

Santa Cruz County Flood Maps Are Changing

What Insurance Professionals Need To Know



Important changes to the Santa Cruz County flood hazard maps are underway. As floodplain boundaries change, your clients will likely turn to you to help them with decisions about protecting their property and other assets. The changes may also affect your own business, so be sure to stay informed.

County Flood Maps Are Changing

In September 2008, Santa Cruz County Flood Control District released new preliminary flood hazard maps, known as Digital Flood Insurance Rate Maps (DFIRMs), for all of Santa Cruz County. The new DFIRMs show the extent to which areas of the county are currently at risk for flooding. The remapping effort—part of FEMA’s nationwide flood map modernization effort—was necessary because the flood hazard and risk information shown on the flood maps was seriously outdated. The maps now in force were developed during the 1970s. Since then, the physical terrain has changed, new land development has occurred, and mapping and modeling technology has significantly improved.

Know The Effects and The Flood Insurance Options

While the DFIRMs may not become effective for another 12 months or more, it is important for insurance professionals to understand the effects that these map changes have on flood insurance requirements and what options are available for their clients.

Properties may be mapped into higher risk zones, have changes in their Base Flood Elevation (BFE), be mapped into lower risk zones, or remain in the same zone. Insurance professionals need to properly educate property owners about these map changes, how they affect the flood insurance requirements, and the insurance options available.

Grandfathering Could Save Your Clients Money

If a building is mapped into a high-risk zone (noted on the flood maps with the letter “A”) and there is a mortgage on the property through a federally regulated or insured lender, flood insurance will be federally required. If a property is already in a high-risk area, its base flood elevation may change. Either of these changes could result in higher flood insurance premiums.

The National Flood Insurance Program (NFIP) provides a lower-cost flood insurance option known as “grandfathering.” Grandfathering is available for property owners who:

- have a flood insurance policy in effect when the new DFIRMs become effective and then maintain continuous coverage, or
- built in compliance with the FIRM in effect at the time of construction.

Because these “grandfathered” insurance rates may be less than the rates for the zone shown on the new DFIRM, it is important to compare both when discussing insurance options.

Conversion Keeps Clients Protected

Some properties may be mapped into a low- or moderate-risk zone (shown on the new DFIRM as an “X” or shaded “X” zone). Federal requirements for the mandatory purchase of insurance are lifted, though some lenders may continue to require coverage. Property owners should be reminded that the risk has only been reduced, *not removed*. They can maintain coverage by converting their current policy to the lower-cost Preferred Risk Policy (PRP). This conversion is backdated to the current policy’s effective date and then the cost of the PRP is deducted from the original premium paid. So, no additional funding is

required from the insured and it typically results in a refund of premium. The NFIP also allows agents to keep the commission on both policies. With premiums starting as low as \$119 a year, a PRP offers significant cost savings while still providing coverage and the benefit of protection.

A New Vertical Datum Is Being Used

As part of the nationwide Map Modernization effort, the new DFIRMs are using a new vertical datum as the base for all elevations (NAVD88). This datum is a much more accurate one than the almost 80-year old one used for the previous flood maps (NGVD29). As a result, a building's base flood elevation could show one measurement on the old map (i.e., 75') and another measurement on the new map (i.e., 78') and its actual elevation will not have changed. So, before grandfathering a property where elevation is involved, make sure the elevation on the elevation certificate and the base flood elevation on the FIRM both use the same vertical datum. If you have to use two different datums, there are conversion factors that can be obtained from the Santa Cruz Flood Control District.

Stay Informed

Knowing when and where map changes are occurring allows insurance professionals to properly educate their clients on the insurance options available. Prepare by staying in contact with local officials and periodically visiting the Santa Cruz County Flood Control District website at http://www.co.santa-cruz.az.us/public_works/flood_control.html. The preliminary maps can be viewed at <http://www.co.santa-cruz.az.us/flood/DFIRMS/dfirms.html> or <http://sccaz-assessor.org/Floodplain>. The maps are also available for viewing at the District's office, the City of Nogales Public Works Department, and the Town of Patagonia Clerk's Office. Questions can be directed to the District office by calling 520-375-7830 during business hours (Mon–Thurs, 8:00 am – 5:00 pm).

For an insurance agent or company to learn more about flood insurance, visit <https://Agents.FloodSmart.gov>. For specific rating information about grandfathering, review pages RATE 22-24 in the NFIP Producer's Manual (<http://www.fema.gov/pdf/nfip/prodmanual200810/05rate.pdf>). For specific information about converting a standard rated policy to a PRP, review Section XII (page PRP 6) of the PRP chapter of the NFIP Producer's Manual (<http://www.fema.gov/pdf/nfip/prodmanual200810/09prp.pdf>).
