

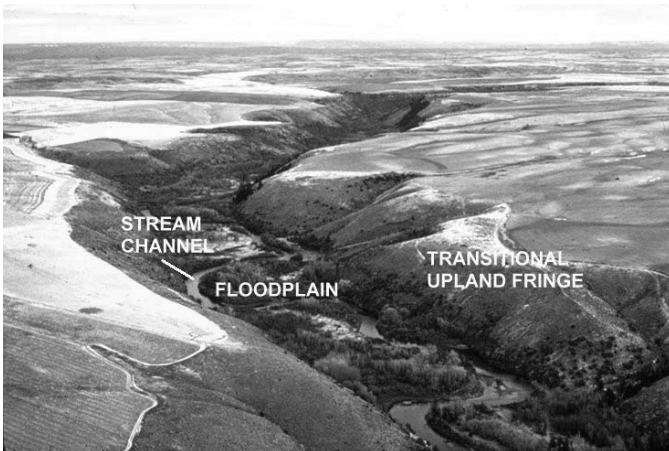
Navigating the National Flood Insurance Program

Introduction

Did you know that everyone lives in a flood zone? Any piece of land, no matter how far it is from a waterway, is potentially at risk for a flood. But does everyone need to have flood insurance? How should a property owner assess his or her risk?

What Is a Floodplain?

Streams, creeks, and rivers usually consist of three elements: a stream channel, a floodplain, and an upland fringe. The channel is an area of the stream where water flows under normal conditions. The floodplain is an area of land adjacent to the stream and lower than the adjacent upland fringe. The floodplain is frequently covered with water when a stream overflows its banks due to heavy rains, stormwater runoff, snow melt, or other occurrences. The upland fringe area is a transitional zone between the floodplain and the surrounding land.



All three of these areas will vary in size from stream to stream, depending on many factors, including the size of the body of water. For example, the Mississippi River has a much larger floodplain than Fly Creek in Baldwin County, Alabama. Also the size of the zones depends on where the stream is located geographically. A mountain stream has a much narrower channel than a delta. The most important thing to remember is that a structure built

in a floodplain has a high risk of being flooded. The Federal Emergency Management Agency offers an online tool to determine a property's general level of flood risk (low, moderate, or high). To use this tool, visit www.floodsmart.gov, click on What's Your Flood Risk?, and enter a street address.

National Flood Insurance Program

Created in 1968, the National Flood Insurance Program provides flood insurance to U.S. taxpayers and reduces future flood damage in communities through floodplain management, which can include floodplain ordinances, building and zoning requirements, and other corrective and preventative measures. The program is funded through insurance premiums. After a natural disaster, the NFIP may borrow funds from the U.S. Treasury, and the debt is repaid within 3 to 5 years.

Everyone lives in a flood zone. The National Flood Insurance Program Zones are given in the table below.

National Flood Insurance Program Zones (from www.floodsmart.gov)

Zones B, C, and X. Areas with less than a 1 percent chance of flooding each year; areas that have less than a 1 percent chance of sheet flow flooding with an average depth of less than 1 foot; areas that have less than a 1 percent chance of stream flooding where the contributing drainage area is less than 1 square mile; or areas protected from floods by levees. (Low to moderate risk)

Zones A, AE, and A1-A30. Areas with a 1 percent annual chance of flooding and a 26 percent chance of flooding over the life of a 30-year mortgage. (High risk)

Zone AH. Areas with a 1 percent annual chance of shallow flooding, usually in the form of a pond, with an average depth ranging from 1 to 3 feet. These areas have a 26 percent chance of flooding over the life of a 30-year mortgage. (High risk)

Zone AO. River or stream flood hazard areas, and areas with a 1 percent or greater chance of shallow flooding each year, usually in the form of sheet flow, with an average depth ranging from 1 to 3 feet. These areas have a 26 percent chance of flooding over the life of a 30-year mortgage. (High risk)

Zone AR. Areas with a temporarily increased flood risk due to the building or restoration of a flood control system (such as a levee or a dam). (High risk)

Zone A99. Areas with a 1 percent annual chance of flooding that will be protected by a federal flood control system where construction has reached specified legal requirements. (High risk)

Zones V, VE, and V1-30. Coastal areas with a 1 percent or greater chance of flooding and an additional hazard associated with storm waves. These areas have a 26 percent chance of flooding over the life of a 30-year mortgage. (High risk)

Areas that lie within floodplains are at particularly high risk for flooding and are designated as Special Flood Hazard Areas. Homeowners in a Special Flood Hazard Area or a high-risk area may be required by their mortgage lender to have flood insurance. The purchase of flood insurance is also mandatory for properties located in coastal areas designated as Zone V, Zone VE, and Zone V1-30. You can find out what zone a property is in by looking at the Flood Insurance Rate Map (FIRM) for your area. FIRMs are discussed in a following section.

A community's participation in the NFIP is voluntary. If your community does not participate, you are not eligible to purchase federal flood insurance. You can check for participating communities in Alabama by visiting www.fema.gov/fema/csb.shtm.

In order to remain in good standing in the NFIP, a community must adopt and enforce a flood damage prevention ordinance. Generally, emphasis of an ordinance is limited to activities in Special Flood Hazard Areas, considered a community's floodplain. Contact your local floodplain manager or building official before beginning construction and for additional general information on the requirements in Special Flood Hazard Areas.

Coastal Barrier Resources Act

The Coastal Barrier Resources Act (CRBA) of 1982 restricted development in important coastal barriers that protect inland areas from flooding and provide coastal habitat. These areas include oceanfront land, land surrounding the Great Lakes, barrier islands, and other coastal habitats. Developments within a CRBA area are only eligible to participate in the NFIP if structures were built before 1982; otherwise, private flood insurance may be obtained.

Flood Insurance Rate Maps (FIRM)

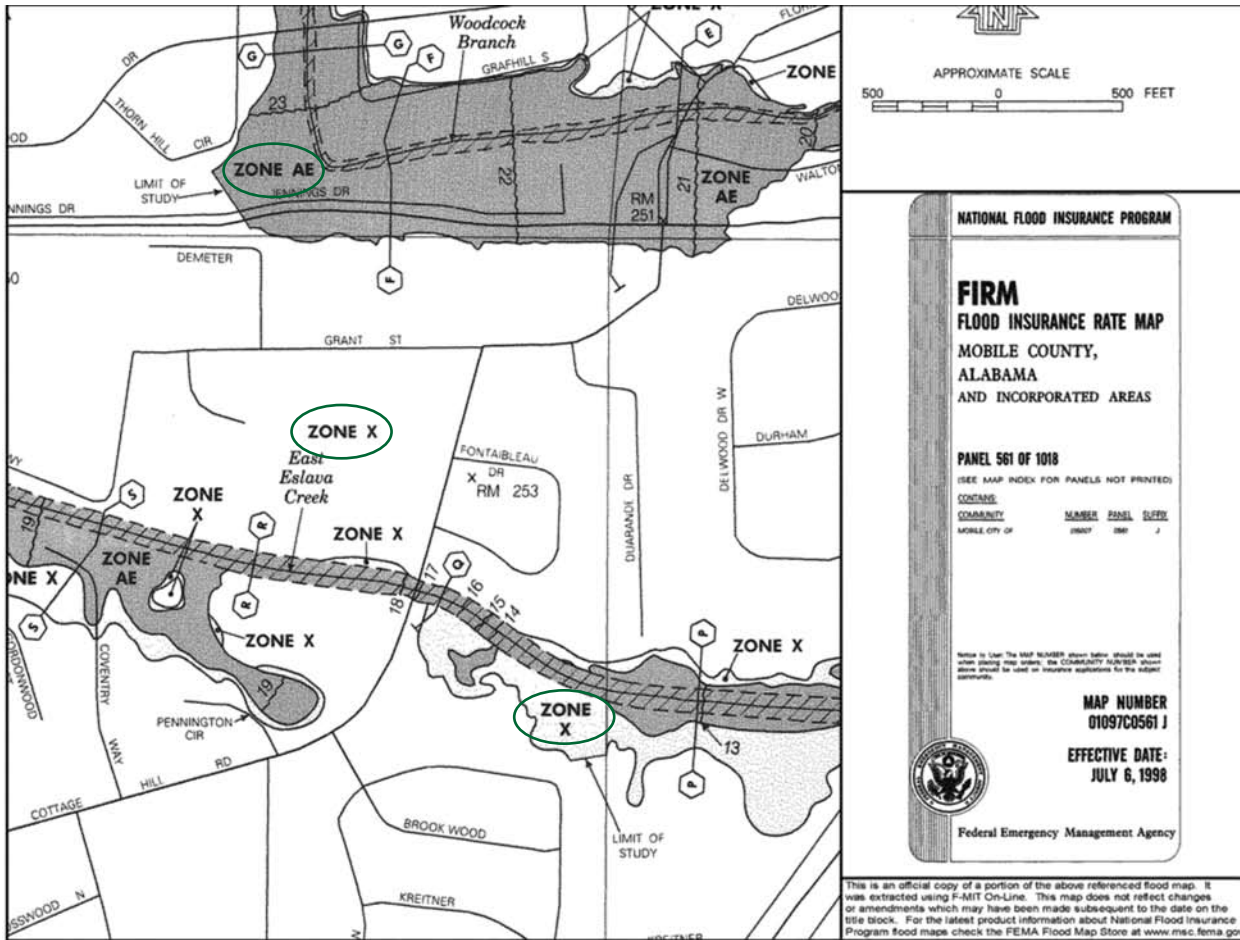
To determine an area's flood risk, FEMA conducts a Flood Insurance Study (FIS) of the area. Data collected includes river flow, storm tides, rainfall, topography (land elevations), and hydrologic and hydraulic analysis. This data is analyzed for flood risk, and flood zones are delineated on Flood Insurance Rate Maps (FIRM).

Why Flood Maps Change

"This area has never flooded before. Why should I worry now?" Comments like these can be heard frequently when discussing flood insurance. However, changes in a watershed can influence flooding potential. Because of development, flood zones can change. Increased numbers of impervious surfaces, such as parking lots, roads, and buildings, allow less water to be absorbed into the soil, thus creating more stormwater runoff that can potentially cause more downstream flooding.

FIRMs are used for floodplain management and for insurance purposes. A FIRM shows a community's base flood elevations, flood zones, and floodplain boundaries. Because of changes in the community or in the watershed, FIRMs are periodically updated. Only the most recently updated map for a community is in effect.

Anyone can view or purchase FIRMs on the FEMA Map Services Center Web site at www.fema.gov/business/nfip/mscjumpage.shtm. On FIRMs, Special Flood Hazard Areas and high risk zones (zones starting with the letters A or V) are darkly shaded on the map, and low to moderate risk zones (starting with the letters B, C, or X) are lightly shaded or not shaded at all. The following sample FIRM illustrates this shading. Zone AE is darkly shaded and labeled; Zone X has both light shading and no shading and is labeled. These labels have been circled on the sample FIRM for illustration.



Coverage

Flood insurance through NFIP covers loss of property caused by flood damage. NFIP also covers flood debris cleanup costs and replacement of floor surfaces. It does not cover water damage resulting from wind damage, such as water damage caused because a roof was damaged by winds. Supplemental coverage that covers loss of personal property or contents to a specified limit is also available.

Residential one- to four-family unit dwellings and residential buildings containing more than four units are eligible for up to \$250,000 in building coverage and \$100,000 in personal property coverage. Nonresidential buildings (schools, churches, businesses, etc.) are eligible for up to \$500,000 in building coverage and \$500,000 in personal property coverage. Building coverage and personal property coverage policies have separate deductibles.

Items Covered by Flood Insurance (from www.floodsmart.gov)

Covered:

- Insured building
- Built-in appliances and central air
- Permanently installed paneling, wallpaper, cabinets, and carpets
- Garage
- Limited coverage for basements
- Debris removal
- Contents, if contents coverage has been purchased

Not covered:

- Vehicles
- Decks
- Land and fences
- Plants
- Animals
- Currency
- Boats
- Swimming pools

For structures located in low to moderate flood risk zones, the Preferred Risk Policy is also available, but some exclusions apply. Coverage for the Preferred Risk Policy is as follows:

- **Homeowners** – a minimum of \$20,000 building and \$8,000 contents coverage for \$112 per year (\$25 more if there is a basement).
- **Renters** – \$8,000 contents coverage for as little as \$39 per year.
- **Business owners** – \$50,000 building and \$50,000 contents coverage (per building) for \$500 per year.
- Business owners who lease their space – \$50,000 contents coverage for \$112 per year.

Approximately 25 percent of claims paid by the NFIP are for policies in low or moderate flood risk zones.

Purchasing Flood Insurance

Contact your homeowners' insurance agent to purchase flood insurance. If he or she is unfamiliar with the program, you can find agents in your area at www.floodsmart.gov/floodsmart/pages/agentsearch/searchform.jsp.

Depending on the location and age of the structure, a Certificate of Elevation may be required to purchase flood insurance. A Certificate of Elevation is required if the structure was built after December 31, 1974, or is in a high-risk flood zone. Contact a licensed land surveyor to have a certificate completed.

Renters are eligible to purchase flood insurance to cover the contents of their residences.

Conclusion

Investigate whether you need flood insurance coverage, regardless of the proximity of your home or business to a body of water. It is an inexpensive option that may save you – property owners and renters – problems in the long run.

Some information in this publication has been provided by the South Alabama Regional Planning Commission.



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For more information, call your county Extension office. Look in your telephone directory under your county's name to find the number.

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