

Changes in Flood Insurance Requirements That Could Affect You

Monthly payments may increase, new flood zone maps may include your home or business

Flood insurance premiums are expected to rise.

A new law intended to strengthen the National Flood Insurance Program (NFIP) makes several changes to the way flood insurance premiums are calculated. These changes may increase your monthly mortgage payment. Contact Rockland Trust to find out if these changes will affect you.

- The law, known as the Biggert-Waters Flood Insurance Act, phases in increased flood insurance rates for homes in flood zones. Premiums have the potential to increase by 25 percent per year, for the next four years until the full-risk rates are reached.
- You may not realize that the flood insurance rates you are currently paying may be discounted by the government. The law phases out the government's support for flood insurance policies – except for those protecting primary residences. You will no longer receive discounts for second homes and commercial buildings.
- It eliminates grandfathering. In the past, many buildings were allowed to keep their original flood-risk rating even if the zone designation was changed in a later flood zone map. Beginning in 2014, *all* buildings will be rated using the latest maps.

Certain events will cause an immediate increase in flood insurance premiums.

The loss of subsidies and grandfathered status will be phased out over a four or five-year period. However, your rates will immediately increase to full-risk rates if you allow a flood insurance policy to lapse. If you buy a property in a flood zone you will pay full-risk rates immediately.

Flood zone maps are changing throughout the country. Even if you don't have to have flood insurance now, you may be required to have it under the new maps.

That means buildings might now be in a flood zone that weren't before, or they may now be in a higher-risk zone. The Federal Emergency Management Agency (FEMA) is updating maps throughout the country to reflect current flood risk. To see if your home's flood zone may change, visit http://www.floodsmart.gov/floodsmart/pages/flooding_flood_risks/map_update_schedule.jsp.

Tips to reduce your risk and save money:

- Renew your flood insurance policy on time each year. Allowing a policy to lapse could be costly.
- FEMA offers three programs that may be able to help:
 - FEMA provides hazard mitigation grants. Learn more at <http://www.fema.gov/application-development-process/hazard-mitigation-grant-programs-frequently-ask-questions#3>.
 - Your community may participate in the Community Rating System (CRS), which offers premium discounts. To find out more, visit <http://www.fema.gov/national-flood-insurance-program/community-rating-system>.
 - Current NFIP policy holders whose property has been damaged from a flood may qualify for Increased Cost of Compliance insurance coverage. To find out more, visit <http://www.floodsmart.gov/floodsmart/pages/faqs/what-is-increased-cost-of-compliance-coverage.jsp>.

To learn more about NFIP visit their website at floodsmart.gov. Contact your insurance agent for more information on how Biggert-Waters may affect your premium.