

The Federal Emergency Management Agency (FEMA) created Preferred Risk Policies to reduce the cost of flood insurance for homes and businesses in areas where the flood risk has been reduced but not eliminated.

PREFERRED RISK POLICIES (PRPs)

Lower-Cost.

PRPs give you full flood insurance protection for about half the price of a Standard, or required, flood insurance policy.

More Protection.

PRPs include contents coverage—flood insurance for your belongings—in their already low premium.

Peace of Mind.

PRPs help protect you from the financial ruin that is often the result of catastrophic flooding. Most homeowners insurance does not cover damage caused by flooding.

How to Get a Low-Cost, Preferred Risk Flood Insurance Policy

STEP-BY-STEP:

1. Contact Your Insurance Agent.

Tell your agent that you would like to apply for a low-cost, Preferred Risk flood insurance policy. Your agent will not automatically convert you to a PRP. You must request this policy change.

2. Offer to Give Your Agent the Appropriate Letter of Map Revision for Your Area.

Agents may use this document to check your eligibility for a PRP. On the SAFCA website, go to “Letters of Map Revision” to view and download a copy of the appropriate Letter of Map Revision (LOMR) for your general area. If you live in the Meadowview or Pocket community, this LOMR is dated February 21, 2007.

3. With Your Agent’s Help, Fill Out a Preferred Risk Policy Application and Apply for a Flood Insurance Premium Refund.

Most property owners who switch to a PRP will receive a partial refund of their current flood insurance premium. Once your agent determines that you qualify for a PRP, he or she can estimate the amount of your refund. If you have not had a chance to talk to your agent and your Standard policy is about to expire, renew it and then apply for a PRP. You will receive a full refund of your Standard premium shortly after the PRP takes effect. Flood insurance premium refunds take about 90 days to process.

Remember to make copies of all documents you submit to your insurance agent.

For More Information:

- Contact your insurance agent.
- If your property is located in the City of Sacramento, call the City’s Floodplain Information Line at (916) 808-5061 or visit the City’s website at www.cityofsacramento.org.
- If your property is located in the unincorporated area of Sacramento County, call the County’s Flood Zone Information Hotline at (916) 874-7517.
- Contact SAFCA at (916) 874-7606.
- Visit the National Flood Insurance Program website at www.floodsmart.gov.



A COST COMPARISON: Standard vs. Preferred Risk Flood Insurance

Same Agent.

In most cases, the same agent who writes your auto or homeowners insurance can also write a Preferred Risk Policy.

Backed by the Federal Government.

Like Standard flood insurance, Preferred Risk Policies are guaranteed by the Federal government.

Money in Your Pocket.

The more than 25,000 Sacramento property owners who currently carry a PRP save an average of about \$240 *each year* on their flood insurance.

PRPs Give You More Protection for Less Money.

An Example:

COVERAGE AMOUNT		COVERAGE TYPE		ANNUAL SAVINGS
Home / Structure	Contents	Standard Premium ¹	Preferred Risk Premium ²	
\$250,000 ³	\$100,000	\$1,022	\$317	\$705

A Standard flood insurance policy written to protect your home for \$250,000 and your contents for \$100,000 will cost \$1,022. However, a Preferred Risk Policy written for the same coverage amounts will cost only \$317. **The Preferred Risk Savings: More than \$700 each year.**

Agents also can write PRPs to insure renter's contents, business inventory, properties with basements, 2-4 family residential properties and many commercial buildings. However, apartment buildings with more than four units and many condominiums do not qualify for PRPs. For questions about PRP eligibility, please contact your insurance agent.

¹ Single family home. No basement. A99, B, C or X flood zone. Premiums reflect a 10% Community Discount.

² Single family home. No basement. For eligible property in a B, C or X flood zone.

³ The maximum coverage amounts for residential, National Flood Insurance Program flood insurance policies are \$250,000 home/structure and \$100,000 contents.



Sacramento Area
Flood Control Agency

A COST COMPARISON: Standard vs. Preferred Risk Flood Insurance *Continued from page 2*

PRPs Save You Money, Regardless of Whether You Currently Carry Contents Coverage.

An Example:

COVERAGE AMOUNT	COVERAGE TYPE		ANNUAL SAVINGS
	Standard Premium ¹ <i>NO CONTENTS COVERAGE</i>	Preferred Risk Premium ² <i>INCLUDES \$100,000 IN CONTENTS COVERAGE</i>	
Home / Structure			
\$250,000 ³	\$628	\$317	\$311

A Standard policy with no contents coverage that insures your home for \$250,000 will cost just under \$630. However, a PRP that insures your home for \$250,000 and your belongings for \$100,000 will run \$317. **The Preferred Risk Savings: More than \$300 each year, and you get \$100,000 in contents coverage.**

troubleshooting

A Second Opinion: You may want a second opinion if your agent says your home or building does not qualify for a Preferred Risk Policy. SAFCA has partnered with First American Flood Data Services to create this option for Sacramento property owners.

This could prevent you from qualifying for a PRP. If the effective dates differ, you might suggest that your agent contact the City of Sacramento Department of Utilities or SAFCA to verify the current flood map effective date for your property.

For a nominal fee, property owners who visit the First American website, www.floodinfo.com, can enter their street address and obtain a non-binding flood risk analysis of their property. (SAFCA receives no money for this service or from its partnership with First American.) Property owners who use this service can print out the flood risk analysis and provide it to their insurance agent. The analysis is based on the most recent available flood map data for the Sacramento region and includes a flood map effective date.

If the effective date of the agent's flood map is older than the effective date on your First American risk analysis, your agent may be using out-dated information to evaluate the flood risk to your property.



Flood insurance is now a choice rather than a requirement for many Sacramento property owners. As you make this important decision, please consider:

The Risk Remains. Recent improvements to regional flood controls have reduced but not eliminated the flood risk to our community.

Levees Are Not Invincible. Levees are built to provide a specific level of flood protection. However, severe storms can cause levees to fail or be overtopped, resulting in potentially catastrophic flooding.

Most Homeowners Policies Do Not Cover Damage Caused by Flooding.

Don't Expect a Federal Bailout. If the Federal government declares a flood disaster for your community, Federal assistance usually takes the form of a low-interest loan that property owners must repay in addition to their existing mortgage.

Flood Control Authorities Recommend Flood Insurance Protection. The Sacramento Area Flood Control Agency, the City of Sacramento, and the Federal Emergency Management Agency urge property owners who are protected by a levee to carry flood insurance.

Low-Cost Flood Insurance Is Now Available. For more information, see How to Get a Low-Cost, Preferred Risk Flood Insurance Policy.

Know Your Risk.

IF YOU DECIDE TO CANCEL YOUR STANDARD POLICY

In recent years, most Sacramento property owners who have been released from the Federal flood insurance requirement have elected to maintain their flood insurance coverage. However, property owners also have the option to cancel their flood insurance, and some will choose to take this chance. In other cases, agents may ask property owners to cancel their Standard flood insurance before converting property owners to a lower-cost Preferred Risk Policy. If your agent asks you to go this route, or if you choose to cancel your flood insurance, here are the steps to take:

- 1. Write to Your Lender's Flood Insurance Compliance Department and Ask Its Permission to Cancel Your Flood Insurance.** Under Federal rules, property owners who carry a Federally-regulated mortgage must obtain their lender's written permission to cancel their flood insurance. In your request, include your loan number, address, and the following language: "As a result of recent improvements to Sacramento-area levees, the property referred to herein has been moved by Letter of Map Revision (LOMR) into an X flood zone. The effective date for this LOMR is [enter February 21, 2007 if your property is located in the Meadowview or Pocket community. Otherwise, enter the effective date for the appropriate LOMR]. Flood insurance was originally required for this property as a condition of the loan. However, flood insurance is no longer required because the property is now located in an X flood zone." To this letter, attach a copy of the appropriate Letter of Map Revision. On the SAFCA website, go to "Letters of Map Revision" to view and download a copy of the Letter of Map Revision (LOMR) for your general area.
- 2. Obtain Your Lender's Written Permission to Cancel Your Flood Insurance.** Keep in mind, your lender may legally require you to carry flood insurance, even if your property has been released from the Federal flood insurance requirement.
- 3. Contact Your Insurance Agent.** If your lender grants your cancellation request, provide your insurance agent with a copy of your lender's letter permitting you to cancel your flood insurance. Then ask your agent to cancel your flood insurance and apply on your behalf for a refund of your flood insurance premium. Under Federal rules, if you have not had a lapse in your flood insurance coverage and have an active policy at the time you apply for your refund, you should receive a full year's refund of your flood insurance premium. The refund will take approximately 90 days to process. Property owners who choose not to carry flood insurance will stop here.
- 4. Apply with Your Agent for a Low-Cost Preferred Risk Policy.** For more information, see How to Get a Low-Cost Preferred Risk Flood Insurance Policy.

Remember to make copies of all documents you submit for this process.