



YOUR CLIENT'S FLOOD RISK IS CHANGING

FROM HIGH-RISK TO HIGHER-RISK

Tips, talking points, and rules for grandfathering

When new flood maps show a property's flood risk is increasing from high-risk to higher-risk, agents should work with clients – both homeowners and renters – **before flood maps go into effect** to ensure they purchase or renew their flood insurance.

Continuous grandfathering

For clients who secure or maintain coverage pre-flood map update, the National Flood Insurance Program (NFIP) offers a cost-saving option known as **continuous coverage grandfathering**. With continuous coverage grandfathering, clients can use their pre-flood map update flood zone or Base Flood Elevation (BFE) to calculate their insurance rate, "locking in" the lower-risk zone or BFE for as long as they maintain continuous flood insurance coverage.

A policy with a grandfathered rating can be transferred to new owners if the building is sold.

Continuous grandfathering example:

A homeowner living in the high-risk flood area (Zone A) has a federally backed mortgage and has secured flood insurance as a requirement of their mortgage. An updated flood map is about to be released and the home will now be in the higher-risk area (Zone VE).

With encouragement from her agent, the homeowner renews her policy annually – coverage remains uninterrupted and the home has no substantial improvements or damage – so she continues to pay based on the "grandfathered," lower-cost Zone A rate.

Built-in-compliance grandfathering

After a new flood map becomes effective, continuous coverage grandfathering is no longer available. For those clients, **built-in-compliance grandfathering** is available, but only for buildings constructed after the community's first flood map. The homeowner or business owner must provide documentation that they built in compliance with the flood map at the time of construction. Continuous coverage is not required but recommended for consistent, long-term financial protection.

Built-in-compliance grandfathering example:

A restaurant built in 1980 in the high-risk area (Zone AE) had a Lowest Floor Elevation (LFE) of eight feet. The flood map in effect at the time showed a BFE of six feet, making the restaurant two feet above the BFE. The owner did not have a loan and did not purchase flood insurance.

A new flood map for the area went into effect in 2010 and the BFE increased from six feet to eight feet, so the difference between LFE and BFE was now zero feet. In 2011, the restaurant owner decided to purchase flood insurance.

When purchasing, the owner secured a lower-cost flood insurance rate by using the six-foot BFE and an elevation difference of +two feet. This was possible because the restaurant had not been renovated or "substantially improved," and had been built in compliance with the flood map that was in effect at the time of construction.

Since properties built before a community's first flood map are typically not eligible for built-in-compliance grandfathering, it is important to work with those clients before the new maps go into effect so they qualify for continuous grandfathering.

Continuous coverage grandfathering highlights

Property owners in the high-risk flood area (A Zones)

That are **experiencing an increase in flood risk**, moving into the higher-risk area (Zone A to Zone V) or are increasing Base Flood Elevation (BFE)

Are eligible to lock in their current, lower-cost flood zone or BFE

If they purchase or renew their flood insurance before the new map goes into effect and then continue to maintain coverage.

Built-in-compliance grandfathering highlights

Property owners in the high-risk flood area (Zone A)

That are **experiencing an increase in flood risk**, moving into the higher-risk area (Zone A to Zone V) or are increasing Base Flood Elevation (BFE)

Are eligible to lock in their current, lower-cost flood zone or BFE

Before or after new flood maps go into effect

ONLY if their home or business was built after the community's first flood map

And ONLY if their building was built in compliance with the flood maps in effect at the time of construction and has not been "substantially improved."

Avoid a lapse in coverage.

Make sure your clients renew their flood insurance coverage each year.

Continuous coverage grandfathering is a cost-saving option that allows clients to use a prior, lower-risk flood zone or BFE for policy rating if the client has maintained continuous coverage.

If a policy rated using continuous coverage grandfathering lapses more than 90 days after its renewal date or lapses twice for more than 30 days, agents cannot rewrite the policy using the lower-cost option.

Marketing tips

- **Have frank conversations about flood risk and flood mitigation.** In high-risk areas, there is at least a one-in-four chance of flooding during a 30-year mortgage. Talk to your clients about their flood risk and mitigation options. Remind them, in writing and in person, about the important protection flood insurance can offer.
- **Stay informed about upcoming map updates.** Work with local floodplain managers and community officials. Ensure that you and your clients are aware of upcoming flood map updates, new flood map effective dates, and available rating options.
- **Review your book of existing clients.** Identify clients whose flood risk is increasing from high-risk to higher-risk. Work with these clients before the new flood maps go into effect to ensure they take advantage of lower-cost "grandfathered" rates.
- **Know which clients' properties were built before the community's first flood map.** To secure a lower flood insurance rate, these clients must purchase or renew their insurance before the new flood map goes into effect. These clients are not eligible for built-in-compliance grandfathering.
- **Start marketing before flood maps go into effect.** Marketing early will ensure your clients don't miss out on grandfathering cost-saving opportunities. Leverage a variety of marketing tactics – direct mail, phone calls, email marketing – to reach your existing residential and commercial clients. Discuss their grandfathering options to secure cost savings.
- **Discuss the value of flood insurance, compared to the high cost of a flood event.** High-risk often means higher annual policy costs. However, compared to the cost of minor flood damage, flood insurance is a good value for the peace of mind and the protection it brings. Just one inch of water can cause \$25,000 in damage.
- **Visit [Agents.FloodSmart.gov](https://www.floodsmart.gov)** to access information and marketing materials for map update events that will help you sell flood insurance to existing and new clients.

Talking points for clients

- **Your home or business is now at an even higher risk of flooding.** Purchase or renew your flood insurance to stay protected and save money. Flood insurance is mandatory in a high-risk area for property owners who carry a federally backed mortgage. If you don't carry a mortgage or are a renter, you should still protect your investment with flood insurance due to the increased risk. You should also consider flood mitigation options to lower your risk and insurance costs.
- **Act now to secure your lower-cost flood insurance policy.** Flood insurance costs are higher for higher-risk areas. However, there is a way to save money and protect your investment. If you purchase or renew before the flood map update takes place, it allows you to save on insurance and receive "grandfathered" rating. With the grandfathering option, you can lock in the property's current, lower-risk flood zone or BFE for future rating, saving you money in the long-term.
- **Don't wait. This continuous grandfathering option is only available until the new map goes into effect**—so sign up for flood insurance as soon as possible.
- **To keep your lower rate, you must renew your policy annually.** Property owners must maintain continuous coverage, and the property cannot be substantially improved or damaged. If the home or business is sold, the policy can be transferred to the new owners, allowing them to keep the lower-cost rating option.