

EFFECTS OF CITRUS COUNTY MAP CHANGES ON INSURANCE

Know Your Options

IDENTIFYING CHANGES IN FLOOD RISK

Since 2003, the Federal Emergency Management Agency (FEMA) has led a major effort to update the nation's flood hazard maps (known as Flood Insurance Rate Maps, or FIRMs) to reflect current flood risks. As part of the remapping process, the Southwest Florida Water Management District (SWFWMD) and the Federal Emergency Management Agency (FEMA) will be releasing new preliminary FIRMs for all of Citrus County in September 2013. The new FIRMs will show the extent to which areas of the county are currently at a higher or lower risk for flooding.

Flood risks can, and do, change over time due to community growth, erosion, and other factors. As a result of this new flood study, some property owners will learn 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 federal flood insurance purchase requirements. Other property owners will learn that their flood risk has reduced and the federal requirement has been removed, though the lender can still require it. It is important to know if and how your flood risk has changed so that you can take advantage of the best cost-saving option while still staying covered for the next flood.

MAPPED FROM LOW-RISK TO HIGH-RISK – PRP EXTENSION

To help reduce the financial burden for affected property owners, the National Flood Insurance Program (NFIP) offers a cost-saving option for property owners whose buildings are newly mapped into high-risk flood zones (shown on a flood map as a zone beginning with the letter "A" or "V") on or after October 1, 2008. The NFIP will allow the low-cost Preferred Risk Policy (PRP), usually written only on buildings in moderate- and low-risk areas (shown on a flood map as a zone beginning with the letter "X", "B" or "C"), to continue to be written on buildings even though they are now in a high-risk area. To be eligible, the 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, the building is not eligible for a PRP; however, it may be eligible for grandfathering (see next section). This cost-savings extension of the PRP will continue to be available until FEMA completes its analysis and implements premium rate revisions put in place by the Biggert-Waters Flood Insurance Reform Act of 2012 (BW-12). This rating option may no longer be available beginning late 2014. Stay in contact with your insurance agent for the latest details.

MAPPED FROM HIGH-RISK TO HIGHER RISK – GRANDFATHERING

If your building is being newly mapped into a high-risk area and *not* eligible for a PRP or the Base Flood Elevation (BFE) around your property will be higher when the new flood map takes effect, the NFIP offers an option to keep the current flood zone or BFE for insurance purposes, called grandfathering.

The easiest way to take advantage of grandfathering is by buying a policy before the new flood maps take effect. This will lock in the current flood zone or BFE for rating when the policy renews in the future.

For older structures that were *built before* the community's first flood map was issued (known as pre-FIRM buildings), the *only grandfathering option* is to purchase a policy before the new flood map becomes effective. Structures *built after* the community's first flood map was issued (post-FIRM buildings) have two opportunities to lock in the flood zone or BFE for future rating:

1. The easiest and smartest is to purchase a policy before the new map takes effect, or
2. You can purchase a policy after the effective date. However, you must show proof that the building was built in compliance with the flood map that was in effect at the time of construction. Your insurance agent can help produce the necessary documentation.

Note that in some cases, the new flood map may actually result in a lower premium than what grandfathering provides. So have your insurance agent check all options.



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This cost-savings rating option will also continue to be available until FEMA completes its analysis and implements premium rate revisions put in place by BW-12. It is anticipated that this rating option will no longer be available beginning late 2014.

MAPPED FROM HIGH-RISK TO LOW-RISK

When a building has been mapped into a moderate- or low-risk area, the federal mandatory purchase requirement is removed (though the lender can still require it); however, the risk has not – it has only been reduced. Flood insurance is now significantly cheaper. The NFIP provides insurance agents with an easy way to convert an existing policy written in a high-risk zone to a Preferred Risk Policy (PRP) that does not require the insured to pay anything more; in fact, the property owner will get a refund while still maintaining coverage. In addition, that policy will automatically include contents coverage (40% of the building coverage). Consequently, it is much less expensive and there is no gap in coverage.

FOR MORE INFORMATION

While changes in the federal mandatory requirement for flood insurance will not occur until the new flood maps become effective, a lender can require flood insurance at any time. Even if you do not live in a high-risk area now, flood insurance could still be a good investment to help you recover more easily from the next time it floods. Talk to your insurance agent to learn more about flood insurance and your options or visit www.FloodSmart.gov.

To see the preliminary flood maps, visit www.fema.gov/view-your-communitys-preliminary-flood-hazard-data-0. For more information about FEMA's flood hazard mapping program, visit www.fema.gov/national-flood-insurance-program-flood-hazard-mapping. To stay up-to-date on the implementation and implications of the NFIP reform legislation (BW-12), visit www.FEMA.gov/BW12.

MAPPING MILESTONES

September 2013 — Preliminary flood maps released
October 2013* — Start of 90-day Public Comment Period (for filing of appeals and comments)
January 2014* — SWFWMD and federal review begins
Summer 2014* — New flood maps take effect; new flood insurance requirements also take effect

Visit www.BOCC.Citrus.FL.US to learn more about the mapping project and where and when meetings may be held

For Additional Information, contact the Citrus County Floodplain Manager, Carl Jones, at 352-527-5310 during normal business hours. He can also be reached at Carl.Jones@BOCC.Citrus.FL.US.

** Date subject to change pending completion of review process*

