PROACTIVE WAYS TO PREPARE YOURSELF AND YOUR CUSTOMERS FOR FLOOD ZONE CHANGES.
# UNDERSTANDING FLOOD ZONE REMAPPING

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UNDERSTANDING FLOOD ZONE REMAPPING

FEMA is conducting a nationwide, flood zone remapping project that may affect you and your customers. The Hartford is committed to making flood zone remapping easier to understand. That’s why we created this handy guide. It’s designed to help you:

- Understand the remapping process
- Prepare your customers for potential changes to their flood risk and insurance policy
- Protect your customers from unnecessary extra costs
- Protect yourself from additional E&O exposure
- Find current remapping information
- Work through conversion processes

WHAT IS FLOOD ZONE REMAPPING?

The FEMA Remapping project (also called Map Modernization) is a multi-year initiative that will update flood zone maps in more than 20,000 communities across the country. To accomplish this, FEMA is working closely with various associations and private sector partners to produce detailed, digital flood hazard maps (known as Digital Flood Insurance Rate Maps, or D-FIRMS). These updated maps will:

- Help National Flood Insurance Program communities manage flood risks and disaster recovery more efficiently
- Provide accurate information for residents, business owners and other key stakeholders to make choices regarding personal and financial protection

WHY IS IT HAPPENING?

Because landscapes continually change, the risk of flooding changes, too. That means that some property owners may not be aware of the significant change in their risk factor. Remapping is an effort to maintain accuracy in evaluating those risks.
SOME FACTORS THAT FEMA EVALUATES AS PART OF REMAPPING

**BUILDING DEVELOPMENT:** Construction and development can change the natural drainage and create brand new flood risks. This may include:
- Land clearance
- Paving (strip malls, parking lots)
- Landscaping
- Pools

**WEATHER PATTERNS:** Frequency and severity of precipitation patterns can change, increasing the risk of flooding due to:
- Hurricanes and tropical storms
- Flash floods

**EROSION:** Resulting from hurricanes and severe storms, erosion may cause lasting changes to the surface of the earth, increasing the risk of flooding due to:
- Mudflow (not mudslide)
- Storm surge

**OTHER NATURAL FORCES:**
- Wildfires
- Spring thaw
- Other natural events

**FLOOD CONTROL INFRASTRUCTURE:** The strength of dams and levees can change over time due to decay, changing the risk factor for flooding.

WHEN WILL IT OCCUR?
Remapping is occurring now and will continue for years. There's usually a period of one to two years between the time the new “preliminary” maps are issued and the time that they’re implemented. This should provide adequate time to talk with your customers, review their options and help secure the coverage they need to protect their property.

HOW WILL IT AFFECT MY CUSTOMERS?
With remapping of flood zones, risk designations change, and so do the opportunities for loss. That means some of your policyholders may be remapped into either lower-risk zones, or higher-risk zones, and that they may need to be converted to different rate structures for their flood insurance. Here’s a snapshot of how this works.

**IF REMAPPED TO A HIGHER-RISK FLOOD ZONE**
If your customer holds a mortgage, the lender will require mandatory flood insurance. This requirement applies to all federally regulated lenders and government-sponsored enterprises, such as Freddie Mac and Fannie Mae.

- **BE PROACTIVE:** Secure coverage ahead of the remapping effective date to help your customers:
  - Avoid force-placed coverage
  - Determine eligibility for grandfathering or for the rates for properties Newly Mapped into the SFHA.
IF REMAPPED TO A LOWER-RISK FLOOD ZONE
Your customers may think they don’t need flood insurance anymore.

• **BE PROACTIVE:** Explain to your customers that:
  • Their risk of flooding is reduced, but not eliminated.
  • Their lender may no longer require them to carry flood insurance, but it’s in their best interests to convert their existing policy to a PRP to maintain coverage, if they are eligible.
  • They may be eligible for reduced insurance rates, and may receive a refund.
  • Use marketing materials provided by [HARTFORDFLOODONLINE.COM](http://HARTFORDFLOODONLINE.COM) and [FLOODSMART.GOV](http://FLOODSMART.GOV).

HOW WILL IT AFFECT ME?
GOOD E&O RISK MANAGEMENT IS IMPORTANT
As an insurance professional, you know that the nature and dimensions of risk change, which in turn affects the potential exposure to claims.

It’s important to keep current with these changes and offer appropriate coverage. Our tools and guides are designed to help you exercise good E&O and business risk management practices. Doing so can benefit both you and your customers.

If your customer declines coverage, take advantage of the waiver located on [HARTFORDFLOODONLINE.COM](http://HARTFORDFLOODONLINE.COM).

IMPORTANT WAYS TO HELP PROTECT YOURSELF
The chart below outlines actions you should take in each circumstance.

<table>
<thead>
<tr>
<th>WHY YOU MAY BE AT RISK</th>
<th>HOW TO PROTECT YOURSELF</th>
<th>ACTIONS TO TAKE</th>
</tr>
</thead>
<tbody>
<tr>
<td>FLOOD ZONE REMAPPING</td>
<td>Understand the changes</td>
<td>Engage The Hartford at <a href="http://HARTFORDFLOODONLINE.COM">HARTFORDFLOODONLINE.COM</a> or call 1-800-303-5663</td>
</tr>
<tr>
<td></td>
<td>Know who is impacted</td>
<td>Check your agency management system</td>
</tr>
<tr>
<td></td>
<td>Know how they are impacted</td>
<td>Order a new flood map through <a href="http://HARTFORDFLOODONLINE.COM">HARTFORDFLOODONLINE.COM</a></td>
</tr>
<tr>
<td></td>
<td>Counsel the client on the change</td>
<td>Contact the client</td>
</tr>
<tr>
<td>OFFERING COVERAGE</td>
<td>Explain to the client that flood coverage isn’t included in most standard property policies</td>
<td>Do this when offering the policy</td>
</tr>
<tr>
<td></td>
<td>Explain the risk of having no flood coverage</td>
<td></td>
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<tr>
<td></td>
<td>Consider coverage needs</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Run quote, then:</td>
<td>• Quote using <a href="http://HARTFORDFLOODONLINE.COM">HARTFORDFLOODONLINE.COM</a> or call 1-800-303-5663</td>
</tr>
<tr>
<td></td>
<td>• Quote the client based on replacement cost</td>
<td>• For excess coverage, quote on <a href="http://HARTFORDFLOODONLINE.COM">HARTFORDFLOODONLINE.COM</a></td>
</tr>
<tr>
<td></td>
<td>• If replacement cost is over the NFIP limits of coverage, counsel on excess coverage</td>
<td></td>
</tr>
<tr>
<td></td>
<td>If client declines flood coverage, have them sign a waiver</td>
<td>Obtain waiver when quoting at <a href="http://HARTFORDFLOODONLINE.COM">HARTFORDFLOODONLINE.COM</a></td>
</tr>
</tbody>
</table>
UNDERSTANDING THE REMAPPING PROCESS

You can be proactive in seeking information about your community’s remapping process. You may not necessarily be notified that it’s taking place. Here are the steps to the remapping process.

1. PROJECT SCOPING OR DISCOVERY – This is the initial FEMA involvement and meeting, which includes local officials and map contractors.
   - The project is outlined.
   - A schedule is developed.
   - A document detailing the scope of the study is signed by the community and state.

2. DATA/MAP DEVELOPMENT – Photos, topography, field surveys and engineering data are gathered to prepare a preliminary Flood Insurance Rate Map (FIRM).

3. PRELIMINARY RELEASE – The preliminary Flood Insurance Study (FIS) and FIRM are issued to communities and community officials to complete a 30-day review.
   - Public participation begins, which includes an open house for the public to view maps and to ask questions of state officials and FEMA.
   - Changes are published in the local newspapers and the 90-day appeals period begins. A property owner can appeal or protest the new Base Flood Elevation or flood zone, but can only do so using technical or scientifically-based data.
   - Released preliminary FIRM information can be viewed at the FEMA Map Service Center website.

4. LETTER OF FINAL DETERMINATION (LFD) AND ADOPTIONS –
   - This is issued by the state and FEMA. The adoption of the flood maps must be passed within six months of the LFD date or the community may be suspended by the NFIP. You can view FEMA’s LFD site to see map changes and release dates in your area.

5. DATE OF EFFECTIVE FLOOD MAP – Once the six-month period is over and the community has adopted the new flood maps:
   - The maps will be released.
   - The final map information will be available for viewing on FEMA’s Map Service Center website.
   - The new information also will be available on flood zone determinations.
EXAMPLE OF KEY EVENTS DURING THE REMAPPING PROCESS

<table>
<thead>
<tr>
<th>Community Name</th>
<th>Prelim Date</th>
<th>Appeal Start</th>
<th>Appeal End</th>
<th>Actual LFD Date</th>
<th>Effective Date</th>
</tr>
</thead>
<tbody>
<tr>
<td>NORFOLK, CITY OF</td>
<td>03/31/2008</td>
<td>03/31/2008</td>
<td>12/25/2008</td>
<td>03/02/2009</td>
<td></td>
</tr>
</tbody>
</table>

Source: FEMA’s MIP Ad Hoc Reporting System (MARS)

FLOODSMART.GOV

FORCED PLACEMENT AND ESCROWED PAYMENTS

The 1973 Act mandated flood insurance coverage for properties located in special flood hazard areas (SFHA). As a result, federally regulated lending institutions cannot make, increase, extend, or renew any loan secured by improved real property located in a SFHA unless the secured building and any personal property securing the loan is covered for the life of the loan by a flood insurance policy.

A Mortgage Portfolio Protection Program (MPPP) policy can be force-placed by lending and servicing industries at a higher premium to bring mortgage loan portfolios into compliance. It’s important for you and your customers to understand that, when they are force-placed in MPPP:

• Their flood insurance payments will be automatically withdrawn from their accounts.
• Payments will only end when they provide proof that they have purchased their own flood insurance policy.

WHEN CUSTOMERS ARE REMAPPED TO A LOWER-RISK ZONE

CONVERTING A LOWER-RISK POLICY TO A PREFERRED RISK POLICY (PRP)

One possible result of remapping is that your clients may be rezoned to a lower-risk category from an existing standard flood policy. In that case, they may qualify for conversion to a PRP and a refund of some premium.

The PRP offers multiple coverage combinations for both buildings and contents that:

• Are located in moderate- to low-risk areas (B, C and X Zones) for residential or non-residential buildings

• Meet eligibility requirements based on the building’s entire flood loss history

CONDO ELIGIBILITY FOR THE PRP

• **Eligible:** Individual residential condominium units in residential condominium buildings
• **Not eligible:** Residential condominium associations
IDENTIFYING NEWLY ELIGIBLE PRP CUSTOMERS AND THE CONVERSION PROCESS

You may be alerted of a map change by:

• Your policyholder
• The media
• Staying up to date by viewing the Map Update Schedule, viewing preliminary and newly released Maps For Your Area, or by registering with FEMA’s Map Service Center to receive Map Change Updates in your area

If your customer is affected by a change from a high-risk area (SFHA) to a lower-risk area (non-SFHA), they may be eligible for a conversion to a Preferred Risk Policy (PRP).

PRIMARY CONSIDERATIONS TO QUALIFY FOR A PRP

1. Is the building in a B, C or X Zone on the effective date of the policy? If not, they don’t qualify.

2. Did one of the following conditions exist within any 10-year period (regardless of any changes in the ownership of the building)? If yes, they don’t qualify.
   • Two flood insurance claim payments, each more than $1,000

If the property meets the PRP criteria, the policy may be automatically converted by the Flood Processing Center. You can also contact them directly at 800-303-5663.

WHEN A PRP MAY NOT BE BENEFICIAL OR POSSIBLE

• Due to a specific rating of the current policy using an Elevation Certificate, a conversion to a PRP may not be beneficial.
• Due to the loss history of the property (see above criteria), a change to a PRP may not be possible.

EDUCATING AND RETAINING YOUR NEWLY ELIGIBLE PRP CUSTOMERS

Your customers who are now in a lower-risk zone may be under the false impression that they don’t need flood insurance. As their trusted agent, it’s important for you to educate them about the need for continued flood insurance. Although their flood risk has diminished, it hasn’t been eliminated.

You should also be aware that lenders may notify your customers when their zone change takes effect. That’s another reason why it’s important for you to be proactive in communicating with your clients about their changing risk category.

Here are the highlights of what your customers should know:

• Low risk doesn’t mean the flood risk has been eliminated. 25 percent of flood losses occur in areas with low to moderate risk.
• Reduced costs are available with a PRP.
• A refund of premium may be available when converting to a PRP.
• No action is needed to convert to a PRP; it’s a seamless process that will be handled for them by you, their agent, and the Flood Processing Center.
• There’s no lapse in coverage when converting to a PRP.
WHEN CUSTOMERS ARE REMAPPED TO A HIGHER-RISK ZONE

The rezoning process can result in higher premiums for the customer. You can add great value, as their trusted agent, by communicating changes before they occur and counsel your customers on what’s right for them.

PROPERTIES NEWLY MAPPED INTO THE SFHA

The Newly Mapped procedure offers PRP rates to properties that have been newly mapped into a SFHA for one year of coverage as long as the property meets the following criteria:

- Must have been previously located in a non-SFHA.
- Must meet criteria on page 6 to qualify for a PRP.

- Owners must secure coverage within 12 months of the map revision date.
- After the initial policy year, the policy will transition to full-risk rates by adding a multiplier that increases the price by an average 15 percent on each renewal.

GRANDFATHERING MAY OFFER SAVINGS

You may be able to grandfather a client’s policy to reduce the impact of being rezoned to a higher-risk category. The simplest way to grandfather a client’s policy is to purchase a flood insurance policy before the new map takes effect and maintain coverage without a lapse.

The NFIP’s grandfathering provision offers savings for customers who:

- Have property built in compliance with the flood map in effect at the time of construction.

If a structure was built in compliance with the requirements in place at the time of construction, the zone and/or Base Flood Elevation that was in effect can be used for rating purposes, if either is affected by a map change.

For additional information on grandfathering rules, visit FEMA.GOV/MEDIA-LIBRARY/ASSETS/DOCUMENTS/16686.

ALTERNATIVE TO GRANDFATHERING

There are times when using the new zone provides a better rate, rather than using the older one. You should always look into both options. To do that:

1. Find out if there was an Elevation Certificate completed for the property, or if one was already used to rate the policy. If so, you can find out if using the Elevation Certificate with the new map information will benefit the client.

2. Contact The Hartford’s National Flood Services processing center at 1-800-303-5663 to requote clients with the Elevation Certificate and new zone or Base Flood Elevation. Provide them with a copy of the Elevation Certificate to find out if using the new information or grandfathering is more beneficial.

3. Make the request to change the policy to the rating that best benefits the customer.
COMMUNICATE WITH YOUR CUSTOMERS
It’s important to communicate with your customers before the FIRM effective date in order to:
• Take advantage of possible grandfathering
• Retain your customer
• Show that you are proactively looking out for their best interests

SUGGESTED SCRIPTS
FOR POLICYHOLDERS WHO ARE ELIGIBLE FOR THE NEWLY MAPPED PROCEDURE*:
“Effective (Date), the flood maps [will be changing/have changed] and your risk of flooding has increased. As your flood agent, I have taken steps to ensure that you get the correct and best insurance rate. Because your property was in a low-risk zone that has changed to a high-risk zone, you are eligible for reduced rates through a procedure for properties Newly Mapped into the SFHA. This is an extension of lower rates offered by the National Flood Insurance Program.”

FOR POLICYHOLDERS WHO ARE ELIGIBLE FOR GRANDFATHERING:
“Effective (Date), the flood maps [will be changing/have changed]. Your risk of flooding has increased due to this change. As your flood agent, I have taken steps to ensure that you get the appropriate and best insurance rate. In some cases, existing policyholders are eligible for reduced rates via a grandfathering provision. Your rate without grandfathering would be [$$XXX$$], but with grandfathering, you save [$$XXX$$] with a new rate of [$$XXX$$].”

IF THE POLICYHOLDER CARRIES A MORTGAGE:
“Failure to pay this newly quoted premium could result in your lender requiring additional coverage through force placement of flood insurance to provide accurate coverage based on your risk.”

GENERATING FLOOD LEADS
The changing flood maps offer you new opportunities to grow your business. Because they may not be so clear, The Hartford is here to help you identify them. Here are actions you can take to help generate leads and increase quoting.

WARM PROSPECTS
1. Run distinct policyholder information through your agency management system. Weed out those who already have flood insurance.
2. Contact your customers who don’t have flood insurance. Get them to commit to receiving a flood quote from The Hartford.
3. Run an immediate quote using HARTFORDFLOODONLINE.COM for customers who are interested in a quote.
4. Obtain a waiver for those who decline the quoted coverage.
5. Issue flood policy to purchasers.
6. Print/sign/collect payment. There is a 30-day wait for policies to take effect.

COLD PROSPECTS
Visit FLOODSMART.GOV and register as a floodsmart agent. By registering, you can receive:
• Free qualified leads along with marketing and advertising tools (Source: floodsmart.gov)
• Leads from the National Flood Insurance Program agent referral program
QUICK TIPS
Flood zone remapping poses several opportunities, along with risks, for your clients and for your business. For your convenience, here are some quick tips to help prepare and protect your customers and yourself.

1  BE PROACTIVE
• Know when your communities are undergoing flood zone map changes.
• Understand the impact to your customers, your prospects and you.

2  SUGGESTED ACTIONS
• Before map changes take effect:
  • Sell or maintain PRP flood insurance.
  • Discuss the possibility of the policy changing to Newly Mapped rates or grandfathering as of the upcoming renewal.
• When your customer no longer requires mandatory coverage:
  • Discuss their existing risk and continued need for flood insurance.
• When an MPPP policy is force-placed:
  • Try to avoid an MPPP policy because of the extra cost to the customer by selling them a standard flood policy.
  • Cancel the MPPP policy once coverage is secured.
• If remapping moves a client to SFHA or mandatory placement requirements:
  • Determine eligibility for the Newly Mapped procedure or grandfathering.
• After map changes take effect:
  • Sell a standard flood policy or a Newly Mapped procedure policy.

3  FOR EASY PROCESSING AND ADMINISTRATION – Visit HARTFORDFLOODONLINE.COM.

4  FOR MORE INFORMATION – Visit FLOODSMART.GOV.
LEARN MORE.
Contact your regional sales representative from The Hartford or email FLOOD@THEHARTFORD.COM.

The Hartford is a participant in the federal Write Your Own (WYO) Program, part of the National Flood Insurance Program managed by the Federal Emergency Management Agency (FEMA). WYO flood policies are underwritten by the federal government and issued, sold, and administered by authorized private insurance companies, including Hartford Fire Insurance Company, Hartford Insurance Company of the Midwest and Hartford Underwriters Insurance Company. Accordingly, Hartford WYO flood policies are written subject to the rules, regulations, terms, conditions, and availability of the National Flood Insurance Program.

This outlines in general terms the coverages and services that may be afforded under a Hartford WYO flood policy. All policies must be examined carefully to determine suitability for your needs and to identify any exclusions, limitations or any other terms and conditions that may specifically affect coverage. In the event of a conflict, the terms and conditions of the policy prevail. All coverages and services described in this page may be offered by one or more of the property and casualty insurance company subsidiaries of The Hartford Financial Services Group, Inc.

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