PUBLIC FACT SHEET

NATIONAL FLOOD INSURANCE PROGRAM

Preferred Risk Policy Eligibility Extension

A New Low-Cost Flood Insurance Option for You

The Federal Emergency Management Agency (FEMA) introduces a new flood insurance rating option for the National Flood Insurance Program (NFIP) to help reduce the financial burden placed on property owners whose buildings are newly mapped into a high-risk flood area.

FLOOD MAPS CHANGE – FLOOD RISKS CHANGE

Upon a request from the President, Congress appropriated funds in 2003 and directed FEMA to update the nation's flood hazard maps. This effort (known as Flood Map Modernization) used the latest data and technology to identify communities' current flood risks nationwide. As a result, many property owners have found that their risk of flooding has changed. If a building in a moderate-to-low risk flood zone was newly mapped into a high-risk Special Flood Hazard Area (SFHA), most lenders would require flood insurance. While most property owners would be able to buy a lower-cost Preferred Risk Policy (PRP) before the new flood maps became effective, the policy would have to then be converted to a more expensive standard-rated policy at subsequent renewals. Recognizing the financial burden this places on affected property owners, FEMA is extending the eligibility of writing the lower-cost PRP for two years after a revised flood map's effective date.

ELIGIBILITY FOR THE PRP TWO-YEAR EXTENSION

For policies effective on or after January 1, 2011, FEMA is applying the two-year PRP eligibility extension for buildings affected by map changes since October 1, 2008.

Affected Buildings

Buildings that have been newly mapped into high-risk flood zones (i.e., zones beginning with 'A' or 'V') due to a map revision on or after October 1, 2008, and before January 1, 2011, are eligible for a PRP for *two policy years* effective between January 1, 2011 and December 31, 2012. So, policies issued as standard-rated policies or converted to standard-rated policies following a map change on or after October 1, 2008, could be converted to the lower-cost PRP for two years beginning on the first renewal effective on or after January 1, 2011. Buildings meeting these same conditions that were not previously insured may be issued a new PRP on or after January 1, 2011, during this same eligibility period.

Buildings that are newly mapped into a high-risk flood zone due to a map revision on or after January 1, 2011, are eligible for a lower-cost PRP for *two policy years* from the map revision date.

Buildings meeting the above requirements must also meet the NFIP's PRP loss history requirements. At the end of the extended eligibility period, policies on these buildings must be written as standard-rated policies.

STAY PROTECTED AND SAVE

The PRP extension provides significant savings to property owners. A property owner who has a home without a basement will pay $343 for $200,000 in building and $80,000 in contents coverage for a PRP versus more than $1,400 for a standard-rated policy in an X zone, and even more if rated in a high-risk flood zone (i.e., A zone)…**a savings of more than $1,000+ a year.**

This extension also provides you with additional time to save and prepare for paying for the increase in premium in two years, as well as more time for your community to upgrade or improve any flood control structures to meet FEMA standards and reduce the flood risk. Sound floodplain management will help reduce the financial impact on you in the long term while making your community safer to live and work in.

For more information about this option, contact your local insurance agent or floodplain administrator. Additional information can also be found at www.FloodSmart.gov/PRPExtension.