



FLOOD INSURANCE AND FEMA REMAPPING

The Federal Emergency Management Agency (FEMA) is currently updating and modernizing the nation's flood maps, which may result in areas previously not located in a Special Flood Hazard Area being reclassified into a flood zone. This will affect the insurance of many community associations.

What are flood maps?

Flood maps, also known as Flood Insurance Rate Maps (FIRM), show the high-risk areas where there is at least a one percent annual chance of flooding. In these areas, also known as Special Flood Hazard Areas, flood insurance is required for mortgages from a federally regulated lender. The maps also show the low- or moderate-risk areas where flood insurance is optional but recommended.

Why do flood maps need to be updated?

Flood risks can change over time, altering floodplain boundaries. Changes in the status of dams or levees, surface erosion, land use, and development can all change the size and shape of a floodplain. As forests and meadows give way to roads, malls, and subdivisions, flooding events are becoming more frequent and severe. An estimated 30 million Americans are at high risk from flooding, and almost every community is at some degree of risk from flooding.

Flood maps are a powerful tool for mitigation and are referenced an estimated 20 million times annually. Today, more than two-thirds of the nation's flood maps are more than ten years old, and may not represent true flood risks. For instance, in Louisiana, the flood maps of the parishes surrounding Lake Pontchartrain range from 5 to 25 years old. The risk of flooding continues to change and technology continues to improve; as a result, new maps will provide a more representative picture of the flood risks today.

What is flood map modernization?

Flood Map Modernization (Map Mod) is FEMA's approach to updating the nation's flood hazard maps. Map Mod will transform flood maps into a more reliable, easier-to-use, and readily available product. Updated, digital flood maps will become the platform for identifying multiple hazards—not just floods.

What does this have to do with community associations?

When risk designations change, flood insurance rates will change as well. Flood damage is excluded under standard insurance policies. Flood insurance is the best protection that home and business owners have against the devastating financial losses that floods cause.

Generally speaking, if a community association is located in a Special Flood Hazard Area (designated as A, AE, AH, AO, A1-30, V, VE, or V1-30 on a Flood Insurance Rate Map—FIRM), the association documents may require that the association maintain a master or blanket policy of flood insurance, with the premiums paid as a common expense.

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Do map changes mean more property owners will have to buy flood insurance?

Using the latest mapping technology and improved modeling, the new flood hazard maps, known as Digital Flood Insurance Rate Maps (DFIRMs), will show the current flood risks. As a result, some buildings will be mapped into a higher risk zone; others will be mapped into a lower risk zone; and still others will have no change in zone. The percentage of structures affected and type of change will vary by community.

When buildings are mapped from a low- or moderate-risk zone to a higher-risk zone, most property owners with a mortgage will be required to purchase flood insurance when the new flood maps become effective and maintain coverage as long as they have a loan. The Federal Insurance Administration has “grandfather” rules to recognize policyholders who have either built in compliance with the flood map and/or, by maintaining continuous coverage, have remained loyal customers of the National Flood Insurance Program (NFIP), a federally underwritten program provided by nearly 100 insurance companies and available through licensed insurance agents.

When buildings are mapped from a high-risk zone to a moderate- or low-risk zone, there no longer is a federal requirement to carry flood insurance when the flood maps become effective. However, the risk of flooding has not been eliminated, only reduced. The property could be inundated by a flood with a magnitude greater than the base flood or by localized flooding not shown on the map. Therefore, canceling or not renewing a flood insurance policy could have disastrous consequences, leaving the property owner with no insurance protection from future flood losses.

If there is no change in risk, community association managers and board members should still talk with their insurance agent to learn more about specific risks and to take steps to protect the building and association owned personal property.

Where should I go for more information?

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