



# Understanding The Difference Between Flood Insurance Requirement vs. Rating

The world of flood can often be confusing for industry professionals, buyers, and sellers alike, especially when new local flood regulations are being discussed or put into effect. Knowing the difference between flood insurance requirements, local build requirements and policy rating can help reduce confusion.

## REQUIREMENT TO CARRY FLOOD INSURANCE

- Flood insurance is required for when any habitable structure secured with a federally-backed loan contacts a FEMA Special Flood Hazard Area (SFHA). SFHA's are Flood Zones starting with A or V.
- FEMA Flood Zones and Base Flood Elevation (BFE) are the basis for mandatory purchase requirements and floodplain management.
- Lenders may require flood insurance regardless of federal mandates.

**ACTION: Order a certified, insured WTG Flood Zone Determination report.**



## FLOOD ZONE BUILDING RULES THAT CAN AFFECT RATING

- State and local municipalities may set rules like 'freeboard', an extra factor (i.e. 2ft) above FEMA'S BFE to where a structure's lowest floor must be elevated or floodproofed. This compensates for unknown factors that contribute to flood risk.
- Freeboard is not dictated by FEMA and does not change mandatory insurance requirements; however, it could lower insurance rates due to lower flood risk.

**ACTION: Contact the Local Floodplain Administrator (FPA) for your community.**



## FLOOD INSURANCE RATING

- Risk Rating 2.0 is the pricing methodology used to determine policy rates. This new methodology went into effect April 2022
- Variables like distance to water, flood frequency, flood types, and property characteristics like elevation are now used to determine rate.
- FEMA Flood Zones and Base Flood Elevation are no longer used to rate a policy.

**ACTION: Consult your Insurance Agent for a flood insurance policy quote.**



**Order a WTG Flood Zone Determination Report at [westerntechnologiesgroup.com](http://westerntechnologiesgroup.com)**



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*WTG is a flood determination company. We do not provide flood insurance. Provide a WTG Flood Zone Determination Report to an insurance agent to understand options.*