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"Grandfathered" flood insurance rates aren't all they're cracked up to be

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CEDAR RAPIDS -- Judy Higbee thought if she bought flood insurance before the flood maps changed, she could lock in her low annual premium. She was wrong.

Her house at 1407 Ellis Blvd. NW is outside the 100-year flood plain, but on April 5, the lines will shift and add several more blocks to the high-risk flood zone, including hers.

Flood victims like Higbee, who rebuilt their homes and purchased federal flood insurance at a preferred, low rate, are finding out their premiums will triple or quadruple within a year if they end up on the wrong side of the line.

"I think people are going to walk into this just as blind as I am and get just as mad when they find out," said Higbee, 67.

She misunderstood the National Flood Insurance Program's grandfather rule, and she wasn't the only one. Even city officials were trying to contact the Federal Emergency Management Agency last week for clarification.

Flood insurance policies on houses that move into the 100-year flood plain will have their policies "grandfathered" in under "standard rates associated with moderate-to-low-risk zones," according to FEMA's Web site.

Often lost in the dizzying jargon is the difference between preferred and standard rates. When she purchased flood insurance in December 2008, Higbee qualified for a preferred risk policy, as do most people whose homes lie outside the 100-year flood plain.

When the map shifts, she will have to renew her policy -- which covers

\$150,000 for the building and \$60,000 in contents -- under standard rates. Those standard rates are cheaper than the rates a homeowner would pay on a new policy in the 100-year flood plain, but significantly higher than the preferred rates. The same coverage that now costs \$296 each year will cost Higbee \$1,091.

Across Cedar Rapids, more than 400 properties will be reclassified into the higher-risk flood zone when the maps change.

Barb Sturmer, a FEMA spokeswoman in Kansas City, advises homeowners to check the flood maps and buy insurance before they change, particularly because the spring flood forecast is worrisome. While grandfathering may not mean what Higbee and others thought it meant, it still offers a discount, she said.

"You can hold that preferred risk rate for a year. Then you can move to the standard rate, as long as the policy is continuously kept in force," Sturmer said. "Check and see what your current status is, and check and see what your status is going to be."

Higbee, who's on a fixed income, fears she won't be able to afford standard rate premiums and might have to forego flood insurance. She regrets renovating her two-story home.

"Nobody knocked on my door and said, 'Mrs. Higbee, we're going to change your flood plain,'" she said. "I would have taken a bulldozer and tore that house down."

The current flood map was developed in 1982. The new map doesn't incorporate data from Cedar Rapids' historic 2008 flood. Instead, it will shift the lines based on changes in topography and better surveying techniques.

Connie Schmitz, who owns 1326 Fifth St. NW, thinks it will be impossible to sell the house. She bought another home after the flood but is having the old one fixed up. It sits on the edge of the 100-year flood plain now but will be entirely within the high-risk zone after April.

The home was already going to be a tough sell, Schmitz said, because it's in a "dead neighborhood." The flood insurance requirement only makes it more difficult.

Steve Schoenfeld, Higbee's Farmers Insurance agent, said he has 10 flood insurance clients, and five of them will have to pay higher premiums under the new flood map.

"Everybody thinks grandfathering means everything stays the same, and that's not the case," he said. "Everybody's kind of learning as we go."