



FAQ

REQUIRED FLOOD INSURANCE

This is a general overview of questions about FEMA's National Flood Insurance Program and the requirement governing flood insurance. It is by no means exhaustive. Those who would like more complete information are encouraged to visit FEMA's website at <http://www.fema.gov/business/nfip>.

My mortgage provider has notified me that I must have flood insurance. What is that?

FEMA's National Flood Insurance Program (NFIP) mandates the purchase of flood insurance for buildings in Special Flood Hazard Areas (SFHA). If your lender determines that a home (or other building) is in the SFHA, they notify you that you must have flood insurance. The bank escrows flood insurance payments.

What is a Special Flood Hazard Area?

A Special Flood Hazard Area is considered a high-risk area for flooding, defined as any land that would be inundated by a flood having a 1-percent chance of occurring in any given year (this is also referred to as the "base flood".)

How are Special Flood Hazard Areas determined?

Local jurisdictions provide data to FEMA that includes rainfall information, ground cover, land uses and other related information. FEMA performs calculations based upon the data received and delineates the SFHAs.

The property has never been flooded so why is there a requirement?

Historical flood data is only one element used in determining flood risk. More critical determinations can be made by evaluating the community's rainfall and stream-flow data, topography, wind velocity, tidal surge, flood-control measures, development, community maps and other data. Remember, whenever there is a significant flood event, the media will interview someone who has sustained major losses who will say, "This never happened

here before.” Just because a flood hasn’t occurred in recent years doesn’t mean that it won’t occur.

How can I find out if the property I may buy is in a SFHA?

FEMA publishes maps that show flood hazard areas and the degree of risk in those areas. The County’s GIS maps have a layer that shows an unofficial version of the maps. In GIS, select or zoom in on the property. Open the file folder on the right entitled “Natural Features” and put a check mark in the box next to “FEMA Flood Zones”. SFHAs are displayed in pink. Property that is any of the three shades of pink (1%, 1% plus base elevation determined, and 2%) is required to have flood insurance.

What are the basics of the policy?

Flood insurance coverage is available for a 1-year term. There is a minimum premium for all flood insurance policies. A local property insurance agency or company that writes flood insurance can provide you with the current minimum premium amount. Coverage amounts can be found on FEMA’s website at <http://www.fema.gov/business/nfip>.

How can I challenge the bank’s finding?

If the bank or lending institution has established the requirement as part of its standard lending practices, no challenge is available to you. However, if a lending institution is requiring the insurance to meet the mandatory flood insurance requirements, the property owner and the lender have the option to jointly request that FEMA review the determination.

What happens if I don’t agree to purchase flood insurance?

The only way you could avoid purchasing flood insurance would be to purchase the property outright, without a mortgage on the property.

The NFIP mandates all lenders who are under the jurisdiction of Federal entities for lending institutions to require flood insurance before lending money for purchasing or improving property in SFHAs. The only way you could avoid purchasing flood insurance would be to purchase it outright, without a mortgage on the property, or by finding a funding source that is not controlled or regulated by Federal agencies. Bear in mind, however, that regular insurance policies do not cover damage due to flooding and you would then most likely not be eligible to receive federal emergency assistance.

This information was compiled utilizing FEMA’s publication, [Answers to Questions About the NFIP](#).