



Properties Changing Flood Elevation

NOTE: This document is intended for National Flood Insurance Program (NFIP) Pre-FIRM or Post-FIRM policies that use an elevation certificate to obtain their premium. For those unsure if an elevation certificate is used to rate your structure, please consult your insurance agent.

Overview

Due to flood map changes, flood zones and base flood elevations can change within the Special Flood Hazard Area (SFHA), which is any A, AH, AO, AE or VE zone. Structures within those zones can require flood insurance based on their mortgage. When you believe your property is changing in flood zone and/or base flood elevation, it is important you understand the effect this will have on your flood insurance.

For Post-FIRM and elevation rated structures, **grandfathering** has two meanings:

Built in compliance: If your structure was built to a certain standard at one time, you can be rated to the flood map in effect at that time the structure was built. (After 10/18/1977)

Continuous coverage: When a flood policy is in place before the date of a flood zone or base flood elevation change, you can continue to be rated to the prior flood zone/elevation.

What is happening?

When a flood map changes, a flood zone or base flood elevation change can have an impact on your flood policy. There are several different scenarios explained below:

Flood zone remains the same with a higher base flood elevation: When a base flood elevation increases in height, and the flood zone remains the same, the flood policy will not increase in premium due to the change because you will be **grandfathered**.

Flood zone remains the same with a lower base flood elevation: If you are rated with an elevation certificate, and the base flood elevation decreases, then your insurance agent should explore whether the lower base flood elevation will reduce the flood policy premium. A change with a beneficial rate would lead to a premium refunded that is pro-rata, which means the return premium will be a partial refund based on where the policy is in its 12 month term. If the base flood elevation change is not beneficial, the policy can be **grandfathered** and remain at the current rate.

Flood zone and base flood elevation changes: A change in flood zone and base flood elevation could mean beneficial rating. A beneficial rate change would lead to a premium refunded that is pro-rata, which means the return premium will be a partial refund based on where the policy is in its 12 month term. If the change does not lead to a more beneficial rate, then the policy can be **grandfathered**. The lender and/or insurance company may ask for evidence of grandfathering eligibility by requesting a copy of the new flood map.



MASSACHUSETTS COASTAL COALITION

info@knowflood.org | PO Box 223, Hanover, MA 02340 | (781) 635-5152

In any scenario, it is advised those that do not currently have a flood policy investigate purchasing one before the flood map change in order to become **grandfathered**.

NOTE: you may not cancel a policy that changes flood zone or base flood elevation mid term, lower coverage amounts mid term, or lower deductibles mid term (some exceptions exist).

What are the rates?

Below are a few examples of NFIP elevation rated premiums (rates as of 4/1/2020):

| single family, crawlspace, AE flood zone elevated 1 foot | |
|---|-----------|
| Primary | Secondary |
| \$558 | \$10,141 |

| single family crawlspace, AO flood zone | |
|--|-----------|
| Primary | Secondary |
| \$328 | \$553 |

| single family, VE flood zone elevated 2 feet | |
|---|-----------|
| Primary | Secondary |
| \$4,273 | \$4,498 |

NOTE: *Rates are for \$250,000 building /\$10,000 deductible. Rates do not include surcharges, fees or CRS discounts. Rates are examples and vary greatly depending on varying factors. Refer to the Flood Insurance Manual and consult your insurance agent.

FAQs

Why is this happening? In a Letter Of Map Revision (LOMR), a community has asked FEMA to revise the flood maps, and work has been done between the community, consultants and FEMA to produce the revised flood maps that more accurately portray the flood risk.

I don't have an elevation certificate. Should I get one? Possibly. A change in flood zone can also mean a change in the base flood elevation, and this means an elevation certificate could possibly lower your premium. To learn more, contact your insurance agent, or the MCC flood service center at floodinsurance@knowflood.org

Do I qualify for a Letter of Map Amendment? Possibly. If the lowest grade around your building is higher than the base flood elevation on the flood map, you may be removed from the SFHA. To do this, an elevation certificate is required. To learn more, contact your insurance agent, or the MCC flood service center at floodinsurance@knowflood.org

Are there any other options than the National Flood Insurance Program? Yes. In the last few years, private insurance companies, such as Lloyds of London, have become competitive in offering flood insurance pricing and coverage. Quotes should be obtained by an insurance agent, since rating and premiums vary greatly between each private company. There are, however, risks to leaving the NFIP. See attached waiver and disclosure form.

Why should I care if I become grandfathered? Because FEMA policies are transferable upon the sale of a property, grandfathering is generally tied to the property and policy, but not so much the property owner. NFIP policies can be assigned to new owners, which can aid in a home sale or purchase.

I'm still not sure what to do? Consult your insurance agent, or ask a flood specialist. The MCC has a flood specialist on staff, and can be reached at floodinsurance@knowflood.org



MASSACHUSETTS COASTAL COALITION

info@knowflood.org | PO Box 223, Hanover, MA 02340 | (781) 635-5152

PRIVATE FLOOD INSURANCE ACKNOWLEDGEMENT WAIVER OF AGENT'S RESPONSIBILITY

I hereby certify that at my request my insurance agent will place my flood insurance with a private insurance company, and not with the National Flood Insurance Program (NFIP).

I am aware that I may be forfeiting some benefits by not purchasing and/or renewing flood insurance with the NFIP.

I understand:

- I may lose the ability to use the NFIP grandfathering provision, and that may result in a significant increased cost to me should I desire to return to the NFIP at a later date due to having to pay the full rate as determined by FEMA.
- I may lose the ability to use a subsidized rate, and that may result in a significant increased cost to me should I desire to return to the NFIP at a later date due to having to pay the full rate as determined by FEMA.
- My lender may not accept a flood insurance policy from a private company.
- The coverage, terms, and conditions of a private flood insurance policy may not be as broad as the NFIP policy.
- If the private flood insurance policy is written by a surplus lines insurer, there is no guaranty fund to protect me in the event of a company insolvency.
- Private market flood insurance companies reserve the right to non-renew policies according to the terms of the policy and state's insurance laws.

It will be conclusively presumed that I understand the implications of purchasing a private flood insurance policy instead of a NFIP policy. I agree to hold the agency and its agents/employees harmless from any adverse impacts that may arise as a result of my decision to purchase the private flood insurance policy.

Named Insured: _____

Property location: _____

Signature of customer _____ Date _____

Signature of agency staff _____ Date _____