

October 21, 2013

Dear Property Owner:

On July 6, 2012, the U.S. Congress passed the Biggert Waters Flood Insurance Reform Act of 2012. The Act calls on the Federal Emergency Management Agency (FEMA) and other agencies to make a number of changes to the way the National Flood Insurance Program (NFIP) is run. Some of these changes have already been put in place, and others will be implemented in the coming months. Key provisions of the legislation will require the NFIP to raise rates to reflect true flood risk, make the program more financially stable, and change how Flood Insurance Rate Map (FIRM) updates impact policyholders. The changes will mean premium rate increase for some – but not all – policyholders over time.

The new law encourages Program financial stability by eliminating some artificially low rates and discounts. Most flood insurance rates will now move to reflect full risk, and flood insurance rates will rise on some policies. Actions such as buying a property, allowing a policy to lapse, or purchasing a new policy can trigger rate changes. Fortunately, there are some actions you can take to minimize the effect of these increases.

Whether or not your rates increase, it may be possible to lower your flood insurance costs. You should talk to your insurance agent about specific insurance options available to you. Attached is a Fact Sheet, *Important Questions for Your Insurance Agent*, which you may find useful when you meet with your agent. Make sure you discuss deductibles, content coverage and structural coverage, and ask for an estimate for all of the options.

Your agent may recommend obtaining an *elevation certificate*. The elevation certificate is an important document used to determine the correct rating for your structure. A licensed surveyor or registered engineer will collect elevation data on your specific structure, which can be used to re-rate the policy. More information is available in the attached Fact Sheet, *Homeowner's Guide to Elevation Certificates*.

Additionally, elevating, rebuilding or altering your structure can lower flood risk and may reduce premiums. This includes building or rebuilding structures to higher elevations, adding flood vents, or filling in lower levels of a structure. Projects such as these require local permits, but may result in lower insurance premiums, or possibly removal from the floodplain. These types of projects should be discussed with the local Floodplain Manager/ Building Official at the City of Croswell.

Sincerely,

City of Croswell



FEMA

Fact Sheet

Important Questions for Your Insurance Agent

Mandatory Insurance is a federal lending policy...

Congress mandated federally regulated or insured lenders to require flood insurance for structures on properties that are located in areas at high risk of flooding.



FloodSmart.gov

The official site of the NFIP

Call toll free: 1-888-379-9531

Lenders must require flood insurance when... (all of the following are present)

1. A lender makes, renews, extends, or increases a loan
2. That collateral is or will be located in a high-risk flood area depicted on a currently effective flood hazard map
3. That loan is from a federally regulated or insured lender
4. The loan is secured by improved real estate (a building or personal property within a building)
5. The loan term is at least for one year and the loan amount is at least \$5,000.
6. The community participates in the National Flood Insurance Program

Important questions to ask about insurance...

Due to recent changes in flood insurance rates, it is more important than ever to understand the policy your agent sells you. Ask your agent these questions to help you get the policy you need to protect your investment, satisfy mandatory purchase requirements and pay only for what you need:

1. How much will my next flood insurance premium be?
2. Am I affected by recent changes in the National Flood Insurance Program?
3. What flood zone do I live in?
4. What is my property's flood risk?
5. How can an Elevation Certificate lower my rates?
6. How do I get an elevation certificate?
7. Is flood insurance mandatory for my property? Why?
8. How much coverage am I required to buy?
9. How can I reduce my premium?
10. Do I qualify for a Preferred Risk Policy?
11. What is the Community Rating System, I heard that belonging could reduce my rate, how?
12. Does my community participate in the NFIP Community Rating System (CRS)?
13. What is covered in the rest of the house?

"FEMA's mission is to support our citizens and first responders to ensure that as a nation we work together to build, sustain, and improve our capability to prepare for, protect against, respond to, recover from, and mitigate all hazards."

14. What is covered in my basement?
15. How will my premium costs be affected if I get Building Only, Contents Only, or Building & Contents?
16. How will my premium costs be affected if I choose a higher deductible?
17. Are there additional expenses or fees to my policy?
18. What is Increased Cost of Compliance (ICC) and when can I use it?
19. What is the difference between sewer and sump pump coverage and flood insurance?
20. With the new flood insurance laws, what happens when I sell my home?
21. May I see the flood maps?
22. How do you determine if I am in a high-risk flood area?
23. Is coverage for other structures (e.g.fencing, garages) covered under my flood insurance policy?
24. What Property is covered?
25. What other types of coverage are there in this policy?
 - o Debris removal
 - o Loss avoidance
26. What exclusions should I know about?
27. How does this affect my home owner's policy?
28. Can I be dropped if I make a claim?
29. I live in a condominium, what coverage would I need?

For more information about the National Flood Insurance Program and flood insurance, try www.FloodSmart.gov or call FloodSmart at 1-888-379-9531. This NFIP site also lists independent insurance agents who sell flood insurance underwritten by FEMA.



Homeowner's Guide to Elevation Certificates

An Elevation Certificate is an important tool that documents your building's elevation. If you live in a high-risk flood zone, you should provide an Elevation Certificate to your insurance agent to obtain flood insurance and ensure that your premium accurately reflects your risk. Obtaining an Elevation Certificate also can help you make decisions about rebuilding and mitigation after a disaster.

Comparing Your Building's Elevation to a Potential Flood Level

- Your insurance agent will use the Elevation Certificate to compare your building's elevation to the Base Flood Elevation (BFE).
- The base flood is a flood with a 1 percent chance of occurring in any given year. The BFE identifies how high the water is likely to rise (also called water surface elevation) in a base flood. The land area of the base flood is called the Special Flood Hazard Area, floodplain, or high-risk zone.
- Flood insurance rates in a high-risk zone (a zone beginning with the letter A or V) are based on a building's elevation above, at, or below the BFE.

Elevation and Flood Insurance Rates

- Generally, in high-risk zones, the higher above the BFE a building is located, the lower the insurance premium will be for that property. The Elevation Certificate provides the documentation necessary to make that determination.
- In moderate- to low-risk zones (zones beginning with letters B, C, or X), rates are not based on elevation, so an Elevation Certificate may not be necessary to determine the premium.

Finding Your Building's Elevation

- Many municipal governments keep elevation information on file. Talk to community officials about the information they might have for your building.
- If no elevation information is available, you might need to hire a State-licensed surveyor, architect, or engineer to complete an Elevation Certificate. Depending on your location and the complexity of the job, the cost of a surveyor can vary from \$500 to \$2,000 or more. You may want to contact several local surveyors to find out what they offer.

HOW TO GET AN ELEVATION CERTIFICATE FOR YOUR HOME

1. Ask your local floodplain manager if your property's elevation information is on file. If so, the community floodplain manager is authorized to complete the Elevation Certificate for you.
2. If your information is not on file, you might need to hire a State-licensed surveyor to obtain an Elevation Certificate.
3. When you receive your Elevation Certificate:
 - Provide one copy to your insurance agent.
 - Keep a copy for your records.

WHAT DISASTER SURVIVORS NEED TO KNOW

- An Elevation Certificate will help your agent rate your policy properly.
- Your insurance premium will change based on your elevation. In general, the higher above the BFE you build, the lower your premium.
- Your home might be above the BFE, so you might already be eligible for lower premiums.
- An Elevation Certification can help you make decisions about the return on investment of mitigation efforts as you rebuild.

You could save more than \$90,000 over 10 years if you build 3 feet above BFE.

\$250,000 building coverage only (does not include contents), AE (high to moderate risk) zone, single-family, one-story structure without a basement at: 1 foot below BFE; at BFE; and at 3 feet above BFE. (Rating per FEMA flood insurance manual, October 1, 2012). The illustration is based on a standard NFIP deductible.



Plan for the Future

- Remember, building code requirements may change over time or following major flooding disasters. Your state or community may work with FEMA to adopt Advisory BFEs (ABFEs) if a storm shows the need to raise the building elevation requirement.
- The BFE and even the Flood Insurance Rate Maps (FIRMs) may change for other reasons, including changes in local land use that affect how the land absorbs flood water or changes in technology that allow better plotting of flood risks.
- You may want to think about building higher than the BFE to lower your flood risk and, in turn, lower your flood insurance rates.
- The NFIP encourages building higher than the BFE as a safety measure.

USEFUL TERMS

- **Base Flood:** The flood having a 1 percent chance equaled or exceeded in any given year.
- **Base Flood Elevation (BFE):** The water surface elevation of the base flood adopted by the community.
- **Advisory Base Flood Elevation (ABFE):** Updated and more accurate flood hazard data developed after a disaster to help guide the rebuilding process until more detailed data becomes available.
- **Flood Insurance Rate Map (FIRM):** A map issued by FEMA showing flood risk, BFEs, and risk premium zones.
- **Pre-FIRM:** Buildings constructed before the community's first FIRM. Communities might not have elevation information on file for these properties.
- **Preliminary Map:** The term used for updated FIRMs before they are adopted by a community and made effective. Insurance premiums are based on the effective maps.
- **Post-FIRM Construction:** A building constructed or substantially improved on or after December 31, 1974, or on or after the date of the initial FIRM for your community. FIRM dates can be found at: <http://www.fema.gov/fema/csb.shtm>.



Biggert-Waters 2012 NFIP Resources

FEMA Biggert Waters resource page

<http://www.fema.gov/national-flood-insurance-program/flood-insurance-reform-act-2012>

Flood Smart

www.FloodSmart.gov

Map Service Center

www.msc.fema.gov

FEMA NFIP Homepage

<http://www.fema.gov/business/nfip/>

Map Information eXchange

https://www.floodmaps.fema.gov/fhm/fmx_main.html

1.877.FEMA MAP (1.877.336.2627)

NFIP I-Services

www.NFIPiservice.com (FEMA Bulletins, Reports, Training, Mailing Lists for flood insurance)

FEMA Publications

[Substantial Improvement/Substantial Damage Desk Reference](#)

[Increased Cost of Compliance \(ICC\) Coverage: Guidance for State and Local Officials](#)

Emergency Management Institute

<http://www.training.fema.gov/EMI/>