



Preferred Risk Policy Eligibility Extension

A Low-Cost Flood Insurance Option for Your Community

The National Flood Insurance Program (NFIP) offers the Preferred Risk Policy (PRP) Eligibility Extension, a cost-saving flood insurance coverage option for property owners whose buildings are newly mapped into a high-risk flood area.

FLOOD MAPS CHANGE – FLOOD RISKS CHANGE

Since 2003, FEMA has led a major effort to update the nation's flood maps to reflect current flood risks. FEMA is continuing to provide new maps through a program known as Risk MAP (Risk Mapping, Assessment & Planning). The new maps are digital, easily accessible, and represent the most accurate flood risk data available.

As new maps have been issued, many property owners have learned that their risk of flooding has changed. And for some, the change has meant new flood insurance requirements. If a building in a moderate- to low-risk flood zone is mapped into a high-risk Special Flood Hazard Area (SFHA), most lenders will require flood insurance.

Before January 2011, a property owner could buy a lower-cost Preferred Risk Policy (PRP) before the new flood maps became effective, but the policy converted to a more expensive standard-rated policy at subsequent renewals. On January 1, 2011, FEMA extended PRP eligibility, allowing the lower-cost PRP to be written for two years after a revised flood map's effective date.

Beginning January 1, 2013, FEMA continues to make the PRP available for properties that were newly mapped into an SFHA since October 1, 2008, even after the two-year extension ends. The PRP option will continue until FEMA completes its analysis and implementation of premium rate revisions put in place by the Biggert-Waters Flood Insurance Reform Act of 2012.

ELIGIBILITY FOR THE PRP EXTENSION

To be eligible for the PRP, the building must meet certain loss-history requirements. If there have been two disaster relief payments, or claims for flood losses of \$1,000 or

more, or three losses of any amount, the structure is ineligible for a Preferred Risk Policy.

Owners of buildings that meet the loss history requirements and were newly mapped into a high-risk flood zone (shown on a flood map as a zone beginning with the letter "A" or "V") since October 1, 2008, are eligible for a PRP. Property owners should contact their insurance agent to obtain or renew their insurance using this low-cost option.

Insurance agents will be required to provide documentation to their insurance company showing that the building is eligible for the PRP extension, including the current and prior map information. Both historic and current flood maps can be found on FEMA's mapping website (<http://msc.fema.gov>). The community's floodplain manager also should have the maps on file.

STAY PROTECTED AND SAVE

Property owners need to understand that they still are at a high risk for flooding. This extension provides them additional time to save and prepare for paying for the full risk premium when it is implemented. The extension also provides more time for the community to upgrade or mitigate flood control structures to meet FEMA standards and reduce the flood risk.

For additional information about flood insurance and the PRP Extension, visit www.FloodSmart.gov and www.FloodSmart.gov/PRPExtension or call the NFIP Help Center at 1-800-427-4661.





Get FloodSmart

FloodSmart.gov

Flood Risk and Insurance

Know the Facts



Flood Risk and Insurance Facts

Many property owners do not know the basics about flooding or flood insurance. To make informed decisions, residents and business owners need a solid understanding of their flood risk and how flood insurance can help.

The following are important facts and figures to share with property owners so that they better understand the risk of flooding, its impact, and how flood insurance can help reduce the financial impact of flooding:

- Federal disaster assistance is usually provided in the form of a loan that must be paid back with interest along with any existing mortgage.
- Flood losses in the United States averaged \$2.9 billion per year for the last decade.
- Nearly 75 percent of all federally declared disasters over the past five years involved flooding.

Understanding the Risk

- Floods are the number one natural disaster in the United States.
- Everyone is at risk—even those that do not live close to rivers and lakes. Floods happen as a result of heavy rains, snow melt, overloaded drainage systems, land development runoff, and for many more reasons. Just an inch of water can cause tens of thousands of dollars in damage to your home and its contents.
- Most homeowners insurance does not cover flood damage.
- Over the life of a 30-year loan, your home, if located in a high-risk flood area, is more likely to be damaged by flood than by fire.
- More than five million Americans are protected with flood insurance, but millions more are unaware of their personal risk for property damage—or options for reducing that risk.
- Property owners, renters, and business owners can purchase flood insurance on their building and contents if their community is among the more than 21,800 communities that participate in the National Flood Insurance Program (NFIP).
- It typically takes 30 days after the purchase of flood insurance for the policy to take effect.
- The average premium is about \$650 a year; the average claim in the past five years was nearly \$42,000.
- Nearly 25 percent of all flood claims come from areas mapped outside high-risk flood zones.
- Qualifying properties in moderate- to low-risk areas are eligible for the low-cost Preferred Risk Policy with premiums as low as \$129 a year for \$20,000 in building and \$8,000 in contents coverage.

For flood insurance and flood risk information, visit FloodSmart.gov/facts. To learn more about obtaining a flood insurance policy, call your insurance agent or call **1-800-427-2419** to find an agent near you.



FEMA

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