

LEVEES AND FLOOD INSURANCE OVERVIEW

Levees and Flood Risk

While levees serve as important flood control infrastructure, they are not a guarantee against flooding. Levees are designed to reduce the risk of a specific level of flooding—often a flood event that has a 1-percent chance of happening each year. But, as recent storms nationwide have shown, there can be flood events with far greater amounts of rainfall and runoff than the levee system was designed for, which may lead to the levee overtopping or even failing. In these cases, communities with properties adjacent to the levees face devastating consequences, with significant flooding of homes, businesses, and city infrastructure.

What Can Property Owners Do?

Those living and working behind levees can and should reduce their financial risk by **purchasing flood insurance**. Homes and businesses are important financial assets that need to be protected, especially if at increased risk from flooding. Just one inch of water in a home can cost more than \$25,000 in damage. Flood insurance can help reduce the financial consequences of a flood.

Why Flood Insurance and Why Now?

Most homeowners, renters and commercial insurance policies do not cover damages from flooding; that protection can only be gained with a flood insurance policy. The National Flood Insurance Program (NFIP) offers policies that reduces the financial risk to most people's most important financial asset—their home or business. There is usually a 30-day waiting period before a new flood policy takes effect, so it's important to obtain coverage before a disaster strikes. Obtain flood insurance today and have peace of mind when the next flood event occurs.

Flood Insurance Near Levees

For those living or working near a levee, flood insurance regulations and rates will vary depending on the specifics of the levee system:

1. *The levee system is accredited and the area adjacent to the levee is designated moderate- to low-risk (e.g., Zone B, C, X) on the Flood Insurance Rate Map (FIRM), or flood map.*

Flood Insurance: Federal flood insurance is available through the NFIP's lower-cost Preferred Risk Policy (PRP). While not federally required by lenders, it is strongly recommended, as there is still a risk. For example, heavy rains can cause flooding behind a levee, or overtopping could occur from a storm event larger than what the levee was built for.

Why flood insurance is still important:

- ✓ An accredited levee means that the levee owner (e.g., local community) has demonstrated that the structure meets Federal requirements and is constructed to be tall enough and strong enough to reduce the risk from the flood event that has a 1-percent chance of happening in any given year. But, larger flooding events can—and do—happen, and levees can overtop or fail.
- ✓ Nationwide, more than 20 percent of flood claims come from properties outside high-risk flood zones, and 98 percent of counties have been impacted by a flooding event.

- ✓ There are affordable flood insurance options! Most homeowners in moderate- to low-risk areas will qualify for the PRP, which starts at less than \$200 a year. This is a fraction of the cost of flood damage. The PRP is also available for businesses and renters.
2. *The levee system is either not accredited and/or there is significant flood risk on the landward side of the levee due to interior drainage, so the area adjacent to the levee is designated high-risk (e.g., Zone A, AE, V, or VE).*
- Flood Insurance:** Federal flood insurance is available and is required for properties with federally backed mortgages. Lower-cost rating options are available if the area is newly identified to be at high-risk.
- Why flood insurance is important for properties in this area (with or without mortgages):**
- ✓ Because these areas have a high risk of flooding, flood insurance helps reduce financial risk.
 - ✓ Buildings located in a high-risk flood zone have at least a 1-in-4 chance of flooding during a 30-year mortgage.
 - ✓ Buildings in areas newly identified to be at high risk may qualify for a lower-cost flood insurance rating option, such as grandfathering or the Newly Mapped Procedure. Talk to your insurance agent to find out which rating option is best.
 - ✓ When a levee does not meet certain minimum federal standards, it cannot be given accreditation status.
3. *The levee system is not accredited, but FEMA’s levee analysis has determined it provides some level of flood risk reduction; some or all of the area adjacent to the levee has an “undetermined” flood risk (Zone D).*
- Flood Insurance:** Federal flood insurance is available to residents of communities participating in the National Flood Insurance Program. While not federally required by lenders, it is highly recommended, as there is always a risk of flooding for homes and businesses behind a levee.
- Why flood insurance is important for properties in this area:**
- ✓ Zone D indicates that there is a risk of flooding, but the probability of risk has not been quantified. This is a strong indicator that property owners should take steps to reduce risk, including the purchase of flood insurance.

What Should I Do Next?

Given the heightened flood risk near levees, the real question isn’t IF you should buy flood insurance, but what policy is right for you. There are several options to help keep your insurance costs low:

- **Preferred Risk Policy (PRP):** This low-cost policy is available for buildings that have limited or no flood claim history and are in a moderate- or low-risk area or Zones A99 or AR. PRPs offer the same level of financial protection as a standard-rated policy but at a reduced premium.
- **Newly Mapped Procedure:** This cost-saving rating option helps reduce the financial impact of a map change for properties newly identified to be in a high-risk area. Purchase of a policy must occur within 12 months after the flood map’s effective date.

- Grandfathering:** This rating option can help keep future costs low by locking in the current flood zone for future rating, including buildings that do not qualify for the Newly Mapped Procedure rating option. This locked-in flood zone rating will remain even if the identified flood hazards increase, meaning you would pay lower-risk rates in a higher-risk location. The easiest way to take advantage of grandfathering is to have a policy in effect before the new flood maps take effect.

For More Information

To learn more about flood insurance, contact your insurance agent, visit floodsmart.gov or call the NFIP Call Center at 1-800-427-4661.

To learn more about levees, visit www.FEMA.gov/Living-Levees-Its-Shared-Responsibility.

To view the flood map for your area, visit FEMA’s Flood Map Service Center at <https://msc.fema.gov>.

INSURANCE OPTIONS

For additional information about flood insurance options, refer to this chart:

IF YOUR HOME OR BUSINESS CURRENTLY IS IN A MODERATE- TO LOW-RISK AREA (ZONE B, C, OR X) AND...	DO THIS NOW...	FOLLOW-UP...
Will be in a high-hazard area (Zones A, AE, A1-30, AH, AO, V, VE, V1-30) when new maps become effective and has a mortgage, <i>but does not have a current flood insurance policy</i>	Purchase a Preferred Risk Policy (PRP) now, or at least within 12 months after the flood map’s effective date, to be eligible for lower rates through the NFIP’s Newly Mapped Procedure rating option. Note that a policy can be assigned to new owners, allowing them to keep the lower-cost rating option.	Most lenders will require flood insurance once the flood map becomes effective. Continue to keep coverage in force because a lapse in coverage will result in losing the lower-cost Newly Mapped Procedure rating option. Insurance rates will increase no more than 18 percent each year until they reach full-risk rates.
Will be in a high-hazard area (Zones A, AE, A1-30, AH, AO, V, VE, V1-30) when new maps become effective and has a mortgage <i>and a current flood insurance policy</i>	Renew your policy to continue benefitting from the PRP rates. This will qualify you for the Newly Mapped Procedure rating option. Note that a policy can be assigned to new owners, allowing them to keep the lower-cost rating option.	Most lenders will require flood insurance once the flood map becomes effective. Continue to keep coverage in force because a lapse in coverage will result in losing the lower-cost Newly Mapped Procedure rating option. Insurance rates will increase no more than 18 percent each year until they reach full-risk rates.

IF YOUR HOME OR BUSINESS CURRENTLY IS IN A MODERATE- TO LOW-RISK AREA (ZONE B, C, OR X) AND...	DO THIS NOW...	FOLLOW-UP...
<p>Will be in a high-hazard area (Zones A, AE, A1-30, AH, AO, V, VE, V1-30) when maps become effective and <i>does NOT have a mortgage or current flood insurance policy</i></p>	<p>While the Federal mandate for insurance is only enforced for property owners with federally backed mortgages, if you are going to be in a high-risk area, now is an important time to reduce your financial risk. Purchase a PRP now, or within 12 months of the flood map's effective date, to lock in the lower-cost rating option. This could be advantageous should you decide to sell the building because the lower-cost rating option can be transferred to the new owner.</p>	<p>Continue to keep coverage in force because a lapse in coverage will result in losing the lower-cost Newly Mapped Procedure rating option. Insurance rates will increase no more than 18 percent each year until they reach full-risk rates.</p>
<p>Will be in an area of possible, but undetermined flood hazard (Zone D) and does NOT have a mortgage or flood insurance</p>	<p>While you are not required to carry flood insurance, living or working behind a levee comes with risk. Purchase a policy today.</p>	<p>Continue to keep coverage in force. Policies for pre-FIRM* buildings that lapse will be rewritten at higher rates.</p> <p>*Pre-FIRM buildings are ones constructed before a community's first Flood Insurance Rate Map.</p>

ZONE SPECIFIC INFORMATION

For additional information about flood zones, refer to this chart:

IF THE NEW MAP SHOWS A BUILDING IN...	...THE FLOOD INSURANCE REQUIREMENTS WILL BE...
<p>Zones A, AE, A1-30, AH, AO, V, VE, V1-30 These zones designate high-hazard areas known as Special Flood Hazard Areas (SFHAs).</p>	<p>Flood insurance is required for buildings with mortgages from federally regulated or insured lenders. Strongly recommended for buildings without mortgages.</p>
<p>Zones B, C, and X These zones designate moderate- to low-hazard areas</p>	<p>Flood insurance is not federally required by lenders but is recommended. Lower-cost Preferred Risk Policies (PRPs) are available for buildings in this zone.</p>
<p>Zone AR This zone designates an area where a levee is determined to no longer provide sufficient flood protection but is in the process of being restored.</p>	<p>Flood insurance is mandatory for buildings with mortgages from federally regulated or insured lenders. Strongly recommended for buildings without mortgages. Lower-cost Preferred Risk Policies (PRPs) are available for buildings in this zone. To learn more, visit www.FEMA.gov/Levee-System-Construction-and-Restoration-Mapping-Projects-Flood-Protection-Restoration-Zone-AR.</p>
<p>Zone A99 This zone designates an area where a levee is under construction and can demonstrate adequate progress.</p>	<p>Flood insurance is mandatory for buildings with mortgages from federally regulated or insured lenders. Strongly recommended for all buildings. Lower-cost Preferred Risk Policies (PRPs) are available for buildings in this zone. To learn more, visit www.FEMA.gov/Levee-System-Construction-and-Restoration-Mapping-Projects-Adequate-Progress-Zone-A99.</p>
<p>Zone D This is an area where an analysis of flood hazards has not yet been done. Therefore, these areas have a possible, but undetermined flood hazard.</p>	<p>While there is no Federal requirement for buildings with mortgages to be covered by flood insurance, the lender always has the option to require it. Whether or not there is a mortgage, flood insurance is highly recommended.</p>