

Flood Insurance 2013

1. Flood insurance rates on older structures have risen significantly to meet actual costs;
2. Premiums on current policies for older “Pre-FIRM” structures will rise at up to 20 - 25% per year until at actuarial levels;
3. Contact your insurance agent to look at options;
4. Elevation Certificates are required for all new flood insurance policies;
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 and around 2/3 of residences have a mortgage. 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 2012 the Biggert-Waters Act requires the National Flood Insurance Program to charge actuarial rates for all structures and to pay off over \$20 billion in accumulated debt. It appears that the cost of a new flood insurance policy for an older Pre-FIRM structure in a high risk Special Flood Hazard Area will be around \$4,000/year for \$170,000 in insured value. Rates will vary based on the information provided by Elevation Certificate.

Elevation Certificates 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.

Consider:

- 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-ft² building
- ~ 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 and stream channel adjustments in the river corridor.
- 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 (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, and Stowe). Areas with DFIRMs can also access the maps with a web browser at: **FEMA Flood Map Viewer** at: hazards.fema.gov/wps/portal/mapviewer and the **Vermont Natural Resources Atlas** at: tinyurl.com/vt-floodmap

Need Map Help?

FEMA Map Specialist 1-877-FEMA-MAP (1-877-336-2627) or FEMAMapSpecialist@riskmapcds.com
FMIX / FEMA Map Information www.floodmaps.fema.gov/fhm/fmx_main.html

Elevation Certificates

Elevation Certificates describe the risk to structure (with the known elevation of the base flood and the elevation of the lowest floor (including basement)). Elevation Certificates are needed by all new flood insurance policies. The EC form can be found at www.fema.gov/library/viewRecord.do?id=1383

If the policy is for a structure in a Zone AE 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 use Section E to complete the Elevation Certificate. No surveyor is needed. *However*, since an Elevation Certificate with only Section E information provides only general information about the risk, the rates may be more expensive.

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”.

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. Find the form for a **Letter of Map Amendment MT-EZ** at www.fema.gov/library/viewRecord.do?id=2328

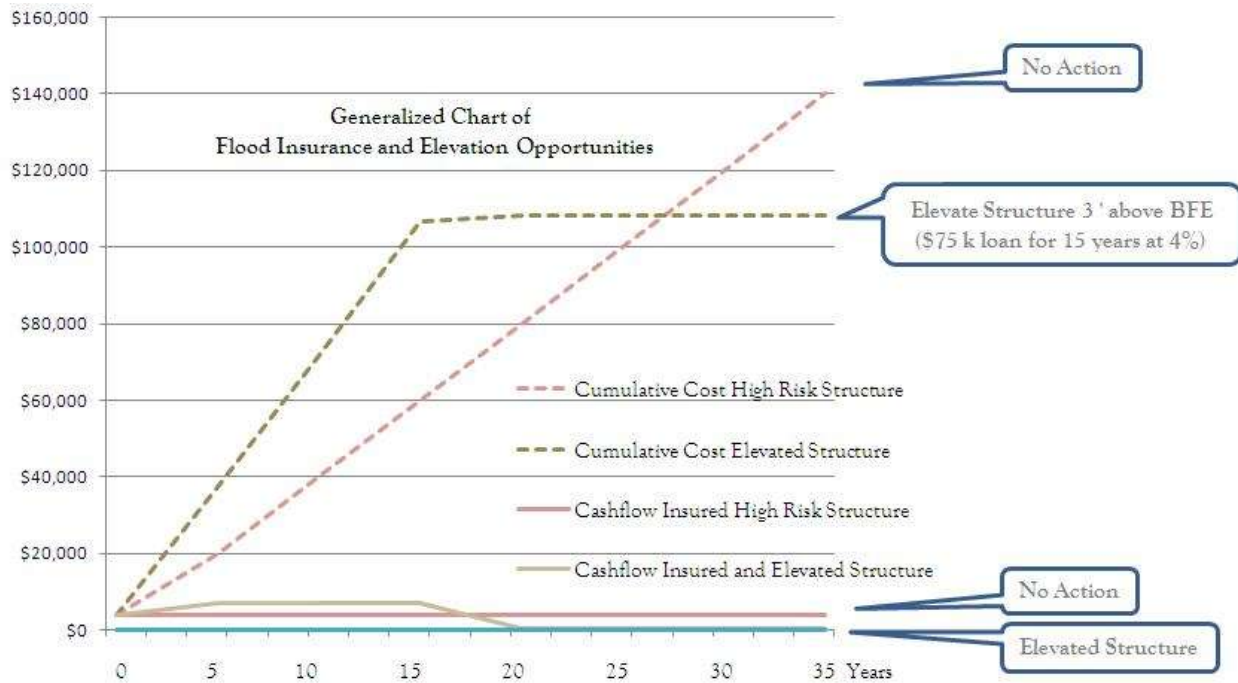
A guidance document on *Surveying for a LOMA in “Zone A”* is posted at: www.watershedmanagement.vt.gov/rivers/docs/nfip/rv_azonesurvey.pdf. In circumstances where no BFE information is available, and a parcel is less than 5 acres, a surveyor may submit the information as described in the guidance and 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

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

Structures in low to moderate 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 elevating the lowest floor above the base flood elevation the total insurance costs may be dramatically reduced. Get numbers for *your* situation. Funding may be accessible through home equity loans, the HUD 203 (k) program, or the community may be able to apply for funding through the FEMA Flood Hazard Mitigation Assistance programs.



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 up to 20% / year toward actuarial rates 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

Flood Insurance Information www.floodsmart.gov

Flood insurance is usually secured through your homeowner's insurance agent.

1.800.427.4661 (General flood insurance information)

1.888.435.6637 (Coverage and rates)

Community Rating System (CRS) www.fema.gov/library/viewRecord.do?id=2635

Communities reduce risk of flood damage (through public outreach, land use policies, stormwater management) and qualify for reductions of 5 to 40%. Most communities in the National Flood Insurance Participate in this program and earn reductions on flood insurance premiums. In Vermont: Montpelier, Brattleboro and Bennington participate in CRS.

To explore the CRS opportunity in Vermont contact Rebecca Pfeiffer rebecca.pfeiffer@state.vt.us

Cheaper Flood Insurance - mitigate the risk to the building

1. Relocate the structure
2. Elevate the structure
 - a. Convert the basement to a flood-vented crawlspace
 - b. Elevate the lowest floor. For each whole foot of elevation that the floor is raised above the Base Flood Elevation (BFE) the risk of damage and the cost of insurance is reduced.

Homeowner's Guide to Retrofitting Second Edition

www.fema.gov/library/viewRecord.do?id=1420

FEMA Materials on Biggert-Waters

www.fema.gov/national-flood-insurance-program/flood-insurance-reform-act-2012

Emergency Relief and Assistance Fund (ERAF) 2012

www.vlct.org/assets/MAC/ERAF_11-12.pdf

Vermont AOT Vermont OnLine Geodetic Information System (VOLGIS)

vtransmaps.vermont.gov/VOLGIS/map.htm

Location and quality information on geodetic markers.

VT DEC River Corridor and Floodplain Management – Vermont Rivers Program

www.watershedmanagement.vt.gov/rivers/htm/rv_floodhazard.htm

10/8/2013