

# Flood News for Michigan Floodplain Managers

A Newsletter of the  
Land and Water Management Division  
Michigan Department of Environmental Quality  
[www.michigan.gov/deq](http://www.michigan.gov/deq)

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## **2010 Friendly Reminder**

The 23<sup>rd</sup> annual Michigan Stormwater-Floodplain Management Association (MSFA) Conference is set for March 2-5, 2010 and will again be hosted by the DoubleTree Hotel on the Riverfront in Bay City, Michigan

Conference programming is nearing its final stages. If you have suggestions or ideas, please contact an MSFA officer or regional representative for final programming considerations.

Official conference registration packets are expected to be distributed by December.

<http://mi.floods.org/>



## **Mitigation Funds Available**

*from ASFPM News and Views June 2009*

Besides reducing future flood damage, investments in hazard mitigation enhance a community's resiliency in the face of disaster, as floodplain managers well know. In addition, hazard mitigation programs have been shown to be a wise economic investment. A 2005 study by the National Institute of Building Sciences determined that for every \$1 invested in hazard mitigation, \$4 worth of net societal benefits are generated.

Most communities and states have pre-identified flood hazard mitigation ideas in their hazard mitigation plans, but often they do not have the financial resources to carry them out. FEMA's Hazard Mitigation Assistance Programs are an important source of financial support for these jurisdictions. Although the HMA programs will not fund all types of hazard mitigation, they can fund activities such as acquisition and demolition, relocation, elevation, and retrofitting of flood-prone buildings; minor flood control measures such as small ring walls/levees around single structures and/or channel modifications; stormwater management features that reduce potential flood risk; infrastructure protection measures that reduce flood risk; and the development and updating of hazard mitigation plans.

Applications are now being accepted for the fiscal year 2010 funds from FEMA under the agency's HMA programs. The Unified Hazard Mitigation Assistance Program Guidance was presented at the HMA Summit in Denver, Colorado, last week. The Guidance is the culmination of a two-year unification process to include all five HMA grant programs. In addition to the annual, non-disaster HMA grant programs (Pre-Disaster Mitigation, Severe Repetitive Loss, Flood Mitigation Assistance, and Repetitive Flood Claims), the FY2010 Guidance incorporates the Hazard Mitigation Grant Program (HMGP) for the first time. The HMGP will continue to provide funds to implement mitigation measures in communities after a disaster declaration. Cost shares for all the programs vary from 75% / 25% to 100% federal funding. The eligible project types and cost shares vary by program as well.

The application period for the non-disaster grant programs will open on June 1 and close on December 4, 2009. The amount of funding available will be announced when the FY'10 federal budget is finalized. The ASFPM has learned that funds that remained in last year's FMA and SRL appropriations will also be available.

Applicants should direct questions or requests for assistance to their FEMA Regional Office. Access the Uniform Guidance at <http://www.fema.gov/library/viewRecord.do?id=3649>.



## **An Open Letter to Insurance Agents**

*from NFIP eWatermark Newsletter 11/20/08*

Again this year, thousands of people are living with the terrible consequences of heavy rains and massive flooding. Some have suffered the total loss of their home. Others are still dealing with the difficult and costly work of replacing walls, floors, utilities, and damaged possessions.

Flooding is America's number one natural disaster. Yet too many property owners remain uninformed about flood risk and flood insurance. When floods struck the Midwest last summer, fewer than 10 percent of residents in the high-risk areas of flooded communities had flood insurance. Less than 1 percent of those in lower-risk areas were insured. They were left without a financial backstop, and we were left with the question, Why were so many uninsured?

Property owners continually report that they were unaware they could buy flood insurance, that they thought they were ineligible for coverage, or that they were told they didn't need it. Many do not know their homeowners insurance doesn't cover flood damage. Some did not believe a flood could happen to them. These tragic misconceptions have to end. What you can do?

As a trusted professional, you can make a real difference. You can:

- Dispel the myth that flood insurance is only for buildings in high-risk\* areas. Low-to-moderate risk areas also flood, and a quarter of all National Flood Insurance Program (NFIP) claims come from these areas. Most home and business owners, condominium unit owners, and renters will qualify for a Preferred Risk Policy, the lowest-cost policy offered by the NFIP.
- Give them the facts about flood insurance costs. Even in high-risk areas, buildings that meet floodplain management requirements can be insured at an affordable rate.
- Make clear that "not required" doesn't mean "not needed." By law, federally regulated and insured lenders require flood insurance for buildings in high-risk areas. But all properties are at risk, regardless of the flood zone!
- Provide your clients with helpful information. Give them a copy of the Standard Flood Insurance Policy, the booklet Answers to Questions about the NFIP, and the Summary of Coverage leaflet. These and other materials are available from the NFIP publications page at the FEMA website.
- Refer your clients to [www.FloodSmart.gov](http://www.FloodSmart.gov) for information about flood risk, flood insurance claims, and flood mitigation measures.

How the NFIP can help? The NFIP is committed to helping you meet the needs of prospects and clients. Many resources are available through [www.Agents.FloodSmart.gov](http://www.Agents.FloodSmart.gov), a secure website for insurance agents. You can find out about NFIP training seminars and online courses, and, once trained, sign up for the

FloodSmart Advertising Co-op Program, direct mail support, and the FloodSmart Agent Referral Program, which refers interested prospects directly to you.

The NFIP Team: You are an essential part of the NFIP mission. With your help, we can ensure that no one has to recover from flood damage without the help of flood insurance.



Edward L. Connor  
Acting Federal Insurance Administrator  
National Flood Insurance Program



## NFIP Related Definitions from the NFIP Bureau.FEMA.gov Web Portal (<http://www.nfipbureau.fema.gov/acronym.html>)

**Basement** Any area of the building, including any sunken room or sunken portion of a room, having its floor below ground level (subgrade) on all sides.

**BFE - Base Flood Elevation** The elevation shown on the Flood Insurance Rate Map for Zones AE, AH, A1-A30, AR, AR/A, AR/AE, AR/A1-A30, AR/AH, AR/AO, V1-V30, and VE that indicates the water surface elevation resulting from a flood that has a one percent chance of equaling or exceeding that level in any given year.

**Community** A political entity that has the authority to adopt and enforce floodplain ordinances for the area under its jurisdiction.

**Emergency Program** The initial phase of a community's participation in the National Flood Insurance Program. During this phase, only limited amounts of insurance are available under the Act.

**Flood** 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 the policyholder's property) from:

- Overflow of inland or tidal waters; or
- Unusual and rapid accumulation or runoff of surface waters from any source; or
- Mudflow; or
- Collapse or subsidence of land along the shore of a lake or similar body of water as a result of erosion or undermining caused by waves or currents of water exceeding anticipated cyclical levels that result in a flood as defined above.

**Flood Insurance Rate Map (FIRM)** Official map of a community on which FEMA has delineated both the special hazard areas and the risk premium zones applicable to the community.

**Floodplain** Any land area susceptible to being inundated by flood waters from any source.

**Freeboard** An additional amount of height above the Base Flood Elevation used as a factor of safety (e.g., 2 feet above the Base Flood) in determining the level at which a structure's lowest floor must be elevated or floodproofed to be in accordance with State or community floodplain management regulations.

**Grandfathering** An exemption based on circumstances previously existing. Under the NFIP, buildings located in Emergency Program communities and Pre-Flood Insurance Rate Map buildings in the Regular Program are eligible for subsidized flood insurance rates. Post-Flood Insurance Rate Map buildings in the Regular Program built in compliance with the floodplain management regulations in effect at the start of construction will continue to have favorable rate treatment even though higher base flood elevations or more restrictive, greater risk zone designations result from Flood Insurance Rate Map revisions.

**Lowest Floor** The lowest floor of the lowest enclosed area (including a basement). An unfinished or flood-resistant enclosure, usable solely for parking of vehicles, building access, or storage in an area other than a basement area, is not considered a building's lowest floor provided that such enclosure is not built so as to render the structure in violation of requirements.

**Mandatory Purchase** Under the provisions of the Flood Disaster Protection Act of 1973, individuals, businesses, and others buying, building, or improving property located in identified areas of special flood hazards within participating communities are required to purchase flood insurance as a prerequisite for receiving any type of direct or indirect federal financial assistance (e.g., any loan, grant, guaranty, insurance, payment, subsidy, or disaster assistance) when the building or personal property is the subject of or security for such assistance.

**Natural Grade** The grade unaffected by construction techniques such as fill, landscaping, or berming.

**New Construction** Buildings for which the "start of construction" commenced on or after the effective date of an initial FIRM or after December 31, 1974, whichever is later, including any subsequent improvements.

**Non-Residential** Includes, but is not limited to: small business concerns, churches, schools, farm buildings (including grain bins and silos), poolhouses, clubhouses, recreational buildings, mercantile structures, and agricultural and industrial structures.

**Out-As-Shown Determination** An alternative outcome of the FEMA letter of Map Amendment (LOMA) review process stating that a specific property is located outside the Special Flood Hazard Area as indicated on the Flood Hazard Boundary Map or the Flood Insurance Rate Map.

**Participating Community** A community for which FEMA has authorized the sale of flood insurance under the NFIP.

**Post-FIRM Building** A building for which construction or substantial improvement occurred after December 31, 1974, or on or after the effective date of an initial Flood Insurance Rate Map (FIRM), whichever is later.

**Pre-FIRM Building** A building for which construction or substantial improvement occurred on or before December 31, 1974, or before the effective date of an initial Flood Insurance Rate Map (FIRM).

**Probation** A FEMA-imposed change in a community's status resulting from violations and deficiencies in the administration and enforcement of NFIP local floodplain management regulations.

**PRP - Preferred Risk Policy** A policy that offers fixed combinations of building/contents coverage or contents-only coverage at modest, fixed premiums. The PRP is available for property located in B, C, and X zones in Regular Program communities that meet eligibility requirements based on the property's flood loss history.

**Regular Program** The final phase of a community's participation in the National Flood Insurance Program. In this phase, a Flood Insurance Rate Map is in effect and full limits of coverage are available under the Act.

**Regulatory Floodplain** For purposes of the Community Rating System, the floodplain that is regulated by a community, including the Special Flood Hazard Area. It covers a larger area in communities that regulate

development in flood problem areas outside the SFHA as mapped by the Federal Insurance and Mitigation Administration.

**Repetitive Loss Community** For purposes of the Community Rating System, a community with one or more repetitive loss properties.

**Repetitive Loss Property** For purposes of the Community Rating System, a property for which two or more National Flood Insurance Program losses of at least \$1,000 each have been paid within any 10-year rolling period since 1978.

**Repetitive Loss Structure** An NFIP-insured structure that has had at least two paid flood losses of more than \$1,000 each in any 10-year period since 1978.

**RL - Repetitive Loss** A structure, covered by a contract of flood insurance issued under the NFIP, that has suffered flood damage on two occasions during a 10-year period that ends on the date of the second loss, in which the cost to repair the flood damage, on average, equaled or exceeded 25% of the market value of the structure at the time of each flood loss.

**Section 1316** Section of the National Flood Insurance Act of 1968, as amended, which states that no new flood insurance coverage shall be provided for any property that FEMA finds has been declared by a duly constituted state or local zoning authority or other authorized public body to be in violation of state or local laws, regulations, or ordinances that are intended to discourage or otherwise restrict land development or occupancy in flood-prone areas.

**SFHA - Special Flood Hazard Area** An area having special flood, mudflow, or flood-related erosion hazards, and shown on a Flood Hazard Boundary Map or a Flood Insurance Rate Map as Zone A, AO, A1-A30, AE, A99, AH, AR, AR/A, AR/AE, AR/AH, AR/AO, AR/A1-A30, V1-V30, VE, or V. For the purpose of determining Community Rating System premium discounts, all AR and A99 zones are treated as non-SFHAs.

**Substantial Damage** Damage of any origin sustained by a building whereby the cost of restoring the building to its before-damaged condition would equal or exceed 50 percent of the market value of the building before the damage occurred.

**Substantial Improvement** Any reconstruction, rehabilitation, addition, or other improvement of a building, the cost of which equals or exceeds 50 percent of the market value of the building before the "start of construction" of the improvement. Substantial improvement includes buildings that have incurred "substantial damage," regardless of the actual repair work performed. The term does not, however, include either any project for improvement of a building to correct existing state or local code violations or any alteration to a "historic building," provided that the alteration will not preclude the building's continued designation as a "historic building."

**Suspension** FEMA's removal of an NFIP participating community from the program because the community has not enacted and/or enforced the proper floodplain management regulations required for participation.

**Travel Trailer** Under the NFIP, a travel trailer can be considered a building only if it is without wheels, built on a chassis and affixed to a permanent foundation, and regulated under the community's floodplain management and building ordinances or laws.

**Zone A** The Special Flood Hazard Area (except coastal V Zones) shown on a community's Flood Insurance Rate Map. There are seven types of A Zones:

- A: SFHA where no base flood elevation is provided.
- A#: Numbered A Zones (e.g., A7 or A14), SFHA where the FIRM shows a base flood elevation in relation to NGVD.
- AE: SFHA where base flood elevations are provided. AE Zone delineations are now used on new FIRMs instead of A# Zones.

- AO: SFHA with sheet flow, ponding, or shallow flooding. Base flood depths (feet above grade) are provided.
- AH: Shallow flooding SFHA. Base flood elevations in relation to NGVD are provided.
- AR: A temporary designation for an area where a flood control system that no longer provides protection from the base flood is expected to be improved so it will provide protection to the base flood again in the future. This zone is not considered a Special Flood Hazard Area or “regulatory floodplain” for Community Rating System purposes.
- A99: A mapped floodplain that will be protected by a federal flood protection system where construction has reached specified statutory milestones. This zone is not considered a Special Flood Hazard Area or “regulatory floodplain” for Community Rating System purposes.

**Zone B** Area of moderate flood hazard, usually depicted on Flood Insurance Rate Maps as between the limits of the base and 500-year floods of the primary source of flooding. B Zones may have local, shallow flooding problems. B Zones are also used to designate areas protected by levees and base floodplains of little hazard, such as those with average depths of less than 1 foot.

**Zone C** Area of minimal flood hazard, usually depicted on Flood Insurance Rate Maps as above the 500-year flood level of the primary source of flooding. C Zones may have local, shallow flooding problems. B and C Zones may have flooding that does not meet the criteria to be mapped as a Special Flood Hazard Area, especially ponding and local drainage problems.

**Zone D** Area of undetermined but possible flood hazard.

**Zone V** The Special Flood Hazard Area subject to coastal high hazard flooding. There are three types of V Zones: V, V#, and VE, and they correspond to the A Zone designations.

**Zone X** Newer Flood Insurance Rate Maps show Zones B and C (see above) as Zone X. The shaded Zone X corresponds to a Zone B, and the unshaded Zone X corresponds to a Zone C.



## **Protecting Your Property from Flooding**

*From the NFIP eWatermark November 20, 2008*

FEMA has published a series of "how-to" design guides for applying flood-protection measures to electrical systems, physical structure, and exterior wells. These guides include Add Waterproof Veneer to Exterior Walls; Anchor Fuel Tanks; Build with Flood-Resistant Materials; Dry Floodproof Your Building; Install Sewer Backflow Valves; Protect Wells From Contamination by Flooding; Raise Electrical System Components; and Raise or Floodproof HVAC Equipment.

These 2-page guides are available at no cost from the FEMA Library (<http://www.fema.gov/library/index.jsp>) or by contacting the FEMA Distribution Center at 1-800-480-2520.

## Remember:

You don't have to live in a floodplain to be able to buy flood insurance.

Homeowner's insurance typically does not cover flood damage.

Nearly 25% of flood insurance claims are for flood damages in low-to-moderate risk areas (areas above the 1% chance high risk flood prone area).



## FEMA's "Risk MAP" – What is It?

*Editor's note: Just as many of us in the floodplain management business were getting used to the phrase "FEMA Map Modernization", another phrase is being bantered about for us to garner an understanding of – "FEMA Risk MAP". This phrase is so new that, when you ask the question of what it is, there is apt to be much stuttering, hemming, and hawing. My take to this point is that it appears to be a nebulous concept that can make one feel warm and fuzzy; however, the tasks to produce the warm and fuzzies are in process (is that politically correct enough?)*

*Well, for what it might be worth, 2009 is just the birth year of this thing called "Risk MAP", and I believe we can expect a delayed implantation while the designers finish the final blueprints. The good consequence is, there appears to be an effort to obtain input from the end users for what the final blueprints will look like. So don't let these off-the-cuff thoughts dissuade you from obtaining a fair, unbiased understanding of what Risk MAP is intended to be. It is part of a nationwide effort to manage the "all hazards" challenge emergency managers face.*

*Below are portions of the introduction, vision, and goals detailed in the FEMA official fiscal year 2009 (March 16, 2009) Report to Congress entitled "Risk Mapping, Assessment, and Planning (Risk MAP) Multi-Year Plan: Fiscal Years 2010-2014". The full report is available at <http://www.fema.gov/library/viewRecord.do?id=3587> for viewing and download. Your review of the report will give you a better understanding of Risk MAP.*

The Federal Emergency Management Agency (FEMA) manages several risk analysis programs that assess the impact of natural hazards that lead to effective strategies for reducing risk. These programs support the Department of Homeland Security objective to "strengthen nationwide preparedness and mitigation against natural disasters." FEMA is beginning Risk Mapping, Assessment, and Planning (Risk MAP) in Fiscal Year 2009 with funding from the National Flood Insurance Fund and Congressional appropriations for flood hazard mapping. The vision for Risk MAP is to deliver quality data that increases public awareness and leads to action that reduces risk to life and property.

This Risk MAP Multi-Year Plan outlines the goals, objectives, and strategies for Risk MAP. The major objectives of Risk MAP are:

- Assess the nation's flood risk and use this information to increase public awareness of risk. This consistent, quantitative flood risk assessment will be used to track progress toward reducing flood risk and to target resources.
- Increase public awareness of risk from natural hazards and establish a baseline of local knowledge and understanding of risk management concepts.
- Ensure 80 percent of the nation's flood hazards are current – the flood hazard data are new, have been updated, or deemed still valid.
- Provide updated flood hazard data for 100 percent of the populated coastal areas in the nation.
- Evaluate levee status information to ensure the appropriate flood hazards are depicted on Digital Flood Insurance Rate Maps for counties with levees, including those impacted by expiring Provisionally Accredited Levee status.
- Continue to meet statutory requirements of the National Flood Insurance Program through assessing on a watershed basis, the need to revise and update all floodplain areas, and flood risk zones identified, delineated, or established.

Ultimately, through collaboration with state, local and tribal entities, Risk MAP will reduce losses of life and property through effective local mitigation activities enabled by quality flood hazard data, risk assessments, and mitigation planning. Risk MAP will establish an integrated flood risk management approach that leverages the existing data from Flood Map Modernization. Risk MAP will provide an integrated national assessment of flooding risks based on digital flood hazard data and web-accessible data. This information will enable communities to develop mitigation plans and make informed risk management decisions that maximize loss reduction.

### **Risk MAP Vision**

Risk MAP will deliver quality data that increases public awareness and leads to action that reduces risk to life and property.

### **Risk MAP Goals and Objectives**

With the experience of Flood Map Modernization's program success and collaborative efforts with affected federal, state, and local stakeholders, FEMA developed the following goals and objectives for Risk MAP:

- **Goal 1:** Address gaps in flood hazard data to form a solid foundation for flood risk assessments, floodplain management, and actuarial soundness of the National Flood Insurance Program.

Initiate Risk MAP flood map update projects to address gaps in required engineering and mapping for high flood risk areas impacted by coastal flooding, levees, and other flood hazards (e.g. lakes, rivers, ponds).

Ensure state and federal resources aimed at identifying flood hazards are aligned with flood risk, data needs, and partner contributions.

- **Goal 2:** Ensure that a measurable increase of the public's awareness and understanding of risk management results in a measurable reduction of current and future vulnerability to flooding.

Implement a comprehensive national outreach strategy that provides stakeholders with targeted messaging using innovative outreach tools that increases understanding of risk and promotes actions to reduce those risks.

Establish a baseline, and measure progress annually, of local understanding of flood risk.

Develop a process to conduct the risk assessment routinely and measure the reduction of current and future vulnerability.

**Goal 3:** Lead and support states, and local and tribal communities, to effectively engage in risk-based mitigation planning resulting in sustainable actions that reduce or eliminate risks to life and property from natural hazards.

Integrate hazard mitigation planning with other planning processes already in place at the federal, state, tribal, and local levels.

Communicate the benefits of the hazard mitigation planning process to help states, and local and tribal entities, to develop, adopt, and implement FEMA-approved hazard mitigation plans.

Evaluate hazard mitigation plans to demonstrate that mitigation actions are being effectively implemented at the state, local, and tribal levels, resulting in risk reduction.

**Goal 4:** Provide an enhanced digital platform that improves management of limited Risk MAP resources, stewards information produced by Risk MAP, and improves communication and sharing of risk data and related products to all levels of government and the public.

Use technology efficiently to manage Risk MAP investments and identify, quantify, store, share, and enhance risk analysis information.

Leverage advancements in national geospatial data production, quality, and availability to improve Risk MAP products.

Enhance existing systems and tools, leveraging advances in geospatial information systems, and data, to help Risk MAP producers and end users take a geographic approach to risk analysis and facilitating Risk MAP in providing the right information, to the right audience, at the right time.

**Goal 5:** Align Risk Analysis programs and develop synergies to enhance decision-making capabilities through effective risk communication and management.

Expand flood hazard mapping guidelines to include data needed to support flood risk assessment.

Develop ways to share risk assessments, encourage integrated planning, and coordinate plans for communicating with the public.

Create forums for federal, state, local, tribal and business community entities to discuss risk.

Identify synergies at all levels, including interagency coordination, programmatic decisions, and day-to-day activities.

Facilitate the expansion of a risk management approach beyond flood to other threats.



# Understanding the Power of Grandfathering

*M. Rita Hollada, CPCU, CIC, CPIA, Chairman FIPNC*

*from the NFIP eWatermark September 2, 2008*

The ambitious remapping project undertaken by the NFIP has increased the necessity for administrators, insurance agents, and service providers alike to understand the concept of “grandfathering.” Why is it so important to understand flood map grandfathering? Because, as a result of map revisions, many property owners are now required to purchase flood insurance. Often NFIP grandfathering rules have not been applied when rating these policies, resulting in higher premiums than necessary.

An issue which regularly causes confusion is that the term “grandfathering” is used by the NFIP to mean several different things, such as rate grandfathering, grandfathered properties, or map grandfathering provisions. It is this third concept that we will explore here.

First, though, let’s briefly contrast the various uses of the word “grandfathering.” Legislators and administrators often refer to “grandfathered” rates when discussing subsidized rates applicable to properties constructed long before the NFIP was implemented in 1968. There is certainly a lot of discussion about eliminating the subsidy for these properties and requiring rates that are commensurate with the risk of loss. The properties themselves are considered “grandfathered” because they were constructed before the flood program or, more accurately, before the publication of a community’s first Flood Insurance Rate Map (FIRM). Designated as Pre-FIRM properties, these buildings are exempt from compliance with NFIP floodplain management regulations, at least until the property owner undertakes a major renovation or repair (known as substantial improvement or substantial damage). Applicable flood insurance rates and designation as Pre-FIRM or Post-FIRM construction are virtually independent of the map grandfathering rules.

## ***What Agents Must Know About Map Grandfathering***

Map grandfathering provisions address two pivotal issues affecting the rating of a flood policy: what is the applicable flood zone, and what is the required Base Flood Elevation (BFE)? NFIP rating rules allow a flood policy to be rated based on the current map or a prior map, depending on which produces a more favorable premium for the property owner. This statement may be a little too simplified, so let’s break it down in detail.

### ***Existing Business—Renewal Policies***

One set of grandfathering rules applies to flood policies that are already in existence and are being renewed.

Renewal policies may continue to be rated using the FIRM zone and the BFE designated by the map in effect when the policy was originally written. Two conditions apply: the NFIP coverage on the building must have been continuous, and the building must not have been altered in a way that would make the lowest floor for rating lower than the BFE on the original FIRM. If the original map designated the location of the building to be in a low- or moderate-risk flood zone (Zone B, C, X, or D), then the zone is also grandfathered and there is no BFE requirement.

For example, let’s say that at the time a home was built in 1989, it was located in a Zone A-11 on the FIRM in effect at the time. The BFE at the location of this building was 16 feet Mean Sea Level (MSL), and the elevation certificate showed the lowest floor of the building to be 20 feet MSL. The homeowner bought a flood policy in 1989 based on this data and has maintained continuous coverage since. Now, fast forward to 2007 and the revision of the flood map for the community in which the building is located. The new map designates the homeowner’s property to be in a Zone VE, with a BFE of 20 feet MSL. As long as his property has not been significantly altered, this homeowner’s NFIP policy can continue to be rated in the original Zone A-11, with the original BFE of 16 feet MSL. The revised map would not affect this homeowner unless his building was substantially improved or was declared substantially damaged and repaired.

## ***New Business—Applications for Coverage***

That was the easy example. However, not every property owner buys a flood policy and keeps it continuous. In fact, some properties may never have been covered by a flood policy; another set of grandfathering rules applies to policies of this kind. Perhaps the property was originally designated as located in a flood Zone B, which is not subject to the mandatory purchase of flood insurance. Now fast forward again to a 2007 map revision.

The property owner receives a letter from his lender advising him that his mortgaged property is now located in a flood Zone AE, designated as high hazard and subject to the mandatory purchase requirement. Map grandfathering rules can even help this property owner keep his premium affordable. When he applies for his new policy, the homeowner's flood insurance policy rates can be based on the FIRM zone and the BFE (if applicable) on the map in effect on the date the building was originally constructed as long as, once again, it was built in compliance with the floodplain ordinances in effect at that time and has not been significantly altered since.

Our property owner will now need to purchase flood insurance, but the rating of that policy can be based on the old map, thereby allowing him the benefit of Zone B rates, if they will produce a lower premium for his coverage. One big warning, however. Documentation for FEMA must be provided to locate his property on the old map. Another little footnote: this property can qualify as a Zone B rated property, but it cannot qualify for the Preferred Risk Policy (PRP). The property must be located in a Zone B, C, or X according to the flood map current as of the inception date of each year's policy if it is to qualify for the PRP.

### *Making Sense of It All*

Does all of this really make sense? It does if you look at it this way: the original property owner built the structure according to all of the land use rules and requirements in force at the time of construction. Now remapping comes along and changes the rules! Without the benefit of grandfathering, the property owner suffers from a rule change applied after the fact, when he can do nothing about it. You don't usually change the rules of the game after it has begun. Map grandfathering is, ultimately, a fair way to play.

For more information and complete NFIP rating rules, refer to the Rating Section of the NFIP [Flood Insurance Manual](#), available on the FEMA website. The information about "Map 'Grandfathering' Rules" is listed on pages RATE 21-23.

*Rita Hollada is a licensed insurance agent and educator who has worked with flood insurance for more than 30 years. Chairman of the Flood Insurance Producer's National Committee (FIPNC), she has served two prior terms in this position since she joined FIPNC in 1992 as a representative of the Professional Insurance Agents Association.*

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## **First Things First In Floodplain Management**

### ***Scenario situation:***

1. You are the CEO of your community.
2. Your community participates in the National Flood Insurance Program (NFIP).
3. One of your citizens proposes to construct a building.
4. They have come to the community office to meet the building official for the necessary permits.

**Question:**

What are you responsible for assuring is one of the first evaluations made when the building official\* begins their review of the citizen's proposed construction project?

**Answer:**

One of the very first steps in the community's land use construction permitting review process is to conduct a floodplain determination. Such a determination essentially represents the beginning of the NFIP required paper trail for any structure as part of a community's NFIP commitment for regulating floodplain development.

**Question:**

What resources should the building official use to make the floodplain determination from?

**Answer:**

The resources to be used to make the floodplain determination from are those resources (usually FEMA maps and Flood Insurance Studies) which the community may have identified for use in any of its land use ordinances specific to floodplain management.

The current FEMA Map Modernization effort is facilitating such identification as a result of many communities being remapped or mapped for the first time. As the new maps become effective,

NFIP communities are required to adopt them through ordinance actions as the basis for floodplain determinations.

If there are no FEMA flood maps available, the building official must rely on reasonable expectations and first hand or anecdotal knowledge of flood prone areas to determine whether floodplain issues may exist within a particular parcel proposed for development. In any case, if the community official finds that floodplains are or may be an issue, the citizen needs to be referred to the Michigan Department of Environmental Quality, Land and Water Management Division, for an official floodplain determination under the state's floodplain regulations.

At that point, the community official should not take any final permitting action on the citizen's proposal until a final action has been taken by the state program, either by permit issuance, denial, or finding of no jurisdiction.

\*Communities may have their own staff functioning as the community building official responsible for administering their own land use ordinances and the State Construction Code, or they may have arrangements with other entities to administer the State Construction Code. Regardless of who is administering the state construction code, the initial evaluation for floodplain determination has to be satisfied, and the community has the ultimate obligation under the NFIP to make sure it happens.



## More Questions and Answers

**Question:**

It has been brought to my attention in an MDEQ floodplain development workshop that federal facilities, i.e. a U.S. post office, were exempt from having to comply with the Michigan's state construction code. The instructor is not sure of such an exemption as claimed. What is the state's construction code office response to that statement?

**Answer:**

Federally owned buildings are under the authority of the U. S. Government, not a local enforcing agency. This is based on the U. S. Constitution. If the building is leased, it would be subject to enforcement by a local enforcing agency. (From Mr. Larry Lehman, Chief Building Division, Department of Licensing and Economic Development)

**Question:**

Is an insurance agent obligated to refund a mandated flood insurance premium if the home owner is successful in obtaining a Letter of Map Amendment (LOMA)?

**Answer:**

A NFIP policy holder is entitled to a premium refund if they satisfy the conditions given in CFR 44, Part 62.5, which addresses premium refunds for standard flood insurance policy holders. The part provides policy holders who have obtained a LOMA the opportunity to cancel a policy within the current

policy year provided a) the holder was required to purchase or to maintain flood insurance coverage, or both, as a condition for financial assistance, and b) the property was located in an identified special hazard area as represented on an effective Flood Hazard Boundary Map or Flood Insurance Rate Map when the financial assistance was provided. If no claim has been paid or is pending, the full premium shall be refunded for the current policy year, and for an additional policy year where the insured had been required to renew the policy during the period when a revised map was being reprinted.



## Eligible or Ineligible for NFIP Coverage?

*from the NFIP eWatermark 2/5/08*

Did you know NFIP policies may be written only on buildings that have two or more outside rigid walls and a fully secured roof and that are affixed to a permanent site? In addition, buildings must be able to resist flotation, collapse, and lateral movement. At least 51 percent of the actual cash value of the building, including machinery and equipment that are part of the structure, must be above ground level. The only exception to this requirement is if the lowest level of the building is at or above the Base Flood Elevation and it is below ground only because earth has been used as insulation material in conjunction with energy-efficient building techniques.

The issue of building eligibility for flood insurance coverage was a hot item in the Claims Town Hall at the 2007 National Flood Conference. Questions were raised about eligibility of sheds, buildings under construction, and temporary storage pods.

Most buildings are eligible for NFIP insurance if they are located in a community that participates in the NFIP and if they have been constructed in compliance with the community building requirements.

However, buildings are not eligible for NFIP coverage under a number of conditions.

Coverage may not be available for buildings constructed or altered in any way that violates the state or local floodplain management laws, regulations, or ordinances. Contents and personal property contained in these buildings are ineligible for coverage. Section 1316 of the National Flood Insurance Act of 1968 allows the states to declare a structure in violation of a law, regulation, or ordinance. Flood insurance is not available for properties placed on the 1316 Property List. Insurance availability is restored when the violation is corrected and the 1316 Declaration has been rescinded.

Container-type buildings, such as gas and liquid tanks, chemical or reactor container tanks or enclosures, brick kilns, and similar units, and their contents are ineligible for coverage.

Buildings newly constructed or substantially improved on or after October 1, 1982, and located entirely in, on, or over water or seaward of mean high tide are ineligible for coverage.

If 50 percent or more of the actual cash value of the building (including the machinery and equipment that are part of the building) is below ground level, the building or units and its contents are ineligible for coverage (with the exception noted above).

### *Examples of Ineligible Risks*

Some specific examples of ineligible risks are provided below. Refer to the Standard Flood Insurance Policy for a definitive listing of property not covered.

#### Building Coverage

- Boat Repair Dock
- Boat Storage Over Water
- Boathouses
- Camper
- Cooperative Unit Within Cooperative Building
- Decks (except for steps and landing; maximum landing area is 16 square feet)
- Drive-In Bank Teller Unit (located outside walls of building)
- Fuel Pump
- Gazebo (unless it qualifies as a building)
- Greenhouse (unless it has at least two rigid walls and a roof)
- Hot tub or spa (unless it is installed as a bathroom fixture)
- Open Stadium
- Pavilion (unless it qualifies as a building)
- Pole Barn (unless it qualifies as a building)
- Pumping Station (unless it qualifies as a building)
- Storage Tank – Gasoline, Water, Chemicals, Sugar, etc.
- Swimming Pool Bubble
- Swimming Pool (indoor or outdoor)
- Tennis Bubble
- Tent
- Time Sharing Unit Within Multi-Unit Building
- Travel Trailer (unless converted to a permanent onsite building)
- Water Treatment Plant (unless 51 percent of its actual cash value is above ground)
- Contents Coverage
- Automobiles – Including Dealer's Stock (assembled or not)
- Bailee's Customer Goods – Including garment contractors, cleaners, shoe repair shops, processors of goods belonging to others, and similar risks
- Contents Located in a Structure Not Eligible for Building Coverage
- Contents Located in a Building Not Fully Walled and/or Contents Not Secured Against Flotation
- Motorcycles – Including Dealer's Stock (assembled or not)
- Motorized Equipment – Including Dealer's Stock (assembled or not)

These eligibility clarifications pertain only to the Dwelling Form of the Standard Flood Insurance Policy. For more information about eligibility for flood insurance coverage, see the [General Rules](#) section of the NFIP Flood Insurance Manual.



# Pre-Disaster Mitigation Reauthorization

*from ASFPM News and Views June 2009*

The President's budget request for FEMA includes a substantial change to the PDM program, moving it to a risk-based formula instead of the competitive process now in use. According to FEMA officials, the program would continue to include the \$500,000 per state allocation, but the remainder of the funds would be made available according to the yet-to-be-developed risk-based formula. States would make determinations as to which applications to fund, with FEMA's role being to assess each application for feasibility and cost effectiveness.

The House passed a bill in April (H.R. 1746) reauthorizing the PDM program for three years, increasing authorized funding to \$250 million per year, increasing state allocations to \$575,000 from the current \$500,000, and codifying the competitive nature of the program. The program will expire on September 30th if no reauthorization action is taken. Since the House passed this bill codifying the program as competitive, the path forward is unclear at present. The Senate has not taken any action on reauthorization, and the Appropriations Subcommittees for the Department of Homeland Security have not indicated their views on the proposed change.



## FEMA and DHS

*from ASFPM News and Views June 2009*

The Obama Administration announced on May 13th that FEMA would remain within the Department of Homeland Security (DHS). After months of demurring during Congressional hearings and press conference, DHS Secretary Janet Napolitano testified on May 13 that the President had decided that FEMA would stay within the Department. Ironically, the House Committee on Transportation and Infrastructure had scheduled a hearing for the next day on the bill (H.R. 1145) introduced by Chairman James Oberstar (D-MN) and Ranking Minority Member John Mica (R-FL) to restore FEMA to its former status as an independent agency. The hearing proceeded regardless, with the view that it would be important to get on the

record concerns about how FEMA is functioning as a part of DHS.

The ASFPM's testimony (available at the ASFPM website, [www.floods.org](http://www.floods.org)), noted the bureaucratic slowdown of consideration of policy and regulatory issues, the diminished agency morale, and the lack of DHS attention to hazard mitigation and risk identification. With assurances from senior FEMA officials, the ASFPM noted in oral testimony that new FEMA Administrator Craig Fugate intends to fully implement the prescriptions for enhanced FEMA autonomy that were passed by Congress in the post-Katrina emergency management legislation, with the full support of Secretary Napolitano.

# CHAPTER MEMBERSHIP MICHIGAN STORMWATER-FLOODPLAIN ASSOCIATION MEMBERSHIP FORM

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**MICHIGAN STORMWATER-FLOODPLAIN ASSOCIATION CHAPTER RENEWAL = \$35.00 per calendar year.**  
 Please complete this portion for state association membership. The state association has no provision for accepting credit cards. Questions may be directed to Roger S. Clark, MSFA Treasurer, 517-853-0221 or msfatreas@yahoo.com . Please mail this form and your check to P.O. Box 14265, Lansing, MI 48901-4265.

<p>Editor: Les Thomas          Articles are by the Editor unless noted otherwise.</p> <p>For questions, comments, or information, contact:</p> <p>Les Thomas          MDEQ          LWMD          P.O. Box 30458          Lansing, MI 48909-7958          Telephone: 517-335-3448          Fax: 517-373-6917          e-mail: thomasl@michigan.gov</p>	<p>The MDEQ will not discriminate against any individual or group on the basis of race, sex, religion, age, national origin, color, marital status, disability, or political beliefs. Questions or concerns should be directed to:</p> <p>MDEQ          Office of Personnel Services          P.O. Box 30473          Lansing, MI 48909</p>	<p>This newsletter is supported by funding under a Cooperative Agreement with the Federal Emergency Management Agency. The substance and findings are dedicated to the public. The MDEQ, LWMD, is solely responsible for the accuracy of the statements and interpretations contained in this publication. Such interpretations do not necessarily reflect the views of the federal government.</p>	<p>Printed by Authority of Part 31, Water Resources Protection, of the Natural Resources and Environmental Protection Act, 1994 PA 451, as amended.</p> <p>Total Number of Copies          Printed 3,000          Cost Per Copy: \$.88          Total Cost: \$2,645.13</p> <p style="text-align: right;"><b>EQC2760</b></p>
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## **Flood News for Michigan Floodplain Managers**

**A Newsletter of the  
Land and Water Management Division  
Michigan Department of Environmental Quality**