

HERNANDO COUNTY'S FLOOD MAPS ARE CHANGING

What Insurance Professionals Need to Know

Important changes to the Hernando County flood hazard maps are underway. As floodplain boundaries change, your clients will likely turn to you to help them with decisions about protecting their property and other assets. The changes may also affect your own business, so be sure to stay informed.

Hernando County's Flood Maps Are Changing

In July 2010, the Southwest Florida Water Management District (SWFWMD) and the Federal Emergency Management Agency (FEMA) will be releasing new preliminary flood hazard maps, known as Digital Flood Insurance Rate Maps (DFIRMs), for all of Hernando County. The new DFIRMs will show the extent to which areas of the county are currently at risk for flooding. The remapping effort—part of FEMA's nationwide flood map modernization effort—was necessary because the flood hazard and risk information shown on the flood maps was outdated. The maps now in force were developed over 25 years ago. Since then, the drainage patterns have changed, new land development has occurred, and mapping and modeling technology has significantly improved.

Know the Effects and the Flood Insurance Options

While the DFIRMs may not become effective for another 12 months or more, it is important for insurance professionals to understand the effects that these map changes have on flood insurance requirements and what options are available for their clients.

Properties may be mapped into higher risk zones, have changes in their Base Flood Elevation (BFE), be mapped into lower risk zones, or remain in the same zone. Insurance professionals need to properly educate property owners about these map changes, how they affect the flood insurance requirements, and the insurance options available.

Grandfathering Could Save Your Clients Money

If a building is mapped into a high-risk zone (noted on the flood maps with the letter beginning with the letter "A" or "V") and there is a mortgage on the property through a federally regulated or insured lender, flood insurance will be federally required. If a property is already in a high-risk area, its base flood elevation may

change. Either of these changes could result in higher flood insurance premiums.

The National Flood Insurance Program (NFIP) provides a lower-cost flood insurance option known as "grandfathering." Grandfathering is available for property owners who:

- have a flood insurance policy in effect when the new DFIRMs become effective and then maintain continuous coverage, or
- built in compliance with the FIRM in effect at the time of construction.

Because these "grandfathered" insurance rates may be less than the rates for the zone shown on the new DFIRM, it is important to compare both when discussing insurance options.

MAPPING MILESTONES

July 2010 — Preliminary flood maps released
Start of 90-day Public Comment Period (for filing of appeals and protests)

Spring 2011 - SWFWMD and federal review begins

Fall 2011 — New flood maps take effect; new flood insurance requirements also take effect

Visit www.hernandocounty.us
to learn more about the mapping process and where and when meetings may be held

For General Information Call (352) 540-6300

Public Open Houses:
Wednesday, August 11, 2010
3:30 to 7:30 p.m.
Thursday, August 12, 2010
3:30 to 7:30 p.m.
Central High School Cafeteria
14075 Ken Austin Parkway
Brooksville, Florida 34601

Conversion Keeps Clients Protected

Some properties may be mapped into a low- or moderate-risk zone (shown on the new DFIRM as an "X" or shaded "X" zone). Federal requirements for the mandatory purchase of insurance are lifted, though some lenders may continue to require coverage. Property owners should be reminded that the risk has only been reduced, *not removed*. They can maintain



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coverage by converting their current policy to the lower-cost Preferred Risk Policy (PRP). This conversion is backdated to the current policy's effective date and then the cost of the PRP is deducted from the original premium paid. So, no additional funding is required from the insured and it typically results in a refund of premium. The NFIP also allows agents to keep the commission on both policies. With premiums starting as low as \$119 a year, a PRP offers significant cost savings while still providing coverage and the benefit of protection.

A New Vertical Datum Is Being Used

As part of the nationwide Map Modernization effort, the new DFIRMs are using a new vertical datum as the base for all elevations (NAVD88). This datum is a much more accurate one than the 80-year old one used for the previous flood maps (NGVD29). As a result, a building's base flood elevation could show one measurement on the old map (i.e., 25') and another measurement on the new map (i.e., 26') and its actual elevation will not have changed. So, before grandfathering a property where elevation is involved, make sure the elevation on the elevation certificate and the base flood elevation (BFE) on the FIRM both use the same vertical datum. If you have to use two different datums, conversion factors can be obtained from Hernando County and are reflected on the new DFIRMs and in the Flood Insurance Study (FIS).

Stay Informed

Knowing when and where map changes are occurring allows insurance professionals to properly educate their clients on the insurance options available. Prepare by staying in contact with local officials and periodically visiting the Hernando County web site at www.hernandocounty.us. The preliminary maps may be viewed at www.hernandocounty.us. The maps are also available for viewing at the Hernando County Development Services Department, 789 Providence Blvd., Brooksville, Florida, from 9 am – 5 pm. Questions may be directed to (352) 540-6300.

For an insurance agent or company to learn more about flood insurance, visit <https://Agents.FloodSmart.gov>.

For specific rating information about grandfathering, review pages RATE 22-24 in the NFIP Producer's Manual

at:

<http://www.fema.gov/pdf/nfip/prodmanual200810/05rate.pdf>.

For specific information about converting a standard rated policy to a PRP, review Section XII (page PRP 6) of the PRP chapter of the NFIP Producer's Manual at: <http://www.fema.gov/pdf/nfip/prodmanual200810/09prp.pdf>.

If Maps Show...	These Requirements, Options And Savings Apply
Change from low or moderate flood risk to high risk (flood zone B, C, or X to zone A, AE, AH, AO, V or VE)	<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.</p> <p>“Grandfathering” can offer savings. The National Flood Insurance Program has “grandfathering” rules to recognize policyholders who built in compliance with the flood map in effect at the time of construction or who maintain continuous coverage. Sometimes, though, using the new flood maps can actually result in a lower premium, especially if the home is high enough above the BFE.</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>Flood insurance is optional but recommended. The risk has only been reduced, not removed. Flood insurance can still be obtained, and at lower rates. About 25 percent of all flood insurance 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>
Increase in the Base Flood Elevation (BFE)	<p>An increase in BFE can result in higher premiums; however, “grandfathering” can offer savings. The National Flood Insurance Program grandfathering rules allow policyholders who have built in compliance with the flood map in effect at the time of construction to keep the earlier base flood elevation to calculate their insurance rate. This could result in significant savings.</p>
No change in risk level	<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>

