

# The Regulatory Alchemist

A Publication of Alchemetric Solutions, Inc.

In the past couple of months FEMA has published several articles to help people understand certain flood insurance nuances. For example:

## May 2024 - Owning Real Estate and Basement Flooding.

This article discusses what's covered in a basement by NFIP's flood insurance policies. If you have a standard flood insurance policy, the following items are covered if they are installed and connected to power:

- Central air conditioners;
- Electrical switches and light outlets;
- Furnaces and hot water heaters; and
- Sump pumps.

If you have a contents-only insurance policy, the following covered items must be connected to power to be covered:

- Clothing washers and dryers;
- Window air conditioners; and
- Freezers as well as their contents.

Regardless of what coverage you have, there are several items that are explicitly not covered in a basement, including:

- Finished basements and home improvements;

- Couches;
- Televisions; and
- Photographs or other keepsakes.

**April 2024 - Flood Maps and Zones.** Flood maps are not permanent. Accordingly, they can be revised to reflect changing flood risks.

Between a map change and moving into a new home, a borrower could end up in a flood zone without fully understanding what that means.

The highest-risk flood zones are also known as Special Flood Hazard Areas (SFHA). They are areas having special flood, mud flow or flood-related erosion hazards. SFHAs will be inundated by a flood event that has a 1% chance of being equaled or exceeded in any given year. A 1% annual chance flood is also referred to as the base flood or 100-year flood.

Flood zones are given alphanumeric designations, such as zone A, B or C. The areas which have the highest risk of flooding are largely zones that have the letter A or V in their name, such as zone A, zone AR/AE, zone VE or zone V30. Areas that have a moderate flood risk are labeled zone B or X (but only zone X on maps that are shaded.) Finally, areas with the least risk of flooding are areas outside the SFHA, they're zone C or X (but only

*In this issue:* Flood Resources

zone X on maps in areas that are not shaded).

Depending on how maps change, it could result in the risks going up or down. Unfortunately, changing flood zones can be confusing for customers.

If a customer is moving into a high-risk area, it becomes critical that they understand the importance of flood insurance. Flooding is one of the most common and costly natural disasters, and flood insurance can help protect the lives customers have built.

Under the NFIP's pricing approach, FEMA addresses flood risk variables such as the frequency of flooding, the various different kinds of floods, as well as distance to a water source and building characteristics (such as foundation type, basement type, elevation and more).

These articles, along with others are available at:

<https://agents.floodsmart.gov/articles>

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