

IS MY POLICY SUBSIDIZED?

Probably Subsidized if your home or business

- Is in a high-risk area (Special Flood Hazard Area) **and**
- Is "Pre-FIRM" (which means it was constructed before your community adopted its first Flood Insurance Rate Map) **and**
- Has not been substantially improved, (which would require the building to be brought up to code).

Not Likely if your home or business

- Is in a low-risk area **or**
- Is a newer building (constructed after your community joined the NFIP) **or**
- Has been substantially improved, requiring the building be brought up to code.

Talk to your agent to see if your policy is subsidized.

HOW WILL CHANGING RATES AFFECT MY PREMIUM?

If your policy is not subsidized, you are likely already paying the full-risk rate. You can expect standard increases plus a reserve fund charge until your Flood Insurance Rate Map is revised or updated.

If your policy is subsidized, premium changes will depend on certain conditions. Learn more inside.

RESOURCES FOR MORE INFORMATION

To find and view your local Flood Map and learn your flood zone: msc.FEMA.gov

To find more information on the Biggert-Waters Flood Insurance Reform Act of 2012 and download a Homeowners Guide to Elevation Certificates: www.FEMA.gov/bw12

To ask questions and get information about flood insurance, call the National Flood Insurance Program Help Center: **1-800-427-4661**

To learn more about the National Flood Insurance Program or find an insurance agent: www.FloodSmart.gov or **1-888-229-0437**



FEMA



CHANGING RISKS >>> CHANGING RATES >>>

Biggert-Waters Flood Insurance Reform Act of 2012 (BW-12) and the National Flood Insurance Program (NFIP)



FEMA



FLOOD INSURANCE

Your Financial Safety Net

Throughout its 45-year history, the NFIP has provided tens of billions of dollars in claims—helping many thousands of home and business owners to recover from the devastating effects of flooding. As the costs and consequences of flooding increase, it is more important than ever to have access to flood insurance. In 2012, Congress passed reform legislation (BW-12) to continue and strengthen the program. The law calls for the removal of certain subsidies provided to some policyholders and for rates to more accurately reflect risk.

THE NFIP IS CHANGING

Subsidies Are No Longer Sustainable

Owners of certain older properties in high-risk areas have been charged premiums that do not reflect the full flood risk. Only properties known as "pre-FIRM," meaning they were built before the community adopted its first Flood Insurance Rate Map (FIRM), were eligible for these subsidies. Only 20 percent of NFIP policies are subsidized. BW-12 requires FEMA to phase out these subsidies for certain properties and prohibits FEMA from offering subsidies for other pre-FIRM properties. Not all subsidies will be removed the same way at the same time. Keep reading to find out if you will be affected by these changes.

INCREASES TO PRE-FIRM SUBSIDIZED RATES

JANUARY 1, 2013

- Owners of non-primary residences with pre-FIRM subsidized rates will see a 25-percent annual increase until full-risk rates are reached.

OCTOBER 1, 2013

- Owners of businesses with pre-FIRM subsidized rates will see a 25-percent annual increase until full-risk rates are reached.
- Owners of properties of 1-4 residences with a pre-FIRM subsidized rate that have experienced severe or repetitive flooding will see a 25-percent annual increase until full-risk rates are reached.*
- Pre-FIRM subsidized policies first in effect on or after July 6, 2012, will move directly to full-risk rates.**
- Pre-FIRM subsidized rate policies on homes purchased on or after July 6, 2012, will move directly to full-risk rates.
- Lapsed pre-FIRM subsidized policies reinstated on or after October 4, 2012, will move directly to full-risk rates.**

OTHER INCREASES

BEGINNING LATE 2014 AT THE EARLIEST

- Upon a revised or updated flood map, BW-12 requires adjustment and phase in rates over 5 years “to accurately reflect the current risk of flood to such property.”

*Ask your agent if this applies to you.

**If a policy is already in place, full-risk rates will apply on the first renewal on or after October 1, 2013.

FLOOD ZONE KEY

V

1 percent chance of flooding in any year; risk of coastal storm surge and wave action

A

1 percent chance of flooding in any year

X

Outside the high-risk zones; the risk is reduced, but not removed

ADDRESS YOUR RISK

You can't control the weather, but you can control how protected you are from the consequences of a flood.



LEARN YOUR FLOOD ZONE

- To understand your risk, start with the flood map. Locate your flood map at the FEMA Map Service Center (msc.fema.gov).
- High-risk areas, known as Special Flood Hazard Areas (SFHAs), are designated on the flood maps as “A” or “V.” In addition, Zone “D” is assigned to areas with possible but undetermined flood hazards. These zones show the estimated height waters will reach in a major flood—the one percent annual chance of a flood. That elevation above sea level is called the Base Flood Elevation (BFE).



KNOW YOUR ELEVATION

- If you are in a high-risk area, you want to know your property's elevation compared to the BFE. This is the best way to ensure you won't pay more than you should for flood insurance.
- If your elevation information is not on file with your community floodplain manager or agent, you may need to call a surveyor to complete an Elevation Certificate (EC).
- If it turns out your home is at or above BFE, you could see insurance savings. If it's below, you might want to consider mitigation options.



TALK TO YOUR AGENT

- Your agent calculates your insurance premium and can determine how NFIP changes may impact you directly.
- Your agent can also discuss deductible or mitigation actions such as adding flood vents to crawl spaces that could reduce your premium.



MANAGE YOUR RISK

- Protect yourself financially with a flood insurance policy.
- Don't let the policy lapse. You could increase your risk of being unprotected from a flood and, if you are in a high-risk area, a lapse could force an immediate move to the full-risk rate.
- If you can build higher, do so. Higher elevation lowers your risk—and can lower your premium.



V

HIGH-RISK COASTAL AREA

A

HIGH-RISK AREA

X

MODERATE- TO LOW-RISK AREA