

If you have a loan through a federally regulated or insured lender and are in a high-risk area (flood zones labeled with letters beginning with A or V), the federal government requires you to carry flood insurance as a condition of your loan.

However, if you already have a flood insurance policy in place when you are mapped into a high-risk area, your premium can be calculated using the lower risk zone. This type of rating is called grandfathering. So, having a policy in advance not only will help financially protect you, but can save you money. The chart below helps explain your options.

IF MAPS SHOW...	THESE REQUIREMENTS, OPTIONS AND SAVINGS APPLY
<p>Change from Moderate or Low flood risk, to High risk (e.g., 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. Rating Options can offer savings. The National Flood Insurance Program (NFIP) provides savings by temporarily extending eligibility for the Preferred Risk Policy. This cost-saving option applies to buildings newly mapped into a high-risk area on or after October 1, 2008. This cost-saving option should be available until FEMA implements sections of the Biggert-Waters Flood Insurance Reform Act of 2012 (BW-12) which eliminates certain discounts and subsidies. This elimination is expected to be implemented in late 2014.</p>
<p>Change from High risk zone A or AE, to Higher risk zone V or VE, or increase in Base Flood Elevation (BFE)</p>	<p>An increase in risk can result in higher premiums; however, “grandfathering” can offer savings. The NFIP grandfathering rules allow policyholders who have built in compliance with the flood map in effect at the time of construction to keep their previous zone or BFE to calculate their insurance rate. This could result in significant savings. This rating option will be eliminated when FEMA implements sections of BW-12 in late 2014.</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 rate. More than 20 percent of all flood insurance claims, and one-third of flood disaster 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>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>