

Questions about the National Flood Insurance Program



Federal Emergency Management Agency (FEMA) Questions and Answers

- **What is the National Flood Insurance Program (NFIP)?**

The NFIP is a Federal program enabling property owners in participating communities to purchase insurance protection against losses from flooding. This insurance is designed to provide an insurance alternative to disaster assistance to meet the escalating costs of repairing damage to buildings and their contents caused by floods.

- **What is a Special Flood Hazard Area (SFHA)?**

In support of the NFIP, FEMA identifies flood hazard areas throughout the U.S. and its territories by producing Flood Hazard Boundary Maps (FHBMs), Flood Insurance Rate Maps (FIRMs), and Flood Boundary and Floodway Maps (FBFMs). Several areas of flood hazards are commonly identified on these maps. One of these areas is the Special Flood Hazard Area (SFHA), a high-risk area defined as any land that would be inundated by a flood having a 1-percent chance of occurring in any given year (also referred to as the base flood).

Development may take place within the SFHA, provided that development complies with local floodplain management ordinances, which must meet the minimum Federal requirements.

- **What is a flood?**

Flood is defined in the Standard Flood Insurance Policy (SFIP), in part, as:

A general and temporary condition of partial or complete inundation of two or more acres of normally dry land area or of two or more properties (at least one of which is your property) from overflow of inland or tidal waters, from unusual and rapid accumulation or runoff of surface waters from any source, or from mudflow.

- **Do the state insurance regulators have any jurisdiction over the NFIP in their respective states?**

As established by the U.S. Congress, the sale of flood insurance under the NFIP is subject to the rules and regulations of FEMA. FEMA has elected to have State-licensed insurance companies' agents and brokers sell flood insurance to consumers. State regulators hold the insurance companies' agents and brokers accountable for providing NFIP customers with the same standards and level of service that the States require of them in selling their other lines of insurance.

- **Who may purchase a flood insurance policy?**

NFIP coverage is available to all owners of insurable property (a building and/or its contents) in a community participating in the NFIP. Owners and renters may insure their personal property against flood loss.

- **How can a property owner determine if the property is in a Special Flood Hazard Area (SFHA)?**

FEMA publishes maps indicating a community's flood hazard areas and the degree of risk in those areas. Flood insurance maps usually are on file in a local repository in the community, such as the planning and zoning or engineering offices in the town hall or the county building.

- **How are flood insurance premiums calculated?**

A number of factors are considered in determining the premium for flood insurance coverage. They include the amount of coverage purchased; location; age of the building; building occupancy; design of the building; and, for buildings in SFHAs, elevation of the building in relation to the Base Flood Elevation (BFE). Buildings eligible for special low-cost coverage at a pre-determined, reduced premium rate are single-family dwellings, one-to four-family dwellings, and non-residential buildings located in moderate-risk Zones B, C, and X, with specified loss limitations.

- **Is the purchase of flood insurance mandatory?**

The Flood Disaster Protection Act of 1973 and the National Flood Insurance Reform Act of 1994 mandate the purchase of flood insurance as a condition of Federal or Federally related financial assistance for acquisition and/or construction of buildings in SFHAs of any community.

- **Why is my lender requiring the purchase of flood insurance?**

For virtually every mortgage transaction involving a structure in the United States, the lender reviews the current NFIP maps for the community in which the property is located to determine its location relative to the published SFHA and completes the Standard Flood Hazard Determination Form (SFHDF). If the lender determines that the structure is indeed located within the SFHA and the community is participating in the NFIP, the borrower is then notified that flood insurance will be required as a condition of receiving the loan. This fulfills the lender's obligation under the Flood Disaster Protection Act of 1973 and the National Flood Insurance Reform Act of 1994 that requires the purchase of flood insurance by property owners who are being assisted by Federal programs or by Federally regulated institutions in the acquisition or improvement of land, or facilities, or structures located or to be located within an SFHA.

- **Is there a minimum premium for a flood insurance policy?**

There is a minimum premium for all flood insurance policies. Because the minimum premium is subject to change, anyone interested in purchasing a flood insurance policy should contact a local property insurance agency or company that writes flood insurance coverage to obtain the current minimum premium amount.

- **Is there a waiting period for flood insurance to become effective?**

There is normally a 30-day waiting period before flood insurance goes into effect. There are two basic exceptions:

- If the initial purchase of flood insurance is in connection with the making, increasing, extending, or renewing of a loan, there is no waiting period. The coverage becomes effective at the time of the loan, provided the application and presentment of premium are made at or prior to loan closing.
- If the initial purchase of flood insurance is made during the 13-month period following the revision or update of a Flood Insurance Rate Map for the community, there is a 1-day waiting period.

- **Does elevating a structure on posts or pilings remove a building from the Special Flood Hazard Area (SFHA)?**

Elevating a structure on posts or pilings does not remove a building from the SFHA. If the ground around the supporting posts or pilings is within the floodplain, the building is still at risk. The structure is considered to be within the floodplain, and flood insurance will be required as a condition of receipt of Federal or Federally regulated financing for the structure.

- **How are flood hazard areas and flood levels determined?**

Flood hazard areas are determined using statistical analyses of records of riverflow, storm tides, and rainfall; information obtained through consultation with the community; floodplain topographic surveys; and hydrologic and hydraulic analyses.

- **What flood hazard zones are shown on the Flood Insurance Rate Map and what do they mean?**

Several areas of flood hazard are commonly identified on the FIRM. One of these areas is the SFHA, which is defined as the area that will be inundated by the flood event having a 1-percent chance of being equaled or exceeded in any given year. The 1-percent-annual-chance flood is also referred to as the "base flood." SFHAs are labeled as Zone A, Zone AO, Zone AH, Zones A1-A30, Zone AE, Zone 99, Zone AR, Zone AR/AE, Zone AR/AH, Zone AR/AO, Zone AR/A1-A30, Zone AR/A, Zone V, Zone VE, and Zones V1-V30. Moderate flood hazard areas, labeled Zone B or Zone X (shaded), are also shown on the FIRM, and are the areas between the limits of the base flood and the 0.2-percent-annual-chance flood. The areas of minimal flood hazard, which are the areas outside the SFHA and higher than the elevation of the 0.2-percent-annual-chance flood, are labeled Zone C or Zone X (unshaded).

Zone A: Areas subject to inundation by the 1-percent-annual-chance flood event. Because detailed hydraulic analyses have not been performed, no BFEs or flood depths are shown. Mandatory flood insurance purchase requirements apply.

Zones AE and A1-A30: Areas subject to inundation by the 1-percent-annual-chance flood event determined by detailed methods. BFEs are shown within these zones. Mandatory flood insurance purchase requirements apply. (Zone AE is used on new and revised maps in place of Zones A1-A30.)

Zones B, C, and X: Areas identified in the community FIS as areas of moderate or minimal hazard from the principal source of flood in the area. However, buildings in these zones could be flooded by severe, concentrated rainfall coupled with inadequate local drainage systems. Local stormwater drainage systems are not normally considered in the community's FIS. The failure of a local drainage system creates areas of high flood risk within these rate zones. Flood insurance is available in participating communities but is not required by regulation in these zones. (Zone X is used on new and revised maps in place of Zones B and C.)

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