

NEW CONNECTICUT FLOOD MAPS - 2010 & 2011

We have been informed by The Connecticut Association of REALTORS® of the upcoming flood map changes in Connecticut as it may be of great interest to real estate agents. The municipalities in Fairfield, New Haven and New London counties will be receiving new flood insurance rate maps from the Federal Emergency Management Agency (FEMA) in 2010 and 2011. Below are important dates to keep in mind in conjunction with these map changes:

Fairfield County - New flood maps will become effective on June 18, 2010

New Haven County - New effective maps scheduled for November 4, 2010*

New London County - New effective maps scheduled for May, 2011*

**tentative date, subject to change*

With these new flood maps, structures that have never been included in the mapped floodplain may now be included. Sellers should be urged to check these new maps prior to sale. This will be important information during property transfer. The purchase of flood insurance is a federal requirement as a condition of a mortgage if the structure is located in a mapped floodplain.

Attached is a factsheet that was developed for insurance agents that may provide some information on this topic.

FEMA's website also contains information that is geared especially for real estate agents. See links below:

Outreach Tool Kit for Real Estate Professionals:
<http://www.fema.gov/library/viewRecord.do?id=2805>

Q&A about Flood Insurance for Real Estate:
<http://www.fema.gov/library/viewRecord.do?id=1005>

Savings on Flood Insurance: Grandfathering:
<http://www.fema.gov/library/viewRecord.do?id=2497>

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In 2010 and 2011, three Connecticut counties will receive new, effective digital flood insurance rate maps (FIRM) from the Federal Emergency Management Agency (FEMA). The three counties which will be subject to the new maps are Fairfield, New Haven and New London Counties. Final and tentative map dates are given below.

County Effective Date of new Digital
Flood Insurance Rate Maps (FIRM)

Fairfield June 18, 2010

New Haven November 4, 2010*

New London May 2011*

*tentative date, yet to be finalized

All counties do not have the same resources to get the word out on these time lines. Agents should make their clients aware that the changes are about to take place. Remember only banks can force the sale of insurance by Connecticut Statue. But after the maps go into effect the cost to the consumers can be dramatic.

Those communities which are GIS affiliated have the capability to overlay the maps to the townships assessors records. This is not the case with all communities.

With the map changes, many homeowners and commercial properties will be remapped into the Special Flood Hazard Area (100- year floodplain). Others may just find themselves coming out of the special floodplain hazard area. It is suggested that we as agents notify clients of these upcoming changes. The key drivers are the early communication tools, expiration listings and agency websites. The message is to push that the new flood changes will have significant financial ramification for the property owner. The best way to protect the client is for them to become grandfathered prior the dates of change. After the date of change the banks can enforce their statutory rights and the clients will not have recourse to go back in time.

What is Grandfathering? If the consumer is notified prior to the changes and buys a policy they are going to be locked into the lower rate prior to change. Timing is everything. That being said, both the agent and the client need to be careful on the presentment of payment to the NFIP if paying by check. If a check is mailed, it can become a major problem of concern. The date of payment (as defined in the Flood Insurance manual: is the date of receipt of the premium at the office of the NFIP or the date of certified mail). We strongly suggest the payment be made by credit card if the policy is taken out two weeks or less before the date of

map change. Again, if paid by check and it is cashed after the date of change the “presentation of payment” definition can be an embarrassment.

A FEMA fact sheet on grandfathering can be provided to homeowners at: <http://www.fema.gov/library/viewRecord.do?id=2497>.

Premiums will increase at renewal. If a homeowner is looking to purchase a flood insurance policy in order to utilize the grandfathering option, a Preferred Risk Policy (PRP) can be written if the structure lies in a B, C, or X zone. These policies are less than \$500 (structure and contents). Upon renewal usually after one year, and after the new flood maps become effective, the PRP policy will be converted to a Standard Flood Policy (SFIP). The policy will continue to maintain the grandfathered flood zone as long as coverage does not lapse (policies can be transferred from one owner to another so long as it was continually renewed). This in and of itself can be significant. It is a good thing to inform ones realtor that the policy becomes marketable instrument for the listing.

Even though the premium for a PRP can double or triple from the same B, C, or X zone, it is paramount to remind the homeowner it will be a far cry from that of an A, AE or VE zone.

Also, it is a misnomer that you need to purchase the policy with a 30 day waiting period when confronted with a map change. In fact, a client can purchase the day before by way of the credit card to ensure grandfathering. The policy will become effective in 30 days using the “grandfathered zone” from the old map.

The site is www.fema.gov/business/nfip/hilsboagents.shtm. It is strongly recommended that the client be the primary one to view the map changes with the town officials so as to limit any possible vicarious liability to the agency or the staff.

Remember over twenty five percent (25) of the aggregate flood claims come outside of the special flood hazard zones and every property, commercial and personal, qualifies for a flood policy.