

THE PRP EXTENSION AND FLOOD INSURANCE RATE MAPS

A recommended procedure for community officials

From the time FEMA or your State contacted you concerning their efforts to update your Flood Insurance Rate Maps (FIRMs), you knew that changes were coming. The new maps could result in areas being taken out of or put into the Special Flood Hazard Area (SFHA). Up until now, except for legal notices that go into newspapers, many communities waited until the new maps became effective or for lenders to notify people about flood insurance requirements. But with the advent of the new Preferred Risk Policy Extension (PRPE), communities may have to be proactive and spread the word about flood risk and insurance before maps become effective; residents will thank you for the savings your actions will garner them.

Step 1. When to Start

Communities should notify affected public as soon as they receive a hard copy of the preliminary FIRMs from FEMA. By overlaying the new digital maps on an aerial base map you have enough information to identify those sites that may be affected by the new maps. Some homes will be shown in the SFHA and some will no longer carry that high-risk designation. By comparing the older FIRM with the Preliminary FIRM you can identify these sites. Then, by looking at your community's street maps or assessor's maps, you can identify the individual properties and notify specific owners or renters to attend the open house meeting, look at the maps and obtain information on the Preferred Risk Policy, the Preferred Risk Policy Extension and Grandfathering. You can also obtain copies of this information by going to the following websites:

1. *Preferred Risk Policy:* <http://www.fema.gov/library/viewRecord.do?id=3907>
2. *Preferred Risk Policy Extension:*
http://www.floodsmart.gov/floodsmart/pages/prp_extension_information.jsp (Go to fact sheet and click on PDF)
3. *Grandfathering:*
http://www.floodsmart.gov/floodsmart/pages/flooding_flood_risks/grandfathering.jsp. (Go to this link and click on grandfathering rules for a handout)

Step 2. Take action

Once FEMA notifies a community of the 90-day appeal period, you have reached the next point to provide a notification to property owners that they should take action. You can notify the property owners when the appeal period is over or, if you believe that the FIRMs will not be changed due to a valid appeal, you can notify the individuals that they should consider purchasing flood insurance to tie in "grandfathered" rates. This will give them a six- to nine-month window to purchase a flood insurance policy and lock in the B, C or X Zones that will be used for insurance rating purposes once the two-year Preferred Risk Policy Extension period expires. Once they realize what they will pay at a B, C, or X-Zone rate versus an A-Zone rate, you will be their hero.

Step 3.

You may wish to add a third step by notifying those who were removed from the SFHA on the revised FIRM. If their policy was a voluntary purchase policy, they can decide whether they want to continue to carry the policy or convert it to a lower cost PRP policy; homeowners need to speak with their agent about PRP qualifications. If the property owners have a loan with a for loans from federally regulated lenders, then they must have an approval from their lender in order to modify or cancel their policy. It is recommended that you encourage the property owners not to drop their policy completely, but to convert it to a PRP or B, C, X-Zone policy to continue some form of protection for a building near a SFHA. You should remind homeowners that floods don't stop at lines on maps.

Additional Information

There are other sources you can turn to for flood insurance questions when the revised maps are coming out. First and foremost is the National Flood Insurance Program State Coordinator for your State. The State Coordinator's have begun to put information together on the "Preferred Risk Extension" and "Grandfathering."

The Second source of information is FEMA's FloodSmart website. You can access it by going to www.floodsmart.gov. There is information for residents, insurance agents, and businesses on this site.

The third source is the National Flood Insurance Program's Bureau and Statistical Agent Region V Regional Program Manager's Office. You can contact this office by calling 312- 596-6728.

The fourth source is FEMA Region V. Each state has a Floodplain Management and Insurance Specialist and a Risk Analysis Specialist. You can contact them by calling 312-408-5200.