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## FLOOD TALKING POINTS

- Background

- National Flood Insurance Program (NFIP) administered by FEMA.
- 2012 year end NFIP deficit was \$28 billion
- All flood carriers have the same rates.
- Changes in flood rules and rates were added at the last minute to a labor bill.

- Properties Affected

- Commercial and residential properties issued with pre-firm rates.
- The pre-firm program was developed for properties located in a 100 year flood plain (A and V Zone) and built prior to flood maps and flood regulations being implemented for the community where the property is located. An elevation certificate was not required and rates were subsidized.
- B, C and X zone rated policies built prior to pre-firm dates below are not considered pre-firm rated properties. These policies receive preferred rates with FEMA due to the less hazardous flood zone.

- Key Dates

- Pre firm dates for the Savannah area:
  - City of Savannah-5/21/1971
  - Chatham County-8/01/1980
  - Tybee Island-1/14/1972
- The law technically went into effect on 7/06/12 so any real estate purchase on or after this date and rated as pre-firm will be non-renewed and a new elevation certificate will be required for renewals on or after 10/01/13.

- Impact of law on Pre-firm rated properties

- Renewals of primary home (must reside 80% or more to be eligible for primary) pre-firm policies will see a rate increase of 16% for this rate cycle.
- Do not let your pre-firm flood policy lapse!** Even if your flood insurance is paid via escrow, if a pre-firm policy lapses for any reason the policy cannot be reinstated and a new elevation certificate will be required.
- If you sell your pre-firm rated property the policy can no longer be assigned to the buyer. This is a huge change in the law and will have profound financial impact on certain real estate transaction involving pre-firm properties. The buyer will need to purchase an elevation certificate and the property is rated accordingly.

-Non-primary home pre-firm renewals (non-primary is defined as house you live in less than 80%) will see a 25% rate increase until the full risk rate is charged (NFIP will not tell us what the full risk rate is so this increase could be charged for several years)

-If you assign a pre-firm policy to a family trust or estate the pre-firm policy can be maintained

-Speak with a survey company, such as our own Mark Mobley's EMC firm, about processing an elevation certificate on your pre-firm property. It may be worth the cost to have this processed with the possibility you can move out of the pre-firm program.

- Post firm properties

-Commercial or residential properties built after the above pre-firm dates

-Post firm policies can still be assigned to new buyer

-Rates increase will average 6% for A zones and 11% for V zones

-Grandfathering is still available for post firm properties

-Expect some Chatham County map changes as early as Summer 2014.