

OUR FLOOD RISK IS CHANGING

WHAT INSURANCE, REALTY AND LENDING PROFESSIONALS NEED TO KNOW

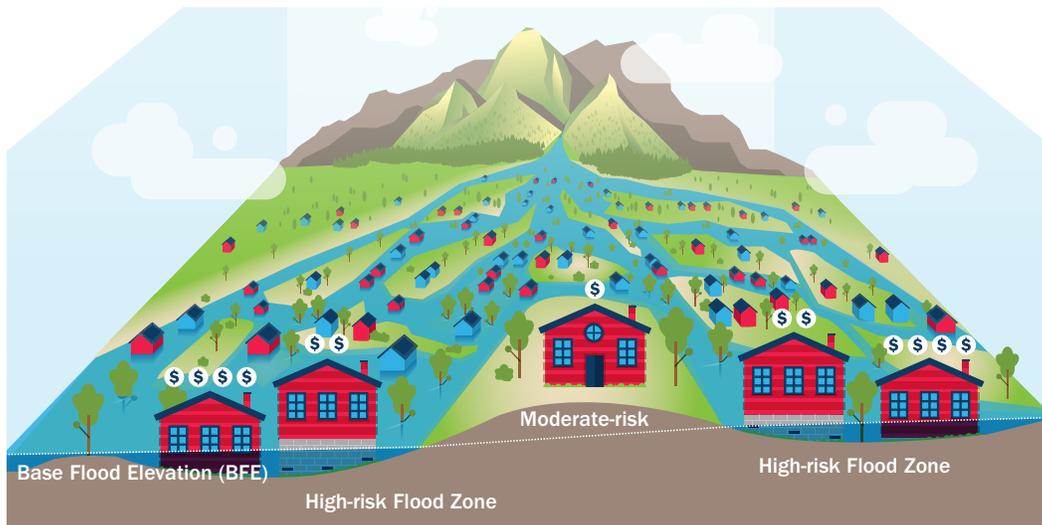
Important changes to Estes Park's flood hazard maps are underway. As floodplain boundaries change, clients will likely have questions regarding their property and how it is affected. The changes may also affect your business, so be sure to stay informed.

ESTES PARK'S FLOOD RISK IS CHANGING

In 2017, the Town of Estes Park will publish the results of a hydrology study undertaken by the town's consultant, Wright Water Engineers, Inc. The study results will help our residents and business owners better understand flood flows, and the state will use the study in its flood hazard mapping effort, expected to be completed for the Estes Valley by spring 2017. The floodplain maps produced by the state will be sent to FEMA to start the official appeal and adoption process, expected to be completed in early 2020. The maps will show the extent to which areas of the Estes Valley are at risk for flooding.

The hydrology study and Colorado's flood hazard mapping effort were necessary because the flood hazard and risk information shown on the current regulatory flood maps was based on a 1977 hydrology study. Since then, drainage patterns have changed, new land development has occurred, and mapping and modeling technologies have improved significantly.

This hydrology data will be crucial in making future flood mitigation decisions and will increase the accuracy of new Flood Insurance Rate Maps (FIRMs). The new maps, expected to be effective in 2020, will provide property owners and real estate and lending professionals with up-to-date, reliable, Internet-accessible information about the town's flood risk on a property-by-property basis.



Insurance rates (noted by dollar signs) vary based on a structure's individual building characteristics.

Learn more by visiting
www.estes.org/floodmitigation



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UNDERSTANDING THE EFFECTS IN ESTES PARK

The new FIRMs will not become effective until they are issued by FEMA (expected in early 2020). Before that, FEMA will hold an open, public review period to allow for community input and an appeal process, if necessary. Once the maps become effective, it will be important for insurance, real estate and lending professionals to understand the changes in the new FIRM in order to properly communicate with their clients about a property's flood risk and any future implications to the federal flood insurance requirements.

HOW MUCH DOES FLOOD INSURANCE COST?

Flood insurance costs in Estes Park will depend on several factors, including the flood zone a building is in, the structure's elevation, when it was built, how much coverage is chosen, and the amount of the deductible.

Per FEMA statistics (July 2016), more than 40 percent of all flood insurance claims have come from moderate- to low-risk areas where flood insurance is not federally required. And with flood claims averaging more than \$46,000 from 2011 to 2015, according to FloodSmart.gov, we recommend that everyone consider flood insurance as a way to financially protect their investments.

PROPERTIES NEWLY IDENTIFIED AS BEING IN A HIGH-RISK FLOOD ZONE

It is crucial for insurance, real estate and lending professionals, as well as property owners, to know if a property that is currently in a moderate- or low-risk area (shown on the flood maps as a "B", "C", or "X" zone) will be shown on the new maps in a high-risk flood zone (shown as "A"). When the state releases the new floodplain maps, insurance, real estate and local lending professionals should review them to determine where changes in flood zone designations will occur and if the flood risk for their clients' properties will change. Knowing in advance that a property is being newly identified in a high-risk flood zone will help avoid potential delays at closing, when flood insurance is required. It will also help insurance agents be prepared to offer the best rating option. For example, their clients may be eligible for one the National Flood Insurance Program's (NFIP's) cost-saving rating options, including the Newly Mapped procedure and "grandfathering." Transferring flood insurance policies from current homeowners to new owners

at the time of purchase can also keep insurance costs down in some instances. Property owners should talk to their insurance agent or visit FloodSmart.gov/MapChange for more information on map changes and options available.

PROPERTIES NO LONGER IDENTIFIED AS BEING IN A HIGH-RISK FLOOD ZONE

Some properties' flood risk will be shown as less than previously determined. In this case, it will be identified as having a moderate- or low-risk (shown on the new maps as Zone "X" or "shaded Zone X"). Although the federal regulation for the mandatory purchase of insurance may be lifted once the maps become effective, lenders have the discretion to continue to require coverage. Property owners should be reminded that the risk of flooding is reduced—not eliminated—in these zones. Lower-cost flood insurance is available through the NFIP's Preferred Risk Policy, with premiums starting as low as \$200 a year, according to FloodSmart.gov.

A change in flood zones could be a key selling point, so it is important for both insurance and real estate professionals to stay informed about these changes.

STAY INFORMED ABOUT CHANGES

Knowing when and where map changes are occurring allows insurance, real estate and lending professionals to be properly prepared to educate current clients (and prospective borrowers) about flood risk, what the changes may be, the related future insurance requirements, and which insurance options are currently available. An insurance agent can always provide greater detail about coverage and costs. Knowing this in advance will help make for a smoother closing.

To stay informed about local map changes, local insurance, realty and lending professionals should keep in contact with community officials as Estes Park goes through the remapping process.

Additional information can be obtained by periodically visiting the Town's Flood Mitigation webpage at Estes.org/floodmitigation. Once released, the maps will also be available for viewing at 170 MacGregor Avenue, Estes Park, CO. Questions can be directed to the floodplain administrator, Tina Kurtz, by calling (970) 577-3732, Monday through Friday, 8 a.m. to 5 p.m., or by email at tkurtz@estes.org.

To learn more about flood insurance, visit FloodSmart.gov.