

Flood Maps are Changing...

What Insurance Agents Should Know



Mississippi coastal counties will soon enter a new era.

The Mississippi Coastal Flood Study is nearing completion. This in-depth, large-scale study to re-examine flood hazards and related risks in the coastal counties will result in new Digital Flood Insurance Rate Maps (DFIRMs) that will reflect current flood risks, replacing maps that are up to 25 years old. As a result, property owners throughout Hancock, Harrison and Jackson Counties will have up-to-date, reliable and Internet-accessible information about their flood risk on a property-by-property basis. Some residents and business owners will learn that their flood risk is higher—or lower—than they thought. As someone with a stake in coastal Mississippi's future, you should be aware of how the maps are changing and why—and how the changes will affect residents and business owners alike.

Flood Maps: A Risk Management Must

Flood hazard maps are important risk management tools. By showing the extent to which areas of Hancock, Harrison and Jackson Counties—and individual properties—are at risk for flooding, flood maps help business and property owners make better financial decisions about protecting their property. These maps also allow community planners, local officials, engineers, builders and others to make important decisions about *where* and *how* new structures and developments should be built.

A Better Picture of Flood Hazards

Over time, water flow and drainage patterns have changed dramatically due to surface erosion, land use and natural forces. Since the last flood hazard maps were issued, the likelihood of inland, riverine and coastal flooding in many areas has changed. New digital mapping techniques will provide more detailed, reliable and current data on the coastal counties' flood hazards. The result: a better picture of the areas most likely to be affected by flooding and tidal surge and therefore a better foundation from which to make key decisions.

The Mississippi Coastal Flood Study is a joint effort involving the Mississippi Department of Environmental Quality (MDEQ), the Mississippi Emergency Management Agency (MEMA) and the Federal Emergency Management Agency (FEMA), in cooperation with local associations and private sector partners. Local community officials from the three coastal counties have also been involved in the mapping process, including providing historical flooding data pertaining to previous flooding incidents.

Flood Insurance Requirements and Options

When the new flood hazard maps become effective, flood insurance requirements will change. However, options exist that will allow property owners to save money while still protecting their property. It is important for insurance agents to know when the changes are taking place and when they become effective. They should be prepared to discuss with their clients what options they have, whether they are being mapped into a higher or lower risk zone, if there is a change in the base flood elevation or no change at all.

The charts on page two can provide some guidance.

MAP ADOPTION MILESTONES

December 11-13, 2007 — Flood Risk Open Houses.

Mid-January 2008 — Start of 90-day public comment period (for filing appeals and protests).

Spring/Summer 2008* — Review and resolution of appeals and protests. Final flood maps created.

Fall 2008* — Maps adopted; new insurance requirements take effect.

Visit www.mscoastalmapping.com to learn more about the preliminary maps and learn when map changes take effect.

For general information, call the MS Coastal Mapping Call Center at

1-866-816-2804

Open 8:00 a.m. to 4:30 p.m.
Monday through Friday

* Date subject to change pending completion of review process



| If Maps Show... | These Requirements, Options and Savings Apply |
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| <p>Change from low or moderate flood risk to high risk; or from a high risk zone (e.g., an “A” zone) to a coastal velocity zone (e.g., a “VE” zone)</p> | <p>Flood insurance is mandatory. Flood insurance will be federally required for most mortgage holders.¹ Insurance costs may rise to reflect the true (high) risk.</p> <p>“Grandfathering” can offer savings. The National Flood Insurance Program (NFIP) has “grandfathering” rules to recognize policyholders who have built in compliance with the flood map in effect at the time of construction or who maintain continuous coverage. Sometimes, though, using the new flood maps can actually result in a lower premium than by “grandfathering.”</p> |
| <p>Change from high flood risk to low or moderate risk</p> | <p>Flood insurance is optional but recommended. The risk has only been reduced, not removed. Flood insurance can still be obtained at lower rates. About 25 percent of all flood insurance claims come from low- to moderate-risk areas.</p> <p>Conversion offers savings. An existing policy can be easily converted to a lower-cost Preferred Risk Policy, if the building qualifies.</p> |
| <p>Increase in the Base Flood Elevation (BFE)</p> | <p>An increase in BFE can result in higher premiums; however, “grandfathering” can offer savings. The National Flood Insurance Program has “grandfathering” rules to recognize policyholders who have built in compliance with the flood map in effect at the time of construction. This could result in significant savings.</p> |
| <p>No change in risk level</p> | <p>No change in insurance rates. However, this is a good time to review your coverage and ensure that your building and contents are adequately covered.</p> |

Flood Risks and Flood Zones

Flood maps refer to areas of high, medium or low risk as “flood hazard zones” and the zones of highest risk as “Special Flood Hazard Areas.”

| Risk Level | Flood Hazard Zone |
|--|--|
| <p>High Flood Risk</p> | <p>AE, A, AH or AO Zone. These properties have a one percent chance of flooding in any year — and a 26 percent chance of flooding over the life of a 30-year mortgage.</p> <p>VE Zone. These properties have a one percent chance of flooding in any year and also face hazards associated with coastal storm waves.</p> <p>Insurance note: High-risk areas are called “Special Flood Hazard Areas” and flood insurance is mandatory for most mortgage holders.</p> |
| <p>Low or Moderate Flood Risk</p> | <p>Shaded X Zone. These properties are outside the high-risk zones. The risk is reduced but not removed.</p> <p>Unshaded X Zone. These properties are in an area of overall lower risk.</p> <p>Insurance note: Lower-cost preferred rate flood insurance policies (known as Preferred Risk Policies) are often an option in these areas.</p> |

¹ Required for loans provided by federally regulated lenders as well as government-sponsored enterprises such as Freddie Mac and Fannie Mae. Note that flood insurance can be required by a lender even if the building is located outside of a high-risk area.