AGENT

YOUR CLIENT'S FLOOD RISK IS CHANGING

FROM LOW- TO MODERATE-RISK TO HIGH RISK

Newly Mapped Procedure highlights

Property owners in the low- to moderate- risk area (Zone B, C, X, AR, A99) or Unknown (Zone D)

That are **experiencing an increase in flood risk**, moving into the high-risk area (All A or V Zones)

Are eligible to purchase a lower-cost Preferred Risk Policy (PRP)

For up to 12 months after the new flood map goes into effect

Upon renewal, rates will begin to increase by no more than 18 percent each year, until they reach the full-risk rate.

Avoid lapse in coverage.

Make sure your clients renew their flood insurance coverage each year.

After a lapse, clients paying discounted rates available through the Newly Mapped Procedure could lose out on their cost savings.

If a policy rated using the Newly Mapped Procedure lapses more than 90 days after its renewal date or lapses twice for more than 30 days each time, agents cannot rewrite the policy using this lower-cost option.

Eligibility

To be eligible for the PRP rates, the building must meet the claims history requirements.

Helping clients understand the Newly Mapped Procedure

For clients, learning that their property's flood risk is increasing can be a stressful and overwhelming time. As agents, you can build your business while building trust by helping clients – both property owners and renters – understand their new flood risk and ways to reduce their flood insurance costs.

For clients that are recently identified as being in a high-risk flood area from the low- to moderate- risk flood area, the National Flood Insurance Program (NFIP) offers a cost-saving option called the **Newly Mapped Procedure**.

With the Newly Mapped Procedure, clients who purchase a flood insurance policy during the first 12 months after a map update are eligible for the lower-cost Preferred Risk Policy (PRP) rate. The rate will then go up no more than 18 percent each year until it equals a standard Zone X rate or the new flood map rate, whichever is cheaper.

Flooding can happen at any time and doesn't wait for new maps to become official. Because your clients are at increased flood risk, encourage them to purchase flood insurance before the new maps go into effect. Purchasing a policy can bring peace of mind and extend the time a policyholder can enjoy lower-cost PRP rates.

If the property is sold, the policy can be transferred to the new owners, allowing them to keep the lower rate. Clients also must maintain coverage to keep their Newly Mapped rate.

Talking points for clients

- **You are now at increased risk of flooding.** Your community's flood maps are being updated, and your home or business was recently designated to be at an increased risk for flooding. Flood insurance is mandatory in a high-risk area for most property owners.
- **Flood insurance is mandatory if you have a federally backed mortgage.** If you don't carry a mortgage, you should still protect your investment with flood insurance due to the increased risk. You should also consider flood mitigation options to lower your risk and insurance costs.
- **Act now to secure a lower-cost flood insurance policy.** Property owners or renters who purchase flood insurance within the first 12 months after a map update are eligible to purchase a lower-cost PRP for either their property, contents, or both.
- **Don't wait to purchase flood insurance until the new map goes into effect.** Floods don't wait for maps to become official and can happen at any time. To maximize your savings and reduce your risk today, buy a PRP before the new maps become effective. Most flood insurance policies take 30 days to go into effect.
- **Renew your policy each year to keep your lower-cost rate.** You must maintain coverage continuously to keep your lower rate. If the building is sold, your policy can be transferred to the new owners, allowing them to keep the lower-cost rating option.

FEMA

NATIONAL FLOOD INSURANCE PROGRAM®

For more details about the Newly Mapped Procedure, refer to the NFIP Flood Insurance Manual at **FEMA.gov/Flood-Insurance-Manual.**

What if my client is not eligible for the Newly Mapped Procedure?

My client waited more than 12 months after a map update to purchase flood insurance. Are cost-saving options still available? A: *Yes, your client may be eligible for built-in-compliance grandfathering.*

My client's property does not meet the loss history requirements for the Newly Mapped Procedure. Are cost-saving options still available? A: *Yes, grandfathering may be an option.*

There are two grandfathering cost-saving options available for clients moving into the high-risk zone:

Continuous coverage grandfathering

When: Post-flood map update, when the new map has not yet gone into effect.

What: Encourage them to purchase flood insurance prior to the map effective date to "lock in" their low- to moderate- risk designation for future rating.

Example: A home located in the low- to moderate- risk area (Zone X) is moving into the high-risk area (Zone A). Due to the home's previous flood loss history, the property does not qualify for the Newly Mapped Procedure.

In anticipation of the home's higher risk, your client purchases a Zone X, standard-rate policy at least 30 days before the new map goes into effect. As a result, when their policy comes up for annual renewal, they will continue to pay their standard Zone X rate.

Built-in-compliance grandfathering

When: Post-flood map update, if the new map has gone into effect and more than 12 months have passed.

What: Grandfathering allows homeowners or business owners who built in compliance with the flood map at the time of construction to purchase flood insurance based on the previous, lower-risk zone at any time.

Who: Homes or businesses built after the community's first flood map, and homes or businesses built in compliance with flood map requirements in place at the time of construction.

Properties built prior to a community's first flood map are typically not eligible for built-in-compliance grandfathering. If clients are ineligible for Newly Mapped Procedure rating options, it is important to work with those clients before the new maps go into effect so they qualify for continuous coverage grandfathering.

Example: A community's first flood map went into effect in 1995. A small restaurant was built in 2010 in Zone X. The restaurant owner did not have a loan and did not purchase flood insurance.

A new community flood map went into effect in 2015 and the restaurant was now in Zone AE. In 2018, more than 12 months later, the restaurant owner decided to purchase flood insurance.

When purchasing, the restaurant owner secured a lower-cost policy using the standard Zone X rate. This was possible because the restaurant had not been renovated or "significantly improved," and was built in compliance with the 1995 flood map that was in effect at the time of construction (Zone X).