



When new flood maps are proposed, there is usually a period of at least six months from the time the proposed maps are made available to the public and the date when they go into effect. You and your insurance agent can use this time to decide what strategy will result in the lowest rates for the same amount or even an increased amount of coverage.

What factors determine flood insurance premiums?

A number of factors determine premiums for National Flood Insurance Program (NFIP) flood insurance coverage. Major factors include:

- The amount of coverage purchased;
- The deductible
- The location, age, and occupancy of the structure
- The flood zone at the site;
- The type of building; and
- The lowest floor relative to the elevation of the 1% annual chance flood (for newer buildings in floodplains).

I have flood insurance and my house is in a high-risk flood zone according to the current map. The new map, however, will show my house as being in a low-risk zone. Will I have to continue to carry flood insurance when the new map takes effect?

If you have Federally or federally related financing for the property in question, you will no longer have a Federal requirement to purchase flood insurance when the new map takes effect; however, lenders retain the prerogative to require flood insurance, even for property that is no longer in a high-risk zone. If you wish to continue coverage once the new maps take effect, you may be eligible for preferred risk rates based on your property being located outside the high-risk zone. You should have your policy re-rated using the new maps, which should lower your premium. Even if you are not required to purchase flood insurance, we encourage homeowners to continue coverage at the preferred risk rates, because you may be flooded by an event greater than the 1% annual chance event (the 100-year flood)

My house is not in the high-risk zone according to the current map, but the new map will show it as being in a high-risk zone. Will I have to purchase flood insurance when the new map officially takes effect?

If you have Federal or Federally related financing for the property in question and you do not already have flood insurance, your lender may contact you once the new map takes effect and require that you purchase flood insurance. If you do not purchase the insurance within 45 days after being informed that flood insurance is required, the lender can force place the insurance and charge you for the cost of it. If you dispute the lender's determination that your property is located in a floodplain, you and your lender can jointly request a Letter of Determination Review from the Federal Emergency Management Agency (FEMA) with 45 days of being informed by your lender that your property is located in a floodplain. If you have insurance before the new maps take effect, the basis for rating that policy remains unchanged (i.e., you can use the rate that was charged to you when your property was located outside of the high-risk zone)

My house was built two feet above the flood elevation shown on the effective map at the time of construction (in accordance with State of Montana requirements). On the new map, my house will

remain in the high-risk zone, but the elevation will decrease. What will happen to my insurance premium when the new map officially takes effect?

You should contact your insurance agent to ensure that the policy is re-rated when the new map officially takes effect. The lower flood elevation may result in a lower premium.

My house was built two feet above the flood elevation shown on the effective map at the time of construction (in accordance with State of Montana requirements). On the new map, my house will remain in the high-risk zone, but the flood elevation will increase. What will happen to my insurance premium when the new map officially takes effect?

If you can show that your house was built in compliance with local floodplain management regulations and the flood map in effect at the time of construction, the basis for rating your policy does not change and your premium will be the same. If you cannot show that your house was built in compliance at the time of construction, your policy will be re-rated using the new flood map, which may raise your premium. However, if you can show that your home has been continuously insured since before the map change, your premium will not be affected. If you do not have Federal or federally related financing, you are not required by Federal regulations to have flood insurance, although it is available to you.

My house was built two feet above the flood elevation shown on the effective map at the time of construction (in accordance with State of Montana requirements). On the new map, my house will remain in the high-risk zone, but the flood elevation will increase. Will my house be considered to be in violation of NFIP regulations when the new map officially takes effect?

Any house that can be shown to have been built in compliance with local floodplain management regulations and the flood map at the time of construction will continue to be considered compliant, even if the new maps will show an increase in flood elevation or a change to a more restrictive zone designation. However, should your house be substantially damaged (if damage is 50% or more of the pre-damaged market value) and you wish to repair it, you will be required to bring the entire structure into compliance with the zone designation and flood elevations in effect at the time the repairs take place. If the structure is less than substantially damaged, you do not need to refer to the flood map when repairing damages. Please note, however, that there may be more stringent or local requirement that take precedence over those stated here. Regardless of whether your building is substantially damaged, you will need a building permit to make repairs and need to contact your local building official.

My house was built in the high-risk zone. What do I do if I want to build an addition or otherwise improve it?

If the value of the addition or improvement to the house is less than 50% of the market value of the existing structure, you need only make sure that the addition meets or exceeds the standards currently in effect at the time of construction. Under certain circumstances, only the addition needs to be elevated to the flood elevations shown on that map. Additions and/or other improvements valued at 50% or more of the market value of the existing structure are considered substantial improvements. In such cases, the entire structure must be brought into compliance with the elevations on the map in effect at the time the improvement begins. Please note, however, there may be more stringent local requirements that take precedence over those stated here. Regardless of whether your building is substantially improved, you will need a building permit to make the improvement and need to contact your local building official.

Strategies for Best Rates When New Flood Maps Are Proposed

Make certain you have flood insurance at the best possible rates before the new maps take effect. Except for Preferred Risk Policies, that gives you the option of continuing the same rates after the new maps are adopted. Check the options outlined previously for the best rate. Identify your flood zone on the proposed new map. Your insurance agent may have a copy of the current flood map but is unlikely to have the proposed maps. You can usually review the proposed maps in your local government's building or planning office. Look for notices of public meetings where the proposed maps will be displayed and local, state, and/or federal officials will be available to answer your flood map and insurance questions.

If you don't have flood insurance now, consider purchasing a policy before the new maps take effect. If your home is located in a B, C, or X Zone on the current map, outside the high-risk area, your lender may not have required coverage, and you never thought you needed it. This is a potential mistake. (See the third bullet under "Helpful Tips".) You may decide later that you need flood insurance, or your mortgage company might insist. If the proposed map places you in a higher risk zone, and you have a federally backed mortgage, your lender will notify you by letter after the new map goes into effect and request that you purchase flood insurance. If you do not purchase the insurance within 45 days of notification, the lender will force-place the insurance and charge you for the cost. The cost of a force-placed insurance policy is usually much higher than a properly written and rated policy.

If your lowest floor elevation (including a basement) exceeds the Base Flood Elevation (BFE) on the new maps, check for possible elevation discounts. Elevation discounts are available for structures whose lowest floor elevations are higher than the established BFE.

What do the different Zone designations mean?

The table below provides an explanation for the most commonly found flood zone designations on a Flood Insurance Rate Map.

Flood Zone	Definition
A	Zone A is the flood insurance rate zone that corresponds to the 1% annual chance floodplains that are determined by approximate methods. Because detailed hydraulic analyses are not performed for such areas, no Base Flood Elevations or depths are shown within this zone. Flood insurance is required in this zone for properties carrying federally-backed loans.
AE	Zone AE is the flood insurance rate zone that corresponds to the 1% annual chance floodplains that are determined by detailed or limited detailed methods. In most instances, whole-foot Base Flood Elevations derived from the detailed hydraulic analyses are shown at selected intervals within this zone. Flood insurance is required in this zone for properties carrying federally-backed loans.
X	Zone X is the flood insurance rate zone that corresponds to areas outside the 0.2% annual chance floodplain, areas within the 0.2% annual chance floodplain, and to areas of 1% annual chance flooding where average depths are less than 1 foot, areas of 1% annual chance flooding where the contributing drainage area is less than 1 square mile, and areas protected from the 1% annual chance flood by levees. No Base Flood Elevations or depths are shown within this zone. This is considered a low- to moderate-risk flood zone, where flood insurance is not Federally mandated.
D	Zone D is the flood insurance rate zone that corresponds to unstudied areas where flood hazards are undetermined, but possible. Flood insurance is not Federally-mandated in this zone.

Helpful Tips

- Encourage your insurance agent and local officials to keep any copies of the old flood maps. They can be hard to obtain after new maps have taken effect.
- Make a copy of the portion of the map panel showing your home’s location.
- Consider buying flood insurance even if you are outside the designated Special Flood Hazard Area. On average, more than 25 percent of all flood insurance claims come from the less risk-prone flood zones that are designated as B, C, or X zones. Ask your insurance agent about the Preferred Risk Policy — it may be just what you need to protect your most important investment.
- Do not let your flood insurance lapse. Having continuous flood insurance coverage protects your property against flood damage and assures that the basis for rating your policy remains unchanged.
- Keep a copy of your elevation certificate. It documents your building elevation as well as the flood zone and BFE in effect when the home was built.
- If your elevation certificate shows that the ground level at your home is above the BFE, you can request a Letter of Map Amendment (LOMA) to remove your home or your entire lot from an AE or VE flood Zone. You may then qualify for a Preferred Risk Policy at a lower rate.
- If you are buying a structure that has flood insurance coverage, talk to your insurance agent about having the flood insurance policy “assigned” to you by the seller so that the coverage is continuous.
- Consider higher deductibles. Deductibles up to \$5,000 are available that will reduce annual premiums. Check with your mortgage lender before increasing the deductibles.
- Encourage your community to participate in the Community Rating System (CRS), which provides insurance premium discounts based on activities and higher regulatory standards that the community implements. In a CRS community everyone enjoys living in a safer community while receiving flood insurance discounts.

How will I know when new flood maps are being issued for my community?

- Ask your local floodplain manager. (Your City Clerk or County offices can help you locate him or her).
- Look for an official notice in your local newspaper.
- Look for articles in community newsletter, etc.
- Check your community’s website or the DNRC website
- Visit www.store.msc.fema.com.

This summary is not an alternative to the flood insurance manual or local construction regulations. It is intended to give property owners and flood insurance policy holders some ideas on what to do if a revised flood map is proposed and you wish to keep your flood insurance premiums to a minimum under the regulations. To describe the general issues in the clearest language, numerous simplifications have been used. Contact your insurance agent for your rating options on specific buildings and contact your local building official or floodplain manager for details on local construction regulations.