

## Flood Insurance 2013

1. Rates have risen significantly to meet the actual costs
2. Current insurance policy premiums will rise at 20-25% a year until at actuarial cost
3. Contact your insurance agent to look at options
4. Elevation Certificates are now required
5. Making your structure safer will reduce the risk of damage and the cost of insurance

In Vermont there are around 8,000 structures in the Special Flood Hazard Area. Banks are required to assure that any mortgage or loan to a structure in a mapped hazard area is insured for at least the value of that mortgage, the value of the structure, or amount of insurance available through the NFIP - whichever is less.

Currently in Vermont ~ 2/3s of the structures in the high risk Special Flood Hazard Area do not have flood insurance. Most of these structures were built before the flood hazard maps were available and most have basements. In Vermont around 2/3 of residences have a mortgage.

In 2012 the Biggert-Waters Act requires the National Flood Insurance Program to charge actuarial rates and to pay off accumulated debt. In Vermont an average flood insurance policy in a high risk Special Flood Hazard Area will be around \$4,000/year for \$170,000 in insured value.

IF you are getting a new policy the structure will be rated at the actuarial rate for the structure. A new policy (or a policy renewed after 10/1/2013) will require an Elevation Certificate to identify how high the flood water (Base Flood Elevation/BFE) will rise relative to the elevation of the lowest floor of the structure. The lowest floor is the basement floor.

IF you have a current Pre-FIRM Flood Insurance Policy your rates will increase step-wise 20 or 25% each year to the actuarial rates. An additional charge of 5% will be added to establish a reserve fund for the program.

### Consider:

- ~ 1 in 4 structures in a Special Flood Hazard Area will experience flooding over the period of a 30 year mortgage.
- Risk of damage from flooding occurs beyond areas that are mapped as high risk areas - particularly from flash flood events along small streams.
- Most homeowners' and business owners' insurance policies don't cover flood damage
- An inch of water can cause an estimated \$21,000 in damages to a 2,000-ft<sup>2</sup> property
- 40% of all small businesses that experience a flood fail to reopen

### *Are you in a Special Flood Hazard Area?*

Flood Insurance Rate Maps/FIRMs showing Special Flood Hazard Areas are posted online at the **FEMA Map Service Center** [www.msc.fema.gov](http://www.msc.fema.gov) (Use the Product Catalog in upper left corner) The maps can be printed as a “FIRMette” showing local intersections and a scale bar. The location of the structure will need to be plotted onto the FIRMette.

**Digital Flood Insurance Rate Maps / DFIRMs** are available in Chittenden, Rutland, Washington, Windham, and Windsor Counties and for several towns (Bradford, Hardwick, Jay, Montgomery, Newbury, Wolcott, Stowe) Areas with DFIRMs can also access the maps with a web browser at:

FEMA Flood Map Viewer at: <https://hazards.fema.gov/wps/portal/mapviewer> and the Vermont Natural Resources Atlas at: <http://tinyurl.com/vt-atlas>

### *Need Map Help?*

FEMA Map Specialist 1-877-FEMA-MAP (1-877-336-2627) or  
Email: [FEMAMapSpecialist@riskmapcdfs.com](mailto:FEMAMapSpecialist@riskmapcdfs.com)  
FMIX / FEMA Map Information [http://www.floodmaps.fema.gov/fhm/fmx\\_main.html](http://www.floodmaps.fema.gov/fhm/fmx_main.html)

### *Elevation Certificates*

New policies, and policies renewed after 10/1/2013, will require an Elevation Certificate (EC).

Elevation Certificates can be found at: <http://www.fema.gov/library/viewRecord.do?id=1383>  
An EC documents the situation of the structure and its exposure to damage from flooding.

If the policy is for a structure in a Zone AE, AO, or A 1-30, a surveyor can complete and stamp the form using the known elevation of the base flood as published in the Flood Insurance Study.

A policy for a structure in an approximate Zone A (mapped by approximate methods with no published Base Flood Elevation / BFE) can be use Section E to complete the Elevation Certificate. No surveyor is needed. *However*, since an Elevation Certificate with only Section E information provides little useful information about risk, the policy rates may be expensive. If the structure has a basement – Section E alone will incur extraordinary “submit for rate” insurance costs assuming the worst case scenario.

Alternatively, if the structure is in an approximate Zone A an engineer may calculate the elevation of the base flood and the lowest floor from a local reference point with an “assumed datum”.

Finally, if it is clear that the structure is distinctly higher than the surrounding terrain and may have been mapped into an approximate Zone A by error it is possible to apply for a map correction. The application for a **Letter of Map Amendment MT-EZ** can be found at: <http://www.fema.gov/library/viewRecord.do?id=2328>

A guidance document on *Surveying for a LOMA in "Zone A"* is posted at: [http://vtwaterquality.org/rivers/docs/nfip/rv\\_azonesurvey.pdf](http://vtwaterquality.org/rivers/docs/nfip/rv_azonesurvey.pdf) In circumstances where no BFE information is available, and a parcel is less than 5 acres, a surveyor may submit the information as described in the guidance together with an Elevation Certificate and FEMA will calculate the BFE for the site during review.

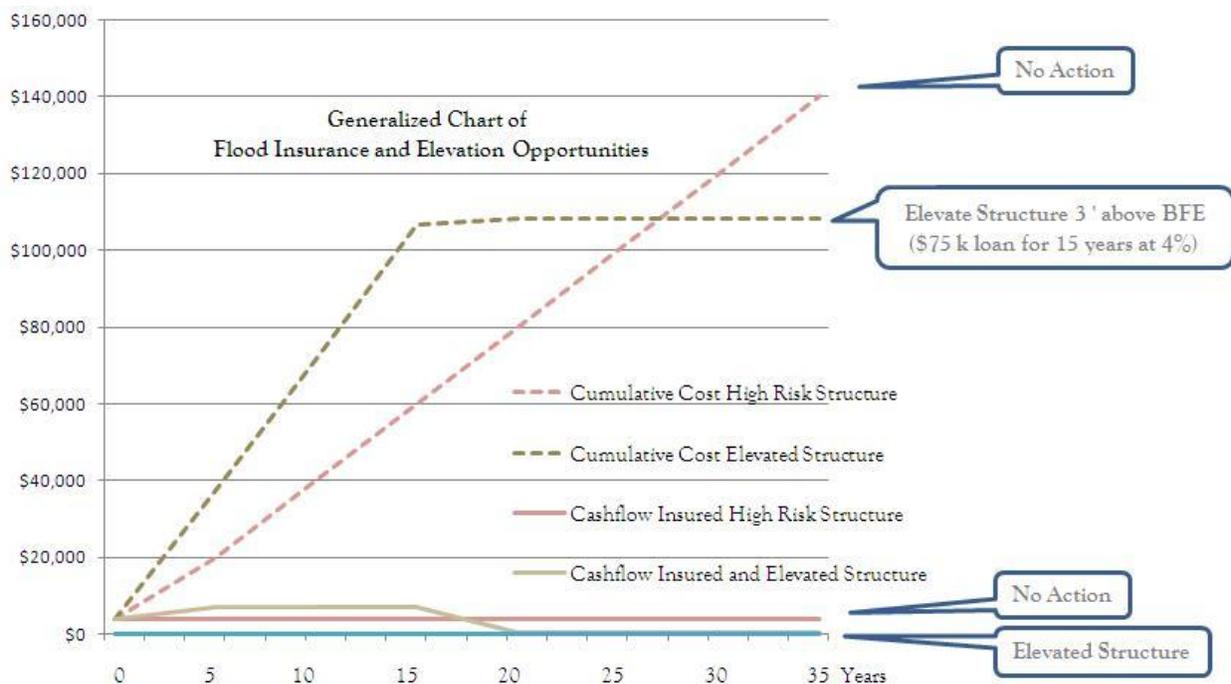
To reduce time and costs it would be best to find surveyors who have already worked nearby. It might also be good to work with neighbors to coordinate a contract with a surveyor.

The Vermont Society of Land Surveyors maintains a directory at: [www.vsls.org](http://www.vsls.org)

***Make Your Structure Safer from Flooding and Pay Less for the Risk of Damage***

Structures in low risk areas, outside of Special Flood Hazard Areas, can get flood insurance as a "Preferred Risk Policy" for around \$400 per year. Structures that are in a high risk Special Flood Hazard Area get substantial reductions in risk and insurance costs with every foot the lowest floor is elevated above the base flood elevation.

If a structure is paying \$4,000 per year in a high risk area that will tally up to \$40,000 over ten years or \$120,000 over the life of a 30 year mortgage. By converting the basement to a flood-vented crawl space or otherwise elevating the lowest floor above the base flood elevation the total costs may be dramatically reduced. Get numbers for *your* situation. Funding may be accessible through home equity loans or the HUD 203 (k) program.



**Current insurance policy holders** with primary residences in SFHAs will be able to keep their current subsidized Pre-FIRM rate status unless or until:

- You sell your property;
  - You allow your policy to lapse;
  - You suffer severe, repeated, flood losses; or
  - You purchase a new policy
- Note: these “Pre-FIRM” residence group rates are increasing at 20% / year toward actuarial for the group.

#### **What Can Be Done to Lower Costs?**

##### **Home owners and business owners:**

- Talk to your insurance agent about your insurance options. Insured value? Deductible?
- With your Elevation Certificate you can determine your correct rate and identify best steps to make your structure safer and less expensive to insure.
- Talk with local officials about community-wide mitigation steps.

##### **Community officials:**

- Consider joining the Community Rating System (CRS) or increasing your CRS activities to lower premiums for residents.
- Look into opportunities with Hazard Mitigation Grant Programs and Community Development Block Grants

#### **Homeowner's Guide to Retrofitting Second Edition**

<http://www.fema.gov/library/viewRecord.do?id=1420>

#### **Letter of Map Amendment / LOMA**

<http://www.fema.gov/letter-map-amendment-letter-map-revision-based-fill-process/mt-ez-form-application-form-single>

#### **Guidance for applications for LOMA in Zone A (approximate studies)**

[http://vtwaterquality.org/rivers/docs/nfip/rv\\_azonesurvey.pdf](http://vtwaterquality.org/rivers/docs/nfip/rv_azonesurvey.pdf)

#### **FEMA / NFIP Community Rating System / CRS**

<http://www.fema.gov/library/viewRecord.do?id=2635>

#### **VT DEC River Corridor and Floodplain Management – Vermont Rivers Program**

[http://vtwaterquality.org/rivers/htm/rv\\_floodhazard.htm](http://vtwaterquality.org/rivers/htm/rv_floodhazard.htm)

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