

Reprinted from

The New York Times

Real Estate

March 27, 2005

Some Flood Coverage May Be Unnecessary

By JAY ROMANO

SINCE 1968, when Congress created the National Flood Insurance Program, owners whose properties are in areas with a high risk of flooding have usually been required to buy flood insurance. Because standard homeowners insurance policies do not provide coverage for flood damage, the federal program provides the only protection available for those whose properties are truly at risk.

But it's possible that some property owners are paying for flood insurance they may not need.

"Over 5,000 of the properties we've evaluated nationwide were incorrectly designated to be within a special flood hazard area," said Dan Freudenthal, president of Flood Zone Correction, a company based in West Palm Beach, Fla. "That means that those property owners were being forced to buy flood insurance they probably didn't need."

Flood Zone Correction is one of several companies that perform flood-risk analyses for property owners required by their lenders to buy flood insurance every year. The cost of such insurance for a single-family home, Mr. Freudenthal said, can range from \$250 to \$1,000 or more a year, depending on the property.

In certain cases, however, Mr. Freudenthal said, it is possible to persuade the Federal Emergency Management Agency to remove a property from the high-risk category, eliminating the requirement.

Butch Kinerney, a spokesman for the federal agency, said that by law whenever a property is in a special flood hazard area, any lender who provides a federally

backed mortgage on that property must require the owner to buy flood insurance. There are now 4.5 million flood-insurance policies in force.

"A special flood hazard area is a geographical area that has a one-in-100 chance of having a flood in a given year," he said. The areas have been identified by marrying historical meteorological data with topographical maps developed by the United States Geological Survey.

And while officials try to be as precise as possible when identifying and classifying flood hazard areas, it is possible that a property - or a structure on a property - has been incorrectly classified.

For example, Mr. Kinerney said, if a home on land in a special flood hazard area is built at an elevation that would take the house itself out of the flood zone, the agency will amend its records. It is also possible, he said, for an owner to improve drainage on a property to a level sufficient to remove the property or the structure from the flood zone, or even to relocate a house to an area of the property that is at a lower risk.

In such cases, he said, the owner can ask the agency to issue what is known as a letter of map revision or a letter of map amendment, either of which, if granted, can be used to eliminate the lender's insistence on flood insurance. And that's where some professional help might come in handy.

Mr. Freudenthal of Flood Zone Correction said that his company will perform an initial flood-risk analysis at no cost to the owner. If the company determines that the property has been erroneously included in a special flood hazard

area, it will assemble documentation and evidence to persuade the federal agency to amend its records.

If the agency removes the property from the flood zone, the company will then provide the documentation necessary for the lender to eliminate the flood-insurance requirement. "We charge a one-time fee equal to the current flood insurance premium the owner is paying," Mr. Freudenthal said, noting that by law once the agency takes a property out of the hazard area, the owner is entitled to a refund of the current year's insurance premium. No fee is due if the efforts are unsuccessful.

Additional information about the National Flood Insurance Program is available at www.floodsmart.gov.