



Unmapped Areas on Flood Hazard Maps

Understanding Zone D

BACKGROUND

Flood hazard maps, also known as Flood Insurance Rate Maps (FIRMs), are important tools in the effort to protect lives and properties in communities across the nation. By showing the extent to which areas of a community and individual properties are at risk for flooding, these flood maps help residents and business owners make better financial decisions about protecting their property.

However, flood risks are dynamic and can change over time. Water flow and drainage patterns can be altered dramatically due to surface erosion, land use, and natural forces. As a result, flood maps for those areas may no longer accurately portray the current flood risks. Consequently, the Federal Emergency Management Agency (FEMA) has been updating the nation's flood maps using the latest data gathering and mapping technology and new flood maps are being issued nationwide.

UNDERSTANDING ZONE D

The level of flood risk is indicated on the flood map by a letter. For example, flood zones labeled with the letters B, C or X represent moderate- and low-risk areas. Flood zones identified by the letters A or V represent high-risk areas, known as Special Flood Hazard Areas (SFHAs). On some flood maps, there may also be a zone labeled with the letter D. The Zone D designation is used for areas where there are possible but undetermined flood hazards, as no analysis of flood hazards has been conducted. The designation of Zone D is also used when a community incorporates portions of another community's area where no map has been prepared.

Flood insurance is available in Zone D and property owners should be encouraged to purchase it. However, flood insurance is not federally required by lenders for loans on properties in these zones. Although these areas are often undeveloped and sparsely populated when designated as Zone D, lenders may become aware that new development in such areas has increased the possibility of property damage from flooding. Consequently, they may require coverage as a condition of their loans, even though it is not federally required.

Flood insurance rates for properties in Zone D are commensurate with the uncertainty of the flood risk. Consequently, as seen in the table below, the Zone D premiums can be higher than a standard low-risk X zone premiums and significantly higher than the Preferred Risk Policy (PRP) premiums. If an area is being remapped and properties are going from Zone B, C, or X to Zone D, the insurance agent should determine if grandfathering the existing low-risk zone for future rating will provide a lower premium than using the new Zone D premium. Also, since Zone D is not considered an SFHA, a property that was designated in Zone D on the previous map and is newly designated in an SFHA by a map revision effective may be insured under the PRP based on the 2-year PRP eligibility extension. More details on grandfathering and PRP Extension can be found at www.fema.gov/library/viewRecord.do?id=3745.

Premium Comparison (October 1, 2011 Rates)

| FIRM Date*/Building Type | Preferred Risk Policy (Zone B, C, X) | Standard Rates (Zone B, C, X) | Standard Rates (Zone D) |
|--------------------------------|---|----------------------------------|----------------------------|
| Pre-FIRM Home** | \$211 | \$778 | \$575 |
| Post-FIRM Home** | \$211 | \$778 | \$952 |
| Pre-FIRM Manufactured Home*** | \$211 | \$778 | \$575 |
| Post-FIRM Manufactured Home*** | \$211 | \$778 | \$1,197 |

*Pre-FIRM buildings are constructed prior to 12/31/74 or the effective date of the initial flood map; Post-FIRM buildings are constructed on or after the effective date of the initial flood map

**Based on \$50,000 in building and \$20,000 in contents coverage; single family home on a slab with no garage; \$1,000 deductible for building and for contents for Zone B, C, X and post-FIRM D; \$2,000 deductible for pre-FIRM Zone D

***Based on \$50,000 in building and \$20,000 in contents coverage; permanently affixed to a lot with no enclosure; \$1,000 deductible for building and for contents for Zone B, C, X and post-FIRM D; \$2,000 deductible for pre-FIRM Zone D

To learn more about flood insurance coverage and options, visit www.FloodSmart.gov. For more information about FEMA's latest mapping initiatives, visit www.fema.gov/plan/prevent/fhm/index.shtm.