



MARYLAND DEPARTMENT OF THE ENVIRONMENT

Flood Insurance for Marylanders

The National Flood Insurance Program (NFIP) was enacted by the Federal government in 1968 to facilitate citizens' access to affordable flood insurance and shift the burden of private property flood losses from taxpayers to floodplain property owners. The program is also designed to guide development away from flood hazard areas and requires new design and construction to be carried out in a way that minimizes or prevents flood damage.

The program is a partnership between Federal, State, and local governments and citizens. To participate in the NFIP, State and local governments must enforce floodplain development rules and regulations created by the Federal Emergency Management Agency (FEMA). By adhering to these guidelines, State and local governments help to ensure their residents are able to obtain affordable, federally backed flood insurance. If everyone follows the NFIP rules in a participating community, citizens enjoy the benefit of affordable flood insurance.

Many Marylanders think it is difficult to get flood insurance, or perhaps that they are not eligible. Many



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also think the Federal government will bail them out if they are struck by a flood disaster. The fact is, most flood events are localized and a Federally declared disaster is not declared.

The following are some frequently asked questions about flood insurance to help you recognize the difference between homeowners insurance and flood insurance, and make an informed decision to protect yourself from a devastating financial loss in the event of a flood.

The Facts About Flood Insurance

I already have homeowners insurance. Do I need flood insurance, too?

Homeowners insurance does not cover flood damage. A house in a high-risk flood area has a 26 percent chance of flooding during a 30-year mortgage period, versus only a 4 percent chance of catching on fire.

I'm not sure if I have flood insurance. How can I find out?

Homeowners insurance does not cover flood damage; therefore, flood insurance would have been purchased as a separate policy. If you're still not sure if you have it, contact your insurance agent.

What is covered by flood insurance?

Buildings and contents are typically covered; however, separate policies are required for high-risk flood areas. For residential buildings, maximum coverage is \$250,000 for the structure and \$100,000 for its contents.

How much does flood insurance cost?

Flood insurance can cost as low as \$129 per year for a Preferred Risk Policy, available in medium- to low-risk areas, depending on the level of coverage chosen. Rates are based on the level of flood risk posed to the property.

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Am I required to purchase flood insurance?

If your home is in a high-risk flood area and you have obtained a mortgage through a federally regulated or insured lender, you are required to purchase flood insurance.

I don't live in a high-risk area. Why do I need flood insurance?

All areas are susceptible to flooding to varying degrees. If you live in a moderate- to low-risk flood area, it is advisable to have flood insurance. Between 20 and 25 percent of the NFIP's claims come from outside high-risk flood areas.

I live in a low-risk area. Will I pay the same rates as those in a high-risk area?

Property owners in moderate- to low-risk areas should ask their insurance agents if they are eligible for the Preferred Risk Policy, which provides inexpensive flood insurance protection.

If I live in the floodplain, will I be able to get flood insurance?

Everyone living in a NFIP-participating community can receive affordable NFIP flood insurance, whether they live inside or outside the designated floodplain.

Can "grandfathering" save me money?

As a result of the change from Flood Insurance Rate Maps (FIRMs) to updated Digital FIRMs (DFIRMs), your property may change from low-risk to high-risk. Therefore, you will likely be required to protect your building and its contents with flood insurance—even if you don't have a mortgage, and received Federal financial assistance following a Presidentially declared disaster. Flood insurance rates for high-risk areas are higher, but it's possible to save money with the NFIP Grandfather Rule. For information about the transition to DFIRMs and to determine your current and future flood risk, please visit Maryland's Flood Risk Guide at www.MDFloodMaps.com.

To take advantage of grandfathering, obtain a flood insurance policy before the new maps take effect. You'll likely qualify for a Preferred Risk Policy. On renewal, you will qualify for the standard rates associated with moderate- to low-risk zones, rather than high-risk zones, and this could add up to significant savings. To lock in the lower rate, act now. You must purchase flood insurance before the new maps become effective; otherwise, the property will be rated using the high-risk flood zone on the new DFIRM.

What if my property is currently mapped as high-risk, but is downgraded to moderate- or low-risk?

If you have a federally backed loan, it's possible that your lender may no longer require you to carry flood insurance. However, that doesn't mean you no longer have a risk of flooding. In fact, one out of every four flood claims come from these lower-risk areas.

The NFIP has created an easy way to convert your policy to a lower-cost Preferred Risk Policy. You can receive a refund for the difference paid from your existing policy without a lapse in coverage. Ask your insurance agent for more details.

Where can I find additional information?

If you have additional questions or are a renter or condo owner looking for answers to specific questions, we encourage you to visit www.FloodSmart.gov, the official Web site of the NFIP.

Next Steps

Talk to your insurance agent about your flood insurance options. Start by contacting the agent who handles your homeowners or renters and car insurance policies. If the agent cannot help you, chances are, he or she will be able to recommend someone who can. Getting a quote and initiating a flood insurance policy is simple, and the cost can be as low as \$129 per year depending on the location of your property and your flood risk. Remember that flood insurance cannot replace items like family photos, but it can help you get back on your feet if your home is damaged by a flood. Call your insurance agent today.

For More Information

For more information, including information about public meetings to be held in your county, please visit MDE online at www.MDFloodMaps.com.

For more information about flood insurance and to locate an agent near you, visit www.FloodSmart.gov.



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