

## QUESTIONS TO IDENTIFY CAUSE OF FLOOD INSURANCE RATE CONCERNS

Recently, some property owners have raised concerns over flood insurance rate increases. To assist the National Association of REALTORS® in identifying the cause of the increase and most effective response, we would appreciate your answer to the following questions. Please provide supporting documentation if possible (for instance, the written flood insurance quote, elevation certificate, etc.). The more specific and well documented these property owner concerns, the more effective will be the REALTOR response on their behalf.

- I. **Flood Insurance Rate.** What is the cost per year being quoted for flood insurance? Source (company, agent)?

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II. **Reasons for Concern.**

- a. \_\_\_ Affordability of premium
- b. \_\_\_ Transaction was delayed or cancelled as a result of quote
- c. \_\_\_ Lack of justification for the need for flood insurance
  - i. \_\_\_ Property not in the flood plain
  - ii. \_\_\_ Property has been raised to address flooding risk

- III. **Justification.** Please explain why you believe the flood insurance quote is not justified? (For example, one way to demonstrate affordability concerns might be to show flood insurance premiums as a percent of total household income.)

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[Following are additional questions which may help justify rate concerns:]

- a. Property value. For example, what is its ...
  - i. Listing price \_\_\_\_\_
  - OR
  - ii. Tax assessment (building only and total) \_\_\_\_\_
- b. Property specifications. For example, what is its ....
  - i. Address?
  - ii. Elevation?
  - iii. Year built?
  - iv. Flood zone?
- c. Insurance Affordability. For example, ...
  - i. Is the property located in a modest income community?
  - ii. Is the property modestly sized (e.g., square footage)?
  - iii. How does the quote compare relative to what the cost of last year's flood insurance policy (if there is an existing policy)? The homeowner's policy?

- IV. **Basis for Flood Insurance Rate Quote.** What factors or assumptions did the insurance agent consider in arriving at the flood insurance quote?

- a. For example, how much coverage did the lender require? (More than \$250,000 for a residential structure? Or \$500,000 for non-residential?)

- b. How did the insurance agent calculate the home's value and coverage amount? E.g., did the agent use the property's ...
    - i. Listing price?
    - ii. Tax assessment (total or building only)?
    - iii. Replacement cost for the structure?
    - iv. Amount of the mortgage?
    - v. Other?
  - c. Have there been previous flood claims on the property?
  - d. Has the property been elevated/strengthened against future flooding?
  - e. In which type of flood zone (V, A, X) is the property located?
  - f. Did FEMA recently propose or finalize a new flood map for your community?
  - g. Did the insurer learn that mistakes were made in previous years in evaluating the property for flood risk?
    - i. How much did the flood insurance rate have to increase just to adjust to reflect the true risk?
- V. **Flood Map Appeal.** Did you or your community appeal the determination that property sits in the flood zone?
- a. If yes, ...
    - i. How long did the process take?
    - ii. What was the cost to file the appeal?
    - iii. Outcome?
    - iv. Did you seek reimbursement of your appeal expenses?
    - v. Any other challenges?
  - b. If no, why not?