NFIP) State Coordinator's office, FEMA Region V Floodplain Management and Insurance Branch, or the NFIP Regional Program Manager's office at (312) 596-6728.

ASFPM Welcomes New Associate Director of Operations: Ingrid Danler

Ingrid served as the Executive Director of the Fox Waterway Agency in Illinois for the past 14 years. Ingrid contributed to the Fox Waterway Agency's success and gained extensive experience overseeing environmental restoration, water quality management, and other water projects. Additionally, Ingrid has significant experience working with elected local officials as well as state and Federal legislators. Ingrid joined ASFPM's executive management staff, Larry Larson, Executive Director, and Chad Berginnis, Associate Director, on June 1, 2011. Welcome Ingrid!

We also want to take a moment to thank George Riedel for his five years of service, working for the ASFPM as Deputy Director of Operations. Good luck, George, in your next role!