

NATIONAL FLOOD INSURANCE PROGRAM

FLOOD INSURANCE MANUAL

October 2022

Risk Rating 2.0: Equity in Action Edition



FEMA



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Message to National Flood Insurance Program Agents and Insurers

Dear User,

First, let me take the opportunity to say “Thank You” to all our partners who have supported us as we continue to transform the National Flood Insurance Program.

From the development and implementation of Risk Rating 2.0: Equity in Action, to our enhanced focus on providing exceptional customer care at every point of the customer journey, the NFIP set on a course in 2015 to modernize and professionalize our product, our processes, and the way we interact with every member of the NFIP universe.

But we’re not done yet.

We continue in our commitment to make our products and processes easier to understand from the agent, insurer, and policyholder’s point of view and to meet the needs of current and future policyholders. Increasing the amount of people covered by flood insurance in our Nation is even more important as we continue to see more extreme weather events.

Under the leadership of Administrator Deanne Criswell, FEMA has refocused operations around three key priorities: equity in the treatment of everyone with whom FEMA comes into contact; leading the whole of community in building climate resilience; and promoting and sustaining a ready FEMA and a more-prepared Nation. The NFIP plays a significant role in each objective.


FEMA and the NFIP are building equity by consciously reaching out to underserved audiences across the country who deserve to understand their specific flood risk and learn how to mitigate those risks. The NFIP understands that despite its best efforts, Flood Insurance is unaffordable for some. We’ve been tireless in our efforts to build and sustain a meaningful affordability program to ensure more Americans are protected financially from flood loss.

The NFIP is also an agency leader in considering climate data in helping America prepare for flooding. We’ve enhanced our messaging to include more climate change risk education. We’re using our new Risk Rating 2.0 data to encourage discussions with property owners about risks from intensifying storms. We are working with communities to help them understand evolving flood risks from climate change, sea level rise, increased development, and other factors.

Equity. Resilience. Prepared Nation.

Three simple objectives but a whole host of opportunities to build a more resilient and better Nation. Thank you for joining us on this journey!

Sincerely,



Paul P. Huang
Deputy Associate Administrator for
Federal Insurance and Mitigation (Acting)



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FEMA

October 1, 2022

Dear *National Flood Insurance Program Flood Insurance Manual* User:

FEMA's regular updates to the *National Flood Insurance Program (NFIP) Flood Insurance Manual* reflect an ongoing effort to deliver clear guidance in an easy-to-understand format. This release clarifies existing guidance in the October 2021 Risk Rating 2.0: Equity in Action edition.

Most of the updates incorporated in this release were provided earlier to industry through the monthly Underwriting Guidance Updates (UGUs), issued November 2021 through June 2022. Those updates were effective on the date the UGU was issued.

For your reference and ease of use, the Change Record following this cover memo summarizes significant changes in the October 2022 Risk Rating 2.0: Equity in Action edition of the *NFIP Flood Insurance Manual*. Here are some highlights:

- Section 2 – Before You Start
 - Expanded the language about exclusions and limitations for Basement and Elevated Building with Enclosure foundation types
- Section 3 – How to Write
 - Provided guidance for the standardization of street addresses
 - Updated guidance to use the flood zone at the time of loss to determine elevated building coverage limitations
 - Updated Construction Type to apply to Two-to-Four Family Buildings
- Section 4 – How to Endorse
 - Added guidance on how to assign a policy when the policyholder is deceased
- Section 5 – How to Renew
 - Clarified that any coverage increase is exempt from the Annual Increase Cap
- Section 6 – How to Cancel
 - Provided guidance for documentation required to cancel a policy when the policyholder is deceased.
- Appendix C – Quick Start Guide
 - Mirrored many of the Section 3 changes
- Appendix F – Severe Repetitive Loss
 - Updated the guidance and processing requirements for Severe Repetitive Loss properties

- Appendix I – Policyholder Communications
 - Clarified that FEMA requires the Primary NAIC number to be used on the policy declarations page
 - Updated the Severe Repetitive Loss Letters to be sent to affected policyholders
- Appendix K – Definitions and Acronyms
 - Added definitions for Loss Constant and Expense Constant

FEMA's goal is to make NFIP products and processes easy to understand, enabling insurance professionals to provide policyholders with an excellent customer experience. Thank you for your continued support of the NFIP. Together we can make America more flood resilient and build a culture of preparedness by closing the nation's insurance gap.

Sincerely,

A handwritten signature in black ink, appearing to read 'J. Jackson', with a stylized flourish at the end.

Jeffrey Jackson
Acting, Assistant Administrator for Federal Insurance
Federal Insurance and Mitigation Administration

Change Record

October 1, 2022 NFIP Flood Insurance Manual

This change record presents a summary of significant changes to FIM sections and appendices.

Section	Changes
<p>Section 2: Before You Start</p>	<ul style="list-style-type: none"> • Provided a reference for additional information about exclusions and limitations. See page 2.3. • Expanded the language about exclusions and limitations for Basement and Elevated Building with Enclosure. See pages 2.12–2.13. • Updated the guidance to indicate when a new quote must be obtained when the original payment is invalid. See page 2.15.
<p>Section 3: How to Write</p>	<ul style="list-style-type: none"> • Updated the guidance for the standardization of street addresses. See page 3.5. • Updated guidance to reflect a recent program change to use the flood zone at the time of loss to determine elevated building coverage limitations. See pages 3.6–3.7. • Updated Construction Type to apply to Two-to-Four Family Building as well as the Single Family building occupancy. See page 3.14. • Clarified that the masonry construction type is based on the first full floor above a basement, walkout level or a crawlspace. See page 3.14. • Updated the guidance to clarify that the First Floor Height (FFH) value from an Elevation Certificate, when combined or compared with the FEMA sourced elevation information, does not always produce the lowest premium. See pages 3.23 and 3.26–3.27. • Clarified that datum conversion is no longer required for rating purposes. See page 3.26. • Updated the instructions for submitting Floodproofing documentation for review. See pages 3.31 and 3.32. • Revised Square Footage language to provide clarification and update an incorrect reference. See page 3.32. • Clarified guidance on the building square footage calculation. See page 3.33. • Updated the guidance to allow NFIP insurer to obtain the building Replacement Cost value using common industry practices they current use or based on information that they already may have. See page 3.34. • Provided additional guidance to determine the number of floors in a building. See page 3.38. • Inserted language that explained the premium cost base. See page 3.40. • Updated the instructions to require the Primary NAIC number to be used for a new policy after Real Estate transactions. See pages 3.50–3.51. • Added language to explain the application of a loss constant and an expense constant to each policy premium and clarified the potential impact of minimum and maximum rates on the premium. See page 3.53.

October 1, 2022 NFIP Flood Insurance Manual Change Record

Section	Changes
Section 3: How to Write	<ul style="list-style-type: none"> Clarified how to determine the number of floors in the building for different condominium scenarios. The same guidance changes that appear in Table 36 (in the row “Number of Floors in Building”) also apply for that same row in Tables 37, 39, 40, and 41. See pages 3.56, 3.60, 3.64, 3.66 and 3.70. Clarified that Provisional Rates also can be used when directed by FEMA. See page 3.73.
Section 4: How to Endorse	<ul style="list-style-type: none"> Clarified that any coverage increase is exempt from the Annual Increase Cap. See page 4.8. Updated Table 7. Examples of Other Premium-Bearing Endorsements to include Increasing Coverage and Decreasing Deductible. See page 4.14. Added guidance on how to assign a policy when the policyholder is deceased. See page 4.14.
Section 5: How to Renew	<ul style="list-style-type: none"> Clarified that any coverage increase is exempt from the Annual Increase Cap. See pages 5.5–5.6.
Section 6: How to Cancel	<ul style="list-style-type: none"> In Reason Code 1, provided guidance for Required Documentation when the policyholder is deceased. See page 6.3. In Reason Code 2, updated the conditions for canceling a contents-only policy to include when the policyholder is deceased. See page 6.3.
Appendix C: Quick Start Guide	<ul style="list-style-type: none"> Provided guidance for the standardization of the street addresses. See page C-1. Updated Construction Type to include Two-to-Four Family Building in building occupancy. See page C.4. Clarified that the masonry construction type is based on the first full floor above a basement, walkout level or a crawlspace. See page C. 4. Clarified guidance on the building square footage calculation. See pages C.5–C.6. Updated language to clarify how to determine the number of floors in a building. See page C-6.
Appendix F: Severe Repetitive Loss Properties	<ul style="list-style-type: none"> Updated the guidance and processes for the SRL properties. See pages F.1–F.6.
Appendix I: Policyholder Communications	<ul style="list-style-type: none"> Clarified that FEMA requires the Primary NAIC number to be used on the policy declarations page. See page I-13. Updated the Severe Repetitive Loss Letters. See pages I.27–I.32.
Appendix K: Definitions and Acronyms	<ul style="list-style-type: none"> Updated to include definitions for Loss Constant and Expense Constant. See pages K.4 and K.6.

Table of Contents

Message to National Flood Insurance Program Agents and Insurers

Cover Memo

Change Record

1. Introduction

I. Purpose and Audience	1-1
II. NFIP Program and Operational Model	1-1
A. Program Overview	1-1
B. NFIP Operational Model	1-1
C. Legislative Reforms	1-2
III. Organization of the Document	1-3
IV. NFIP Resources	1-6
A. Policy-Specific Inquiries	1-6
B. General Assistance and Inquiries	1-6
C. NFIP Topics and Contact Information	1-6

2. Before You Start

I. Policy Forms	2-1
A. General Information	2-1
B. Insurable Interest	2-2
C. Duplicate Policies	2-3
D. Group Flood Insurance Policy	2-4
II. Eligibility for NFIP Coverage	2-4
A. Eligibility of Property Locations	2-5
1. Where the NFIP Offers Insurance	2-5
2. Where the NFIP Does Not Offer Insurance	2-5
B. Building Eligibility	2-6
1. General Information	2-6
2. Single and Multiple Buildings	2-7
3. Eligible Types of Buildings	2-7
4. Ineligible Types of Buildings	2-10
C. Contents Eligibility	2-11
D. NFIP Coverage Exclusions and Limitations	2-12
III. Effective Dates for New Policies and Endorsements	2-13
A. Standard 30-day Waiting Period	2-14
1. General Information	2-14
2. Insufficient Payment	2-15
3. Invalid Payment	2-15
B. Map Revision Exception (1-Day Waiting Period)	2-15
C. Loan Exception (No Waiting Period)	2-16
D. Post-Wildfire Exception (1-Day Waiting Period)	2-18

2. Before You Start *continued*

- IV. Administrative Topics.....2-18**
 - A. Electronic Signatures..... 2-18
 - B. Delivery of the Policy 2-19
 - C. Evidence of Insurance 2-19
- V. Assignment and Transfer of Business.....2-19**
 - A. Assignment of a Policy to a New Building Owner..... 2-19
 - B. Transfer of Any or All of a Policyholder’s or Agent’s Business to Another Insurer..... 2-20
 - C. Transfer of an Insurer’s Entire Book to Another Insurer 2-20
- VI. Reformation Due to Insufficient Premium or Rating Information.....2-21**
 - A. General Information 2-21
 - B. General Reformation Procedures..... 2-21
 - C. Exception When Reforming a Policy Due to an Incorrect Geolocation or Flood Zone 2-25

3. How to Write

- I. Introduction.....3-1**
 - A. Snapshot of the Risk Rating 2.0 Methodology: Equity in Action 3-1
 - B. Process for Writing New Business 3-3
- II. General Rating Information3-4**
 - A. Policyholder and Mortgagee Information 3-4
 - 1. Policyholder Information..... 3-4
 - 2. Mortgagee Information 3-4
 - B. Geographic Location Variables 3-4
 - 1. Building Location 3-4
 - a. Property Address 3-5
 - b. Geolocation..... 3-5
 - c. Multiple Buildings at the Same Address 3-6
 - 2. Community Map Information and Flood Zone..... 3-6
 - 3. Community Rating System (CRS) Discount 3-7
 - a. General Information 3-7
 - b. Policies Ineligible for CRS Discounts 3-7
 - c. CRS Classes and Discounts 3-8
 - d. CRS Community Status Information 3-8
 - C. Structural Variables..... 3-8
 - 1. Building Occupancy & Description..... 3-8
 - a. Building Occupancy..... 3-8
 - b. Building Description..... 3-12
 - c. Manufactured/Mobile Homes 3-13
 - 2. Construction Type..... 3-14
 - 3. Foundation Type 3-14
 - a. Non-Elevated Building 3-15
 - b. Elevated Building 3-17
 - c. Elevated Building with an Enclosure 3-18
 - i. Definition of an Enclosure 3-18
 - ii. Enclosure Wall Types..... 3-18
 - d. Crawlspace – Elevated and Non-Elevated 3-20

3. How to Write *continued*

- 4. First Floor Height 3-21
 - a. General Information 3-21
 - b. FEMA Determined First Floor Height 3-22
 - c. Elevation Certificate/Land Survey 3-22
 - d. Additional Information on Elevation Certificates or Land Surveys 3-24
 - i. Documentation required 3-24
 - ii. Other Elevation Information 3-25
 - iii. Troubleshooting 3-25
 - e. First Floor Height Used 3-26
- 5. Mitigation Discounts 3-26
 - a. Machinery and Equipment Above First Floor 3-26
 - b. Proper Flood Openings 3-28
 - i. Proper Flood Openings Discount Requirements 3-28
 - ii. Engineered Openings Certified by a Design Professional 3-29
 - iii. Engineered Openings Certified by the International Code Council Evaluation Service 3-29
- 6. Floodproofing 3-29
 - a. General Information 3-29
 - b. Application Form 3-30
 - c. Documentation Requirements for Non-Residential Floodproofing 3-31
- 7. Replacement Cost Value 3-32
 - a. Square Footage 3-32
 - b. Building Replacement Cost Value 3-32
 - i. Occupancy Type: Single-Family Home, Residential Manufactured/Mobile Home, Residential Unit, and Two-to-Four Family Building 3-33
 - ii. Occupancy Type: Other Residential Building, Residential Condominium Building, Non-Residential Building, Non-Residential Manufactured/Mobile Building, Non-Residential Unit 3-33
- 8. Claims History 3-33
 - a. Prior NFIP Claims 3-33
 - i. General Information 3-33
 - ii. Correcting or Updating NFIP Claims History 3-34
 - b. Severe Repetitive Loss Property 3-35
- 9. Other Building Factors 3-36
 - a. Date of Construction 3-36
 - i. General Information 3-36
 - ii. Substantial Improvement Date 3-36
 - iii. Date of Construction for Manufactured/Mobile Homes and Travel Trailers 3-36
 - iv. Building Under Construction 3-37
 - b. Number of Detached Structures on Property 3-37
 - c. Number of Elevators 3-37
 - d. Number of Floors in Building 3-38
 - e. Floor of Unit 3-38
 - f. Total Number of Units in the Building 3-38
 - g. Rental Property 3-38
 - h. Building Over Water 3-38
 - i. Primary Residence Status 3-38
 - i. General Information 3-38
 - ii. Documentation of Primary Residence 3-39
 - iii. Primary Residence and Trusts 3-39

3. How to Write *continued*

- D. Coverage and Deductibles 3-40
 - 1. Maximum Coverage Limits 3-40
 - 2. Increased Cost of Compliance (ICC) Coverage 3-41
 - 3. Deductibles..... 3-42
- E. Statutory Discounts 3-43
 - 1. Pre-FIRM Discount..... 3-44
 - a. Eligibility 3-44
 - b. Lapse in Coverage 3-44
 - c. Application 3-45
 - 2. Newly Mapped Discount..... 3-46
 - a. Eligibility 3-46
 - b. Documentation..... 3-47
 - c. Lapse in Coverage 3-47
 - d. Application Form..... 3-48
 - 3. Other Statutory Discounts..... 3-49
 - 4. New Policy After a Real Estate Transaction..... 3-49
- F. Assessments, Fees, and Surcharges..... 3-49
 - 1. Reserve Fund Assessment..... 3-49
 - 2. HFIAA Surcharge..... 3-50
 - 3. Federal Policy Fee..... 3-50
 - 4. Probation Surcharge 3-51
- G. Premium Considerations..... 3-51
- III. Condominium Rating Information 3-51**
 - A. Condominium Rating Scenarios..... 3-51
 - 1. Overview 3-51
 - 2. Condominium Association Coverage for Residential Condominium Building (Scenario #1)..... 3-52
 - 3. Residential Unit Owner Coverage in Residential Condominium Building (Scenario #2)..... 3-57
 - a. General Information 3-57
 - b. Assessment Coverage 3-60
 - 4. Residential Unit Owner Coverage in Non-Residential Condominium Building (Scenario #3)..... 3-61
 - 5. Condominium Association Coverage for Non-Residential Condominium Building (Scenario #4)..... 3-64
 - 6. Non-Residential Unit Owner Coverage in Residential or Non-Residential Condominium Building (Scenario #5)..... 3-66
 - B. Applying the Condominium Rating Scenarios..... 3-69
- IV. Provisional Rating Information..... 3-73**
 - A. General Information 3-73
 - B. Eligibility 3-74
 - C. Rates 3-74
 - D. Premium Adjustments 3-75
 - E. Notification 3-75

4. How to Endorse

- I. Endorsement Process.....4-1**
 - A. General Change Endorsement Form 4-1
 - B. Signatures 4-1
 - C. Non-Premium and Premium-Bearing Changes 4-1
 - 1. Non-Premium Changes 4-1
 - a. Process for Submitting a Non-Premium Change. 4-2
 - 2. Premium-Bearing Changes 4-2
 - a. Process for Submitting a Premium Change 4-2
 - b. Statutory Annual Increase Cap 4-2
 - D. Refund 4-3
 - 1. Prior Term Refunds (PTRs)..... 4-3
 - E. Insufficient Premium..... 4-3
- II. Coverage and Deductible Changes.....4-4**
 - A. Adding or Increasing Coverage 4-4
 - 1. Effective Dates for Endorsements Adding or Increasing Coverage 4-4
 - B. Reducing Coverage..... 4-5
 - 1. Reduction in Building Coverage 4-5
 - 2. Reduction in Contents Coverage 4-5
 - 3. Effective Dates for Endorsements Reducing Coverage 4-5
 - C. Removing Coverage..... 4-5
 - 1. Duplicate Coverage..... 4-6
 - 2. Condominium Coverage 4-7
 - D. Changing Deductibles..... 4-7
 - 1. Deductible Increases 4-7
 - 2. Deductible Decreases..... 4-7
 - E. Coverage Changes During the Renewal Cycle 4-8
 - 1. Adding or Increasing Coverage at Renewal 4-8
 - 2. Reducing Coverage on a Future Renewal Effective Date 4-8
- III. Other Premium-Bearing Changes4-8**
 - A. Rating Adjustment..... 4-8
 - B. Rating Correction 4-9
 - C. Adding an Elevation Certificate 4-9
 - D. Community Information 4-10
 - 1. Change in Program Status..... 4-10
 - 2. Change in Community Rating System (CRS) Status 4-10
 - E. Construction Completed 4-10
 - F. Incorrect Policy Form 4-10
 - G. Property Address Corrections..... 4-11
 - H. Rate Category Change 4-11
 - I. Examples of Other Premium-Bearing Changes..... 4-12
- IV. Assignment of a Policy.....4-14**
 - A. Assignment with Building Purchase 4-14
 - B. Assignment without Building Purchase 4-14

5. How to Renew

- I. General Information..... 5-1**
- II. Renewal Process..... 5-1**
 - A. Starting the Renewal Process 5-1
 - 1. Renewal Notice 5-1
 - 2. Amounts of Insurance on the Renewal Notice..... 5-2
 - 3. Final Notice 5-2
 - B. Renewal Notification Requirements 5-2
 - C. Premium Payment 5-3
 - 1. Invalid Payment 5-3
 - 2. Insufficient Payment 5-4
 - D. Determine the Renewal Effective Date..... 5-4
- III. Additional Information..... 5-4**
 - A. Renewal by Application Form or Recertification Questionnaire 5-4
 - B. Nonrenewal 5-5
 - C. Coverage Changes During the Renewal Cycle 5-5
 - 1. Adding or Increasing Coverage at Renewal 5-5
 - 2. Reducing Coverage on a Future Renewal Effective Date 5-6
 - 3. Other Premium-Bearing Endorsements at Renewal 5-6
 - D. Transfer of Business at Renewal 5-6

6. How to Cancel

- I. General Information..... 6-1**
- II. Valid Cancellation Reason Codes 6-1**
 - A. No Insurable Interest..... 6-2
 - B. Establish a Common Expiration Date..... 6-4
 - C. Duplicate Coverage 6-5
 - D. Not Eligible for Coverage..... 6-7
 - E. Lender No Longer Requires Insurance 6-10
 - F. Invalid Payment or Fraud..... 6-10
 - G. Other Reason Codes 6-12
- III. Processing a Cancellation or Nullification Request 6-14**
 - A. Signatures 6-14
 - 1. Policyholder’s Signature 6-14
 - 2. Agent Signature 6-14
 - B. Premium Refunds..... 6-14
 - C. Cancellation Processing Outcomes 6-15

Appendix A: Policy

- Dwelling Form A-3**
- General Property Form A-34**
- Residential Condominium Building Association Policy Form..... A-62**

Appendix B: Forms

- I. NFIP Flood Insurance Application Form..... B-1
- II. NFIP Flood Insurance General Change Endorsement Form..... B-4
- III. NFIP Flood Insurance Cancellation/Nullification Request Form B-6
- IV. NFIP Residential Basement Floodproofing Certificate B-8
- V. NFIP Floodproofing Certificate for Non-Residential Structures B-12
- VI. NFIP Elevation Certificate and Instructions.....B-16

Appendix C: Quick Start Guide

- I. Agency Number/Agent Number C-1
- II. Property Address..... C-1
- III. Building Occupancy, Policy Form, and Coverage Amounts C-1
- IV. Building Description..... C-2
- V. Foundation Type C-2
- VI. Proper Flood Openings..... C-3
- VII. First Floor Height Determination..... C-3
- VIII. Building Characteristics..... C-4
 - A. Building Under Construction..... C-4
 - B. Date of Construction C-4
 - C. Has the Building Been Substantially Improved?..... C-4
 - D. Construction Type C-4
 - E. Is Building Properly Floodproofed?..... C-5
 - F. Is the Building Eligible for the Machinery and Equipment Mitigation Discount? C-5
 - G. Building Square Footage..... C-5
 - H. Number of Floors in Building C-6
 - I. Floor of Unit..... C-6
 - J. Total Number of Units in a Building..... C-6
 - K. Building Replacement Cost (Including Foundation)..... C-6

Appendix D: Flood Maps

- I. Flood Map Service Center..... D-1
- II. Flood Hazard Maps D-1
- III. Map Zones..... D-2
 - A. Special Flood Hazard Areas D-2
 - 1. Zone A D-2
 - 2. Zone AE and Zones A1–A30 D-3
 - 3. Zone AH..... D-3
 - 4. Zone AO..... D-3
 - 5. Zone A99..... D-3
 - 6. Zone AR..... D-3
 - 7. Zones AR/AE, AR/AH, AR/AO, AR/A1–A30, AR/A D-3

Appendix D: Flood Maps *continued*

- 8. Zone V D-3
- 9. Zone VE and Zones V1–V30 D-3
- B. Moderate or Minimal Hazard Areas D-4
 - 1. Zones B and X (Shaded)..... D-4
 - 2. Zones C and X (Unshaded)..... D-4
 - 3. Zone D..... D-4
- IV. Locating a Property on a Map.....D-4
- V. Changing or Correcting a Flood Map by a Letter of Map Change (LOMC)D-5
 - A. Letter of Map Amendment D-5
 - B. Letter of Map Revision..... D-6
 - C. Physical Map Revision D-6

Appendix E: Coastal Barrier Resources System

- I. General Information.....E-1
- II. Determining Eligibility.....E-1
 - A. Determine If Community Has a System Unit or OPA..... E-1
 - B. Determine If the Property is Located in a System Unit or OPA E-2
 - 1. Building Located in the CBRS Buffer Zone E-2
 - C. Determine Building Eligibility E-2
 - D. Documentation of Eligibility..... E-3
 - 1. Buildings Not Located in a System Unit or OPA..... E-3
 - 2. Buildings Located in a System Unit or OPA E-4
 - a. Proof of building permit date, as evidenced by either: E-4
 - b. Proof of building construction date, as evidenced by a written statement from the community building permit official that: E-4
 - c. Proof of building location in a System Unit or OPA: E-4
 - 3. Buildings Eligible Based on Use..... E-4

Appendix F: Severe Repetitive Loss Properties

- I. General Information.....F-1
- II. New BusinessF-1
- III. Notification Requirements for Transfer to SDF.....F-1
- IV. Underwriting Requirements.....F-2
- V. Process for Correcting or Updating a Property’s SRL Status.....F-2
 - A. Required Documentation F-2
 - B. SDF Process After FEMA Determination F-3
- VI. Flood Mitigation Assistance (FMA) Program.....F-3
- VII. Pivot Identification and Notification Process for SRL Properties..... F-4
 - A. Identification Steps of SRL F-4
 - B. Notification Steps of SRL..... F-5
 - 1. New Business F-5
 - 2. Policies in Force F-5
 - C. Additional Data Record Submission Steps F-6

Appendix G: Leased Federal Properties

- I. General Information.....G-1
- II. RequirementsG-1
- III. Correcting an LFP Designation.....G-2

Appendix H: Claims

- I. Information for Policyholders After a FloodH-1
- II. Claims ProcessH-1
 - A. Damage Estimate..... H-1
 - B. Claim Payment..... H-2
- III. Disputed ClaimsH-2
- IV. Appealing a ClaimH-2
 - A. Filing an Appeal..... H-2
 - B. Appeals Process H-3
- V. Litigation.....H-4
- VI. Increased Cost of Compliance (ICC) Claims.....H-4

Appendix I: Policyholder Communications

- I. Underwriting-Related Policyholder Communications.....I-1
- II. Declarations Page and Summary of CoverageI-3
 - A. Overview..... I-3
 - B. Sample Summary of Coverage Cover LetterI-3
 - C. Templates..... I-4
 - 1. Declarations Page Template (New Business or Renewal), Page 1..... I-4
 - 2. Declarations Page Template (New Business or Renewal), Page 2..... I-5
 - 3. Declarations Page Template (Endorsement), Page 1 I-6
 - 4. Declarations Page Template (Endorsement), Page 2 I-7
 - D. Sample Documents..... I-8
 - 1. Declarations Page Sample (New Business or Renewal), Page 1 I-8
 - 2. Declarations Page Sample (New Business or Renewal), Page 2 I-9
 - 3. Declarations Page Sample (Endorsement), Page 1..... I-10
 - 4. Declarations Page Sample (Endorsement), Page 2..... I-11
 - E. Requirements I-12
- III. Replacement Cost Value Update NoticeI-24
 - A. Overview..... I-24
 - B. Sample Building Replacement Cost Value Notification I-25
- IV. Severe Repetitive Loss Property Notice.....I-26
 - A. Overview..... I-26
 - B. Sample Notifications I-27
 - 1. Policyholder SRL Notification, Page 1 I-27
 - 2. Policyholder SRL Notification, Page 2 I-28
 - 3. Agent SRL Notification, Page 1 I-29

Appendix I: Policyholder Communications *continued*

- 4. Agent SRL Notification, Page 2 I-30
- 5. Lender SRL Notification, Page 1 I-31
- 6. Lender SRL Notification, Page 2 I-32
- V. FIRA Notice I-33**
 - A. Overview..... I-33
 - B. Sample Documents..... I-34
 - 1. FIRA Introduction Letter I-34
 - 2. NFIP FIRA Property Claims History, Page 1 I-35
 - 3. NFIP FIRA Property Claims History, Page 2 I-36
 - 4. FIRA Acknowledgment Form, Page 1 I-37
 - 5. FIRA Acknowledgment Form, Page 2 I-38
- VI. Leased Federal Property Notice..... I-39**
 - A. Overview..... I-39
 - B. Sample LFP Notifications..... I-40
 - 1. Policyholder LFP Notification..... I-40
 - 2. Agent LFP Notification..... I-41
 - 3. Lender LFP Notification I-42
- VII. Provisional Rating Notice I-43**
 - A. Overview..... I-43
 - B. Sample Document I-43
 - 1. Policyholder Provisional Rating Notification..... I-43
- VIII. Renewal Notice, Renewal Notice (This Is Not A Bill), and Final Notice I-44**
 - A. Overview..... I-44
 - B. Sample Notifications (WYO Versions)..... I-45
 - 1. Renewal Notice (WYO Version), Page 1 I-45
 - 2. Renewal Notice (WYO Version), Page 2 I-46
 - 3. Renewal Notice (WYO Version), Page 3 I-47
 - 4. Renewal Notice (This Is Not A Bill) (WYO Version), Page 1 I-48
 - 5. Renewal Notice (This Is Not A Bill) (WYO Version), Page 2 I-49
 - 6. Renewal Notice (This Is Not A Bill) (WYO Version), Page 3 I-50
 - 7. Final Notice (WYO Version), Page 1 I-51
 - 8. Final Notice (WYO Version), Page 2 I-52
 - 9. Final Notice (WYO Version), Page 3 I-53
 - C. Sample Notifications (NFIP Direct Versions) I-54
 - 1. Renewal Notice (NFIP Direct Version), Page 1 I-54
 - 2. Renewal Notice (NFIP Direct Version), Page 2 I-55
 - 3. Renewal Notice (NFIP Direct Version), Page 3 I-56
 - 4. Renewal Notice (This Is Not A Bill) (NFIP Direct Version), Page 1 I-57
 - 5. Renewal Notice (This Is Not A Bill) (NFIP Direct Version), Page 2 I-58
 - 6. Renewal Notice (This Is Not A Bill) (NFIP Direct Version), Page 3 I-59
 - 7. Final Notice (NFIP Direct Version), Page 1..... I-60
 - 8. Final Notice (NFIP Direct Version), Page 2..... I-61
 - 9. Final Notice (NFIP Direct Version), Page 3..... I-62
 - D. Requirements I-63

Appendix I: Policyholder Communications *continued*

IX. Cancellation Verification LetterI-73
 A. Overview..... I-73
 B. Sample Document I-73

Appendix J: Sample Scenarios

I. Sample ScenariosJ-1
 Scenario 1. Post-FIRM, Single-Family Home with Basement..... J-2
 Scenario 2. Pre-FIRM, Single-Family Home, Elevated J-3
 Scenario 3. Post-FIRM, Single-Family Home, Elevated J-4
 Scenario 4. Post-FIRM, Residential Condo Unit Within a Residential
 Condominium Building, Elevated J-5
 Scenario 5. Post-FIRM, Residential Condominium Building Association
 Policy, Non-Elevated..... J-6

Appendix K: Definitions and Acronyms

I. DefinitionsK-1
II. Acronyms.....K-12

Tables

1. Introduction

Table 1. Major NFIP Reform Legislation.....1-2
 Table 2. Organization of the *NFIP Flood Insurance Manual*1-4
 Table 3. NFIP Topics and Contact Information1-7

2. Before You Start

Table 1. Standard Flood Insurance Policy Forms2-1
 Table 2. Where the NFIP Offers Insurance.....2-5
 Table 3. Where the NFIP Does Not Offer Insurance.....2-5
 Table 4. Buildings the NFIP Insures2-7
 Table 5. Buildings the NFIP Does Not Insure2-11
 Table 6. Contents Eligibility Examples.....2-11
 Table 7. NFIP Coverage Exclusions and Limitations.....2-12
 Table 8. Effective Date with a 30-Day Waiting Period2-14
 Table 9. Effective Date When Eligible for the Map Revision Exception2-16
 Table 10. Effective Date When Potentially Eligible for the Loan Exception2-17
 Table 11. General Procedures to Reform a Policy2-22
 Table 12. Reformation Timeframes and Effective Dates2-23
 Table 13. How to Handle a Claim Involving Policy Reformation.....2-24
 Table 14. Reformation Timeframes and Effective Dates When the Geolocation
 or Flood Zone Is Incorrect.....2-25
 Table 15. How to Handle a Claim Involving Policy Reformation When the Geolocation
 or Flood Zone is Incorrect2-26

3. How to Write

Table 1. NFIP Rating Information3-2

Table 2. Requirements for Latitude and Longitude Coordinates3-5

Table 3. CRS Premium Discounts By Class3-8

Table 4. Building Occupancy: Building or Contents Coverage for a Building or Units3-9

Table 5. Building Occupancy: Contents Coverage on a Separate Policy.....3-12

Table 6. Building Description Options3-12

Table 7. Construction Type Determination3-14

Table 8. Foundation Type – Slab on Grade (Non-Elevated)3-15

Table 9. Foundation Type – Basement (Non-Elevated)3-16

Table 10. Foundation Type – Elevated Without Enclosure on Posts, Piles, or Piers3-17

Table 11. Foundation Type – Elevated With Enclosure on Posts, Piles, or Piers
(With an Enclosure Below the Elevated Floor)3-19

Table 12. Foundation Type – Elevated With Enclosure Not on Posts, Piles, or Piers
(Solid Foundation Walls)3-19

Table 13. Foundation Type – Crawlspace (Elevated or Non-Elevated
Subgrade Crawlspace).....3-20

Table 14. First Floor Height Measurement by Foundation Type.....3-21

Table 15. Completing the Application Form Using Section C
of the Elevation Certificate (EC)3-23

Table 16. Completing the Application Form Using Section E
of the Elevation Certificate (EC)3-24

Table 17. M&E Location for Discount Eligibility.....3-27

Table 18. Eligibility for a Floodproofing Discount3-30

Table 19. Square Footage Calculation.....3-32

Table 20. Applying the Prior NFIP Claims Rating Factor.....3-34

Table 21. Date of Construction – Manufactured/Mobile Homes and Travel Trailers3-37

Table 22. Maximum Coverage Limits in the Regular Program.....3-40

Table 23. Maximum Coverage Limits in the Emergency Program.....3-41

Table 24. Deductible Options: Single-Family Home, Residential
Manufactured/Mobile Home, Residential Unit, Two-to-Four Family Building.....3-42

Table 25. Deductible Options: Other Residential Building, Non-Residential Building,
Non-Residential Manufactured/Mobile Building, Non-Residential Unit3-43

Table 26. Deductible Options: Residential Condominium Building3-43

Table 27. Impact of a Lapse on Pre-FIRM Discount Eligibility3-44

Table 28. Application Response on Lapse and Pre-FIRM Discount Eligibility3-45

Table 29. Impact of a Lapse on Newly Mapped Discount Eligibility.....3-47

Table 30. Application Response on Newly Mapped Discount Eligibility.....3-48

Table 31. Reserve Fund Assessment.....3-50

Table 32. HFIAA Surcharge3-50

Table 33. Federal Policy Fee3-51

Table 34. Probation Surcharge3-51

Table 35. Methods for Insuring Condominiums.....3-52

3. How to Write *continued*

Table 36. Condominium Association Coverage for Residential Condominium Association Building (Scenario #1)3-53

Table 37. Residential Unit Owner Coverage in Residential Condominium Building (Scenario #2)3-57

Table 38. Assessment Coverage After a Loss3-60

Table 39. Residential Unit Owner Coverage in Non-Residential Condominium Building (Scenario #3)3-61

Table 40. Condominium Association Coverage for Non-Residential Condominium Building (Scenario #4)3-64

Table 41. Non-Residential Unit Owner Coverage in Residential or Non-Residential Condominium (Scenario #5).....3-67

Table 42. Single-Family Residential Building or Individual Residential Townhouse or Rowhouse in a Condominium Complex.....3-69

Table 43. Residential Condominium Building with 2-4 Units, or a Unit in Such a Building (Non-Townhouse/Rowhouse).....3-70

Table 44. Residential Condominium Building with Five or More Units, or a Unit in Such a Building (Non-Townhouse/Rowhouse).....3-71

Table 45. Non-Residential Condominium Building, or Unit in Such a Building3-72

Table 46. Provisional Rates for all Policy Types.....3-74

Table 47. Calculate Premium for a Provisional-Rated Policy.....3-75

4. How to Endorse

Table 1. Procedures if a Premium-Bearing Endorsement Results in Insufficient Premium.....4-3

Table 2. Effective Dates for Endorsements Removing Coverage.....4-6

Table 3. Endorsement Effective Date When Applying a Rating Adjustment4-9

Table 4. Endorsement Effective Date When Applying a Rating Correction4-9

Table 5. Endorsement Effective Date When Using an EC4-10

Table 6. Endorsement Effective Date for a Rate Category Change.....4-12

Table 7. Examples of Other Premium-Bearing Endorsements4-12

5. How to Renew

Table 1. General Renewal Information5-1

Table 2. Renewal Notification Requirements.....5-2

Table 3. Premium Payments.....5-3

Table 4. Determine the Renewal Effective Date5-4

6. How to Cancel

Table 1. Valid Cancellation Reason Codes6-1

Reason Code 01. Building sold, removed, or destroyed6-2

Reason Code 02. Contents sold, removed, or destroyed.....6-3

Reason Code 07. Property closing did not occur6-4

6. How to Cancel *continued*

Reason Code 03. Policy canceled and rewritten to establish a common expiration date with other insurance coverage for the same building6-4

Reason Code 04. Duplicate NFIP policies6-5

Reason Code 10. Condominium unit or association policy converting to RCBAP.....6-6

Reason Code 26. Duplicate policy from source other than NFIP.....6-7

Reason Code 06. Property not eligible for coverage.....6-7

Reason Code 27. Property becomes ineligible for coverage during policy term6-8

Reason Code 29. Building physically altered and no longer eligible for NFIP coverage6-9

Reason Code 28. Insurance no longer required by lender.....6-10

Reason Code 05. Invalid payment6-10

Reason Code 23. Fraud or Misrepresentation6-11

Reason Code 30. Insufficient premium to retain coverage.....6-11

Reason Code 13. Nullification prior to policy effective date6-12

Reason Code 20. SRL written with incorrect insurer6-13

Reason Code 21. Continuous lake flooding or closed basin lakes.....6-13

Reason Code 22. Cancel and rewrite due to administrative error.....6-13

Appendix C: Quick Start Guide

Table 1. Building Occupancy, Policy Form, and Coverage AmountsC-1

Appendix G: Leased Federal Properties

Table 1. Requirements for LFPs.....G-1

Appendix I: Policyholder Communications

Table 1. Underwriting Related Policyholder Communication I-1

Table 2. Declarations Page Requirements I-12

Table 3. Renewal Notice, Renewal Notice (This Is Not A Bill), and Final Notice Requirements I-63

Figures

1. Introduction

Figure 1. NFIP Partners.....1-2

Figure 2. How to Seek NFIP Technical Assistance.....1-6

3. How to Write

Figure 1. Overview of Risk Rating 2.0 Data Sources and Rating Factors3-1

Appendix A: Policy

Dwelling Form	A-3
General Property Form	A-34
Residential Condominium Building Association Policy Form	A-62

Appendix B: Forms

NFIP Flood Insurance Application	B-1
NFIP Flood Insurance General Change Endorsement.....	B-4
NFIP Flood Insurance Cancellation/Nullification Request Form	B-6
NFIP Residential Basement Floodproofing Certificate	B-8
NFIP Floodproofing Certificate for Non-Residential Structures.....	B-12
NFIP Elevation Certificate and Instructions.....	B-16

Appendix D: Flood Maps

Figure 1. Annotated Flood Insurance Rate Map (FIRM)	D-7
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1. Introduction

I. Purpose and Audience

The National Flood Insurance Program (NFIP) *Flood Insurance Manual* provides NFIP underwriting policies and processes to enable effective and consistent program implementation. The primary audience of the manual is NFIP agents and insurers. It covers every aspect of selling and servicing NFIP flood insurance policies.

II. NFIP Program and Operational Model

A. Program Overview

Flooding has long been the nation's most costly natural disaster. In the face of mounting flood losses and escalating disaster relief costs to the general taxpayers, Congress enacted the National Flood Insurance Act of 1968.

The NFIP is a federal program enabling property owners in participating communities to purchase insurance protection against losses from flooding. The Federal Emergency Management Agency (FEMA), which administers the NFIP, makes federal flood insurance available to residents in local communities that adopt and enforce floodplain management ordinances intended to reduce future flood damage. FEMA also provides certain properties with discounted premiums to encourage community and property owner participation.

B. NFIP Operational Model

Today, the NFIP has approximately five million policyholders in more than 22,000 participating communities across the nation. Policyholders purchase NFIP flood insurance through licensed insurance agents who write with participating private insurance companies or directly with the NFIP through its servicing agent.

Under the Write Your Own (WYO) Program, private insurance companies (known as WYO companies) enter into an agreement with FEMA to sell NFIP policies next to their own insurance lines and adjust and pay claims arising under the NFIP policies. WYO companies are responsible for all aspects of servicing the policies they sell, including issuing, endorsing, underwriting, renewing, and canceling policies. WYO companies may withhold from written premiums administrative and operating expenses for selling and servicing NFIP policies. WYO companies must align their flood business with their normal business practices for their other insurance lines, subject to applicable legal and administrative requirements.

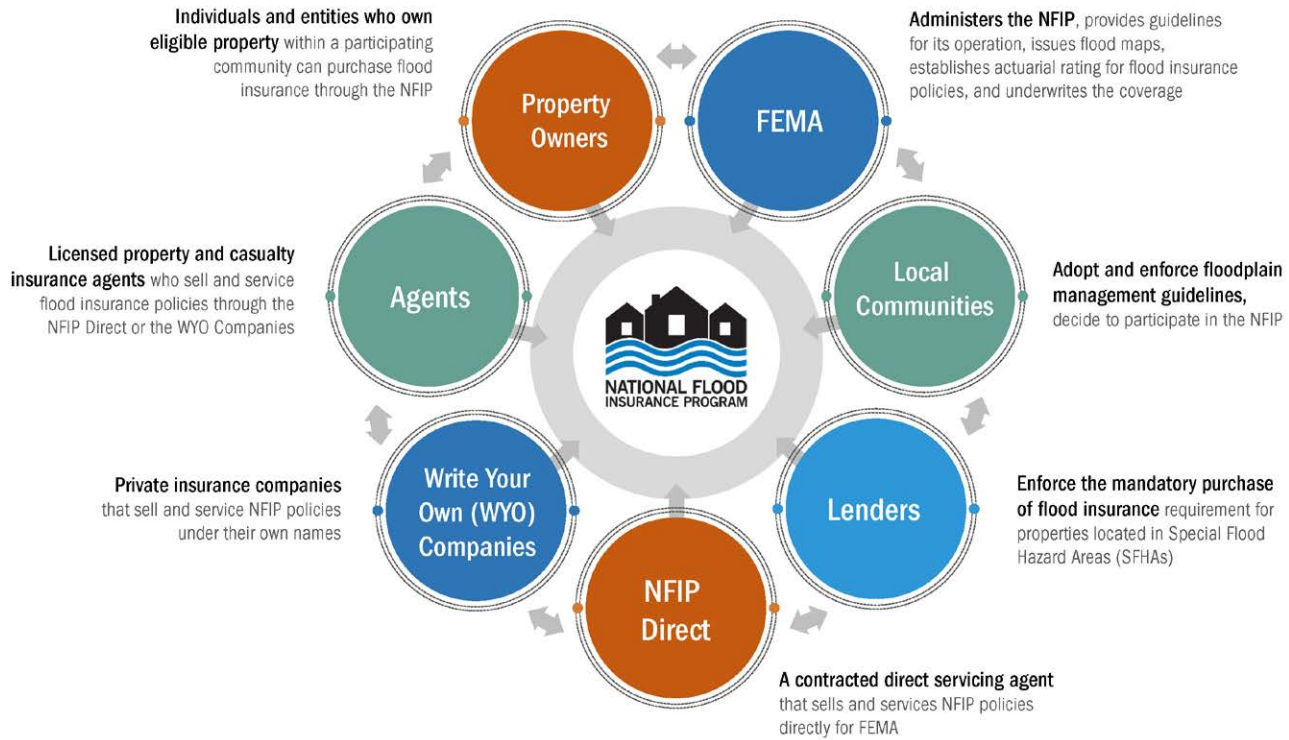
In addition to the WYO Program, FEMA directly sells and services NFIP policies through a contracted direct servicing agent, known as the NFIP Direct. Any prospective policyholder may seek coverage through NFIP Direct. NFIP Direct is also the sole entity servicing Group Flood Insurance Policies (GFIPs) and selling and servicing NFIP policies insuring buildings that have experienced severe repetitive losses.

Whether written with a WYO company or the NFIP Direct, all NFIP policies (with the exception of GFIPs) are subject to the same policies, rating methodology, and processes stated in the *NFIP Flood Insurance Manual*.

More broadly, the NFIP involves effective partnership between the Federal Government; the property and casualty insurance industry; state, local, tribal, and territorial governments; lending institutions; and property owners. **Figure 1** below shows how each partner helps to implement the program.

Note: As used in the *NFIP Flood Insurance Manual*, the term FEMA typically includes the agency and its contractors.

Figure 1. NFIP Partners



C. Legislative Reforms

In the more than 50 years since passage of the National Flood Insurance Act of 1968, Congress has enacted legislation seeking to improve the NFIP, as summarized in **Table 1**. Of special note is the Flood Disaster Protection Act of 1973, which mandated the purchase of flood insurance for certain properties in high flood-risk areas of NFIP-participating communities. This mandatory purchase requirement expanded the overall number of insured properties, including those that qualified for discounted premiums.

Table 1. Major NFIP Reform Legislation

ACT	PROVISIONS
<p>Flood Disaster Protection Act of 1973 (FDPA)</p>	<p>Established the flood insurance mandatory purchase requirement:</p> <ul style="list-style-type: none"> • Prohibited federally backed lenders from making loans secured by buildings located in a Special Flood Hazard Area (SFHA), unless the building is covered by flood insurance. • Prohibited federal assistance for the acquisition or construction of structures located in an SFHA, unless the community is participating in the NFIP (unless the assistance is related to disaster assistance provided during a non-flood event). • Prohibited federal assistance for the acquisition or construction of a structure located in an SFHA unless the structure is covered by flood insurance.

Table 1. Major NFIP Reform Legislation *continued*

ACT	PROVISIONS
National Flood Insurance Reform Act of 1994¹	<ul style="list-style-type: none"> Expanded and strengthened the FDPA's mandatory purchase requirement. Required FEMA to offer insurance covering the cost of complying with state and local floodplain management ordinances, referred to as Increased Cost of Compliance (ICC) coverage. Established a grant program to fund activities designed to reduce the risk of flood damage to structures covered by an NFIP policy (referred to as the Flood Mitigation Assistance (FMA)) Program. Required a mandatory 30-day waiting period before a new NFIP policy becomes effective.
Bunning-Bereuter-Blumenauer Flood Insurance Reform Act of 2004²	<ul style="list-style-type: none"> Required FEMA to create a process to enable policyholders to appeal claims decisions. Required FEMA to provide enhanced disclosure to policyholders explaining policy coverages and other terms.
Biggert-Waters Flood Insurance Reform Act of 2012 (BW-12)³	<ul style="list-style-type: none"> Required FEMA to phase out premium discounts on an accelerated time frame. Required establishment of a National Flood Insurance Reserve Fund to be available to pay claims, repay debt owed to the U.S. Treasury, and meet the future obligations of the NFIP. Increased and adjusted the annual premium increase caps.
Homeowner Flood Insurance Affordability Act of 2014 (HFIAA)⁴	<ul style="list-style-type: none"> Repealed and limited many premium increases required by BW-12. Imposed a surcharge based on occupancy and primary residence status (referred to as the HFIAA surcharge). With limited exceptions, reduced the cap on annual increases for flood insurance premiums to 18 percent. Authorized FEMA to secure reinsurance for the NFIP from the traditional reinsurance and capital markets.

III. Organization of the Document

The *NFIP Flood Insurance Manual* is divided into six main sections and several appendices, as shown in **Table 2**. Table 2 provides the overall organization of the *NFIP Flood Insurance Manual* and briefly describes the content in each section.

1. National Flood Insurance Reform Act of 1994, Pub. L. No. 103-325, Title V, 108 Stat. 2255; 42 U.S.C. 4001 et seq.
2. Bunning-Bereuter-Blumenauer Flood Insurance Reform Act of 2004, Pub. L. No. 108-264, 118 Stat. 712; 42 U.S.C. 4001 et seq.
3. Biggert-Waters Flood Insurance Reform Act of 2012, Pub. L. No. 112-141, Div. F, Title II, Subtitle A, 126 Stat. 916; 42 U.S.C. 4001 et seq.
4. Homeowner Flood Insurance Affordability Act of 2014, Pub. L. No. 113-89, 128 Stat. 1020; 42 U.S.C. 4001 et seq.

Table 2. Organization of the NFIP Flood Insurance Manual

TITLE	DESCRIPTION	HIGH-LEVEL CONTENT
Section 1: Introduction	Overview of the NFIP, its operational model, and resources for agents, insurers, and other stakeholders	<ul style="list-style-type: none"> I. Purpose and Audience II. NFIP Program and Operational Model III. Document Organization IV. NFIP Resources
Section 2: Before You Start	Information needed before writing a NFIP flood insurance policy	<ul style="list-style-type: none"> I. Policy Forms II. Eligibility for NFIP Coverage III. Effective Dates for New Policies and Endorsements IV. Administrative Topics V. Assignment and Transfer of Business VI. Reformation Due to Insufficient Premium or Rating Information
Section 3: How to Write	Description of the information needed to rate a policy and applicable rating rules	<ul style="list-style-type: none"> I. Introduction II. General Rating Information III. Condominium Rating Information IV. Provisional Rating Information
Section 4: How to Endorse	Guidance on changing or correcting information on an existing NFIP flood insurance policy	<ul style="list-style-type: none"> I. Endorsement Process II. Coverage and Deductible Changes III. Other Premium-Bearing Changes IV. Assignment of a Policy
Section 5: How to Renew	Guidance and information on how to renew an existing NFIP flood insurance policy	<ul style="list-style-type: none"> I. General Information II. Renewal Process III. Additional Information
Section 6: How to Cancel	Guidance on valid cancellation/nullification reason codes and associated effective date and refund rules	<ul style="list-style-type: none"> I. General Information II. Valid Cancellation Reason Codes III. Processing a Cancellation or Nullification Request
Appendix A: Standard Flood Insurance Policy	The three Standard Flood Insurance Policy (SFIP) forms stating definitions, coverages, limitations, and exclusions for NFIP flood insurance policies, including terms and conditions unique to the NFIP.	<ul style="list-style-type: none"> I. Dwelling Form II. General Property Form III. Residential Condominium Building Association Policy Form
Appendix B: Forms	Forms that collect the information needed to rate a NFIP flood insurance policy and process certain policy transactions	<ul style="list-style-type: none"> I. NFIP Flood Insurance Application Form II. NFIP Flood Insurance General Change Endorsement Form III. NFIP Flood Insurance Cancellation/Nullification Request IV. NFIP Residential Basement Floodproofing Certificate V. NFIP Floodproofing Certificate for Non-Residential Structures VI. NFIP Elevation Certificate and Instructions

Table 2. Organization of the *NFIP Flood Insurance Manual* continued

TITLE	DESCRIPTION	HIGH-LEVEL CONTENT
<p>Appendix C: Quick Start Guide to Writing a Policy</p>	<p>A step-by-step reference guide on how to write a new NFIP flood insurance policy using the NFIP Flood Insurance Application Form</p>	<ul style="list-style-type: none"> I. Agency Number/Agent Number II. Property Address III. Building Occupancy, Policy Form, and Coverage Amounts IV. Building Description V. Foundation Type VI. Proper Flood Openings VII. First Floor Height Determination VIII. Building Characteristics
<p>Appendix D: Flood Maps</p>	<p>General information about NFIP flood maps and flood zones</p>	<ul style="list-style-type: none"> I. Flood Map Service Center II. Flood Hazard Maps III. Map Zones IV. Locating a Property on a Map V. Changing or Correcting a Flood Map by a Letter of Map Change (LOMC)
<p>Appendix E: Coastal Barrier Resources System</p>	<p>Guidance on eligibility for NFIP coverage under the Coastal Barrier Resources System</p>	<ul style="list-style-type: none"> I. General Information II. Determining Eligibility
<p>Appendix F: Severe Repetitive Loss Properties</p>	<p>Information on procedures unique to servicing policies for Severe Repetitive Loss (SRL) properties</p>	<ul style="list-style-type: none"> I. General Information II. New Business III. Notification Requirements IV. Underwriting Requirements V. Process for Correcting or Updating a Property's SRL Status VI. Flood Mitigation Assistance (FMA) Program VII. Pivot Identification and Notification Process
<p>Appendix G: Leased Federal Properties</p>	<p>Information on procedures unique to writing and servicing policies for leased federal properties</p>	<ul style="list-style-type: none"> I. General Information II. Requirements III. Correcting an LFP Designation
<p>Appendix H: Claims</p>	<p>General information on claims processing</p>	<ul style="list-style-type: none"> I. Information for Policyholders after a Flood II. Claim Process III. Disputed Claims IV. Appealing a Claim V. Litigation VI. Increased Cost of Compliance (ICC) Claims
<p>Appendix I: Policyholder Communications</p>	<p>Sample documents referenced in various <i>Flood Insurance Manual</i> sections and appendices, intended to guide how NFIP insurers communicate with policyholders around specific topics or types of transactions</p>	<ul style="list-style-type: none"> I. Underwriting-Related Policyholder Communications II. Declarations Page III. Replacement Cost Value Update Notice IV. Severe Repetitive Loss Property Notice V. FIRA Notice VI. Leased Federal Property Notice VII. Provisional Rating Notice VIII. Renewal Notice, Renewal Notice (This Is Not A Bill), and Final Notice IX. Cancellation Verification Letter

Table 2. Organization of the NFIP Flood Insurance Manual *continued*

TITLE	DESCRIPTION	HIGH-LEVEL CONTENT
Appendix J: Sample Scenarios	Provides application scenarios for NFIP insurance	I. Sample Scenarios
Appendix K: Definitions and Acronyms	Definitions of specific NFIP terms and frequently used acronyms	I. Definitions II. Acronyms

IV. NFIP Resources

A. Policy-Specific Inquiries

Questions and requests for technical assistance regarding specific flood insurance policies and NFIP rules should generally follow the flow shown in **Figure 2** below.

Figure 2: How to Seek NFIP Technical Assistance



Policyholders who have questions about their policy should first contact their flood insurance agent. If the agent is unable to answer the question, they may direct it to the NFIP insurer (either a WYO company or the NFIP Direct) that issued the policy. The insurer may elevate complex questions to FEMA as needed.

B. General Assistance and Inquiries

For general assistance and inquiries (or for policy-specific issues after speaking with the agent or insurer), contact the FEMA entities noted below:

- The **FEMA Mapping and Insurance eXchange (FMIX)** can answer general inquiries about mapping and flood insurance; call 1-877-336-2627 (1-877-FEMA-MAP) or visit https://www.floodmaps.fema.gov/fhm/fmx_main.html to access the chat and email functions.
- Contact FEMA’s **Ask the Expert** at floodsmart@fema.dhs.gov if you have questions about the NFIP, your flood insurance, or the flood risk your property may face.

If you need additional assistance regarding a flood insurance policy after using the above resources and those listed in Table 3 below, contact FEMA’s **Office of the Flood Insurance Advocate (OFIA)**. The OFIA advocates for the fair treatment of policyholders and property owners by providing education and guidance on all aspects of the NFIP, identifying trends affecting the public, and making recommendations for program improvements to FEMA leadership. Contact the OFIA by visiting <http://www.fema.gov/flood-insurance-advocate> and clicking on the “Ask the Advocate” button.

C. NFIP Topics and Contact Information

Table 3 provides links and contact information for various topics of interest to NFIP stakeholders.

Table 3. NFIP Topics and Contact Information

Topic	Mail and Website Address	Telephone
Agent Marketing, Selling, Servicing Information	https://agents.floodsmart.gov	N/A
Claims & Underwriting Forms	https://www.fema.gov/flood-insurance/find-form	N/A
Coastal Barrier Resources System (CBRS)	https://www.fws.gov/CBRA	N/A
Community Status Book	https://www.fema.gov/flood-insurance/work-with-nfip/community-status-book	N/A
FEMA Guidance	https://www.fema.gov/about/reports-and-data/guidance	N/A
Flood Maps and Related Products	FEMA Flood Map Service Center https://msc.fema.gov/portal/home	N/A
Flood Zone Determination Companies	https://nfipservices.floodsmart.gov/flood-zone-determination-companies	N/A
General Information for Agents & Consumers	https://www.floodsmart.gov	N/A
General Mapping and Flood Insurance Inquiries	FEMA Mapping and Insurance eXchange (FMIX) https://www.floodmaps.fema.gov/fhm/fmx_main.html FEMA-FMIX@fema.dhs.gov	Phone: 1-877-336-2627 (1-877-FEMA-MAP)
NFIP Regional Support Offices	https://nfipservices.floodsmart.gov/NFIP-Regional-Support-Offices	See link
Outreach Publications and Resources	https://www.fema.gov/flood-insurance/outreach-resources	N/A
NFIP Publications Order Form	https://agents.floodsmart.gov/puborderform	Phone: 1-800-480-2520
Training	https://nfipservices.floodsmart.gov/training	N/A
WYO Companies	https://nfipservices.floodsmart.gov/wyo-program-list	N/A

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2. Before You Start

This section provides important information that agents and insurers must be familiar with before writing an NFIP flood insurance policy. The section covers eligibility rules, when coverage becomes effective, and other information relevant to delivery and maintenance of policies. Application of this knowledge will reduce or eliminate issues that may arise at various stages of the policy lifecycle.

I. Policy Forms

A. General Information

NFIP insurers may only use the Standard Flood Insurance Policy (SFIP) established by FEMA in federal regulation to sell and service NFIP flood insurance policies. The SFIP defines the coverages, limitations, and exclusions for NFIP flood insurance policies and includes terms and conditions that are unique to the NFIP. The SFIP outlines flood insurance coverage for a one-year policy term under three different forms: the Dwelling Form, the General Property Form, and the Residential Condominium Building Association Policy (RCBAP) Form (see Appendix A: Policy).

FEMA updated the Standard Flood Insurance Policy Forms in conformance with the requirements stipulated in the final rule FEMA published in July 2020 “Conforming Changes To Reflect the Biggert-Waters Flood Insurance Reform Act of 2012 (BW-12) and the Homeowners Flood Insurance Affordability Act of 2014 (HFIAA), and Additional Clarifications for Plain Language,” available on the *Federal Register*.

Note: There are regulatory changes in the rule and the majority of the changes are clarifications and changes that codify existing practice, policy or processes and improve readability and uniformity.

The effective date of the SFIPs is October 1, 2021.

Table 1 shows when to use the three SFIP forms to insure a variety of residential and non-residential building and contents risks. See the [Building Occupancy](#) heading in Section 3: How to Write for definitions of the building occupancies referenced here. See the [Maximum Coverage Limits](#) heading in Section 3: How to Write for information on the building and contents coverage available for different building occupancies under these SFIP forms.

Table 1. Standard Flood Insurance Policy Forms

SFIP FORM	ELIGIBLE POLICYHOLDERS	ELIGIBLE BUILDING OCCUPANCIES
Dwelling Form	<p>Available to the following types of policyholders:</p> <ul style="list-style-type: none"> • Homeowner • Unit owner • Building owner • Residential renter <p>Note: In some cases a condominium association may purchase a Dwelling Form policy for a Residential Unit on behalf of the unit owner, who is the policyholder.</p>	<p>In a Regular Program or Emergency Program community provides building and/or contents coverage for:</p> <ul style="list-style-type: none"> • Single-Family Home • Residential Manufactured/Mobile Home • Residential Unit • Two-to-Four Family Building <p>Note: The Dwelling Form also covers residential contents in a non-residential building insured under a separate policy from the building.</p>

Table 1. Standard Flood Insurance Policy Forms *continued*

SFIP FORM	ELIGIBLE POLICYHOLDERS	ELIGIBLE BUILDING OCCUPANCIES
General Property Form	Available to the following types of policyholders: <ul style="list-style-type: none"> • Building owner • Unit owner • Building or unit lessee 	In a Regular Program or Emergency Program community: <ul style="list-style-type: none"> • Other Residential Building • Non-Residential Building • Non-Residential Manufactured/Mobile Building • Non-Residential Unit Note: The General Property Form also covers non-residential contents in a residential building insured under a separate policy from the building.
RCBAP	Issued to a residential condominium association on behalf of the association and unit owners	In a Regular Program community only: <ul style="list-style-type: none"> • Residential Condominium Building See the Condominium Rating Information heading in Section 3: How to Write for more information on RCBAP eligibility and what policy form to use if ineligible.

B. Insurable Interest

To be eligible for an NFIP policy, the individual or entity (a property owner, tenant, or mortgagee) must have an insurable interest in the subject property. An insurable interest is an interest in property to the extent that the owner of the interest derives a benefit from the preservation of the property and will suffer a loss from its destruction. Principal examples are:

- **Mortgagee Interest** – A mortgagee has an insurable interest in the mortgaged property, and therefore, can obtain an NFIP insurance policy.
- **Shareholder Interest** – A shareholder with an insurable interest in a non-residential property may obtain NFIP insurance to protect its financial interest in the property from loss.
- **Limited Liability Corporation** – An individual listed as an owner of an LLC that owns a residential building, and who resides there, may obtain NFIP insurance to protect their financial interest in the property from loss.
- **Interest in Estate** – An individual or entity with a financial interest in an estate holding insurable property may obtain NFIP insurance to protect that interest from loss.
- **Rent-to-Own Agreement** – If a tenant has sufficient interest in the property under a rent-to-own agreement, then the landlord and owner and the tenant both have an insurable interest. Each of them may be named insureds¹ under the flood insurance policy.
- **Lease Requirement to Purchase Building Coverage** – If a lease agreement requires a tenant to purchase building coverage, the building owner must be named on the policy but the tenant may also be named on the policy (although they do not have an insurable interest themselves). Coverage for contents owned by the tenant must be

1. “Policyholder” refers specifically to the individual or business named in the policy itself, whereas “insured” refers to the policyholder as well as anyone who submits payment on behalf of the policyholder and who has the right to a claim payment under the policy (for example, the mortgagee). The *Flood Insurance Manual* uses each term when appropriate to the specific context.

2. Before You Start

written on a separate policy in the name of the tenant only. Tenants may not purchase building coverage if the owner or another party has purchased NFIP coverage on the same building, except as noted under the Duplicate Policies heading below.

Note: NFIP rules disallowing duplicate coverage apply. See the [Duplicate Policies](#) heading in this section.

Contents Coverage for Tenants

Under the Dwelling Form and General Property Form, tenants may purchase contents coverage, which includes coverage for building improvements and betterments. The maximum amount payable for improvements and betterments in the building occupied by the policyholder is 10 percent of the contents coverage amount shown on the declarations page. Improvements and betterments include fixtures, alterations, installations, and additions that become part of the tenant-occupied building, if acquired or made solely at the tenant's expense. Use of this option does not provide an additional amount of insurance over the amount of contents coverage shown on the declarations page. Coverage for contents solely owned by the tenant must be on a separate policy in the name of the tenant only. Refer to the SFIP Article III.B.6.

Complex questions of insurable interest can arise involving mixed-use buildings with multiple forms of ownership. The NFIP can cover such a building under either a single policy or multiple policies, depending in part on whether a single SFIP form or multiple forms apply. If writing a single policy, the insurer must list all building owners as named insureds on the policy. If writing multiple policies for buildings at the same location, the insurer is responsible for maintaining detailed information describing the ownership and insurable interest that pertains to each policy. This prevents issues of duplicate coverage or claim payments above the statutory limits.

C. Duplicate Policies

Only one policy may be effective for the same named or different named policyholder for the same building with building coverage. If an insurer determines that the policyholder(s) has a duplicate policy, the insurer must provide written notice to the policyholder(s) of duplicate coverage. The notice must advise the policyholder(s) of the following:

- In general, the policy with the earlier effective date will continue (see specific exceptions under the [Duplicate Coverage](#) heading in Section 6: How to Cancel).² The insured may increase coverage up to the coverage limits of the policy with a later effective date. The endorsement effective date for increased coverage is the effective date of the later policy.
- If both policies have the same effective date, the policyholder may choose which policy will remain in effect.

There are two exceptions allowing duplicate building policies on a single building.

- **Residential Condominium Building.** The insurer may issue a Dwelling Form policy with building coverage to a residential condominium unit owner in a residential building. If the building is covered by an RCBAP, the combined building coverage between the Dwelling Form policy and the RCBAP cannot exceed \$250,000 for the unit. Policyholders may not claim damaged items under more than one policy. The NFIP will only pay for damaged items under one policy.

2. 44 CFR § 62.5(e)

2. Before You Start

- **Mixed Use Buildings with Multiple Forms of Ownership.** When writing multiple policies for buildings at the same location, the insurer should maintain detailed information describing the ownership and insurable interest that pertains to each policy. This prevents issues of duplicate coverage or claim payments above the statutory limits.

If duplicate coverage occurs, see Section 4: How to Endorse and Section 6: How to Cancel for additional information.

D. Group Flood Insurance Policy

A Group Flood Insurance Policy (GFIP) is a policy covering all individuals named by a State as recipients under Section 408 of the Robert T. Stafford Disaster Relief and Emergency Assistance Act³ of an Individuals and Households Program award for flood damage as a result of a major disaster declaration by the President. The amount of coverage is equivalent to the maximum grant amount established under Section 408. The term of the GFIP is for 36 months and begins 60 days after the date of the presidential disaster declaration. Coverage for individual grantees begins on the thirtieth day after the NFIP receives the required data for individual grantees and their premium payments. A GFIP recipient has a legal requirement to obtain and maintain flood insurance after receiving disaster assistance even when the GFIP expires.

The GFIP is comparable to the Dwelling Policy Form. Coverage is broken down as building or contents at the time of a flood loss, and is dependent on flood damage and ownership (owner or tenant). A \$200 deductible applies separately to building coverage and contents coverage. The GFIP does not provide Increased Cost of Compliance (ICC) coverage.

The *Flood Insurance Manual* does not provide guidance on writing and servicing GFIPs. As described above, FEMA provides GFIPs through grants under the post-disaster Individuals and Households Program; only NFIP Direct issues the GFIP Certificates of Flood Insurance to individual recipients and services the policies.

A certificate holder may cancel a GFIP at any time and secure a regular SFIP through the NFIP. The amount of coverage purchased must be at least the same amount of assistance that was awarded. If the certificate holder purchases an SFIP within 30 days after the GFIP's expiration date then no waiting period applies, (consistent with the NFIP's grace period for renewals). The GFIP and the SFIP cannot be stacked or combined. Even though the GFIP becomes void after a purchase of an SFIP; the GFIP recipient should notify NFIP Direct at 800-638-6620 once they purchase an SFIP.

II. Eligibility for NFIP Coverage

An individual property's eligibility for NFIP coverage depends on:

1. The location of the building;
2. Whether the building meets certain insurability requirements; *and*
3. Whether the contents meet certain insurability requirements.

While FEMA's system conducts certain eligibility checks, NFIP insurers remain responsible for ensuring eligibility for NFIP coverage.

3. Pub. L. No. 93-288, 88 Stat. 143; 42 U.S.C. 5174

A. Eligibility of Property Locations

1. Where the NFIP Offers Insurance

The NFIP offers insurance for buildings and contents located within participating NFIP communities or located on federal land.

Table 2 explains what an NFIP participating community is and provides a description of the stages of a participating community.

Table 2. Where the NFIP Offers Insurance

LOCATION	DESCRIPTION
<p>NFIP Participating Community</p>	<p>The NFIP insures buildings and contents located within participating NFIP communities or on federal land.</p> <p>For a community to participate in the NFIP, it must adopt a floodplain management ordinance that meets or exceeds the minimum NFIP criteria and have a Flood Insurance Rate Map (FIRM) or a Flood Hazard Boundary Map (FHBM). Check with the insurer to determine the community status or see the <i>NFIP Community Status Book</i>.</p>
<p>Emergency Program</p>	<p>The Emergency Program represents the initial phase of a community’s participation in the NFIP. In this phase, limited amounts of coverage are available.</p> <p>Note: Participating communities in the Emergency Program remain in the Emergency Program if an FHBM is rescinded.</p>
<p>Regular Program</p>	<p>The Regular Program is the final phase of a community’s participation in the NFIP. In this phase, the completed FIRM is in effect and full coverage limits are available.</p>
<p>NFIP Participating Community on Probation</p>	<p>FEMA may place a participating NFIP community on probation when it does not comply with the NFIP’s floodplain management requirements. Probation ends when the community remedies all deficiencies. Insurance is available while the community is on probation.</p> <p>FEMA applies a \$50 Probation Surcharge to all policies in the community, issued on or after the probation effective date. The NFIP exempts the GFIP from the surcharge.</p> <p>Note: FEMA may suspend the community (see Table 3) if it does not remedy the violations during the probationary period.</p>
<p>Federal Land</p>	<p>NFIP flood insurance is available on land owned by the Federal Government when the local community meets the floodplain management requirements. The NFIP records all federal land under a local community number, even if that local community does not have jurisdiction.</p>

2. Where the NFIP Does Not Offer Insurance

Table 3 shows the locations where the NFIP does **not** offer insurance.

Table 3. Where the NFIP Does Not Offer Insurance

LOCATION	DESCRIPTION
<p>Non-Participating Community</p>	<p>The NFIP may not sell or renew flood insurance in a community that does not participate in the NFIP. Once FEMA provides a community with an FHBM or a FIRM delineating its flood-prone areas, the community has one year from that date to qualify as an NFIP participating community before this prohibition becomes effective. Check with the insurer to determine the community status or see the <i>NFIP Community Status Book</i>.</p>

Table 3. Where the NFIP Does Not Offer Insurance *continued*

LOCATION	DESCRIPTION
<p>Suspended NFIP Community</p>	<p>The NFIP may not sell or renew flood insurance in a community suspended from the NFIP. Current policies in the suspended community remain in effect until policy expiration.</p> <ul style="list-style-type: none"> • The NFIP may not renew a policy while the community is suspended. • Insurers must cancel any policies issued in error or any policy renewed after the date of a community suspension. • To obtain coverage after the NFIP reinstates a community, property owners should contact their agent or insurer to submit a new Flood Insurance Application Form. • Insurers must use the applicable waiting period required to obtain coverage.
<p>Areas Covered by the Coastal Barrier Resources Act</p>	<p>Flood insurance may not be available in System Units or Otherwise Protected Areas (OPAs) identified under the Coastal Barrier Resources System (CBRS). Such areas designated under the CBRS are typically undeveloped coastal barriers within the boundaries of areas established under federal, state, or local law, or that are held by a qualified organization, primarily for wildlife refuge, sanctuary, recreational, or natural resource conservation purposes. See Appendix E: Coastal Barrier Resources System for additional information.</p>

B. Building Eligibility

1. General Information

The NFIP will insure a building that:

- Is affixed to a permanent site;
- Has two or more outside rigid walls with a fully secured roof;
- Resists flotation, collapse, and lateral movement; *and*
- Has at least 51 percent of the Actual Cash Value (ACV) of the building, including machinery and equipment that are a part of the building, above ground level, unless the lowest level of the affixed structure is at or above the Base Flood Elevation (BFE) and is below ground, using earth as insulation material in conjunction with energy-efficient building techniques.⁴

Base Flood Elevation

BFE is the elevation of surface water resulting from a flood that has a 1 percent chance of equaling or exceeding that level in any given year. It is shown on the FIRM for Zones AE, AH, A1–A30, AR, AR/A, AR/AE, AR/A1–A30, AR/AH, AR/AO, V1–V30 and VE. BFE is no longer an NFIP rating factor to determine premium. However, the SFIP policy forms still reference BFE in defining a building’s eligibility for NFIP coverage when partially underground or under construction. Moreover, BFE continues to be a key factor determining compliance with NFIP floodplain management regulations. Such compliance affects eligibility for Community Rating System discounts and floodproofing discounts. The *Flood Insurance Manual* continues to reference BFE in these instances. While BFE remains relevant to NFIP insurers’ administration of certain NFIP policies, insurers are no longer responsible for reporting the information to FEMA’s system.

4. 44 CFR Part 61, Appendix A(1)-(3), II.C.6 & IV.11

2. Single and Multiple Buildings

To qualify as a single building, subject to the single-building limits of coverage, a building must be:

- Separated from other buildings by intervening clear space; *or*
- Separated into divisions by solid vertical load-bearing walls.
 - Division walls must divide the building from its lowest level to its highest ceiling and have no openings.
 - If there is access through the division wall by a doorway or other opening, the structure must be insured as one building unless it meets one of the following criteria:
 - > It is a separately titled building contiguous to the ground;
 - > It has a separate legal description; *or*
 - > It is regarded as a separate property for other real estate purposes, meaning that it has most of its own utilities and may be deeded, conveyed, and taxed separately.

Note: If writing multiple policies for multiple buildings at the same location, the insurer must maintain detailed information describing the ownership and insurable interest that pertains to each policy. Insurers can submit requests to FEMA seeking single-building determinations for complex structures with multiple building owners or mixed ownership types.

Where there are multiple separate buildings located at a single address (for example, a single-family residence and a guest house on the same property) and the property owners want to insure both buildings, the insurer should write two separate policies and use the property description field on each Application Form to distinguish the buildings.

Where there are multiple buildings on the same property connected by means of rigid exterior walls, solid load-bearing interior walls, stairways, an elevated walkway, or roof, the insurer may write a policy covering them as a single building or multiple policies covering them as separate buildings.

3. Eligible Types of Buildings

Table 4 describes the types of buildings the NFIP insures.

Table 4. Buildings the NFIP Insures

BUILDING TYPE	DESCRIPTION
<p>Additions and Extensions</p>	<p>When insuring a building with one or more additions, the applicant must choose between purchasing one policy or separate policies for the building and each addition and extension.</p> <p>Additions and extensions attached to and in contact with the building by the following methods may be insured under a separate policy:</p> <ul style="list-style-type: none"> • Rigid exterior wall • Solid load-bearing interior wall • Stairway • Elevated walkway • Roof

Table 4. Buildings the NFIP Insures *continued*

BUILDING TYPE	DESCRIPTION
<p>Additions and Extensions <i>continued</i></p>	<p>The NFIP requires an Application Form for each addition and extension insured separately. The Application Form must:</p> <ul style="list-style-type: none"> Clearly describe the separately insured addition and extension; Contain the rating information specific to the addition and extension; <i>and</i> Request building and/or contents coverage for the addition and extension. <p>The Additional Information portion of the Application Form for the main building should reference the policy number or quote number for the policy separately insuring the addition or extension.</p> <p>Note: Additions and extensions cannot be excluded from building coverage under the main building’s policy, unless the additions and extensions are insured separately.</p>
<p>Agricultural Building</p>	<p>A building used exclusively in connection with the production, harvesting, storage, raising, or drying of agricultural commodities. Examples of eligible agricultural buildings include barns, silos, and grain storage buildings.</p>
<p>Boathouse Located Partially Over Water (Non-Boathouse Parts)</p>	<p>The NFIP insures the non-boathouse parts of a building into which boats are floated, if the building is partly over land and also used for residential, commercial, or municipal purposes and is eligible for flood coverage. The NFIP does not insure boat repair docks or boat storage over water.</p> <p>The NFIP will insure the area above the boathouse used for purposes unrelated to the boathouse use (for example, a residential use) from the floor joists to the roof, including walls. The NFIP will also insure a common wall between the boathouse area and other parts of the building.</p> <p>The following items are not insured (see the SFIP for the limitations on coverage):</p> <ul style="list-style-type: none"> The ceiling and roof over the boathouse portions of the building into which boats are floated; Floors, walkways, decking, etc., within the boathouse area, or outside the area, but pertaining to boathouse use; Exterior walls and doors of the boathouse area not common to the rest of the building; Interior walls and coverings within the boathouse area; <i>and</i> Contents located within the boathouse area, including furnishings and equipment, relating to the operation and storage of boats and other boathouse uses.
<p>Building Becomes Entirely Over Water</p>	<p>A building originally constructed on land or partially over water that later becomes entirely over water because of erosion is eligible for coverage if the building has had continuous coverage. Coverage must have been in place for at least one year before the building being located entirely over water (regardless of any changes in the ownership of the building), or from the date of construction if that was less than one year before the building became located entirely over water.</p> <p>The property owner must establish eligibility for NFIP coverage by submitting all of the following documentation:</p> <ul style="list-style-type: none"> A letter from the community official stating that the building originally was constructed on land or only partially over water; Photographs of the building over land, if available; The approximate date when the building became located entirely over water; and Proof of continuous flood insurance coverage from the period beginning 1 year prior to the building being located entirely over water (regardless of any changes in the ownership of the building), or from the date of construction if less than 1 year.

Table 4. Buildings the NFIP Insures *continued*

BUILDING TYPE	DESCRIPTION
Building Entirely Over Water before October 1, 1982	The NFIP will insure a building located entirely in, on, or over water, or seaward of mean high tide that was not constructed or substantially improved after September 30, 1982.
Building Partially Over Water	<p>The NFIP may insure a building not “entirely” over water; for example, if part of the exterior perimeter walls and foundation of the building are on land or on the landward side of mean high tide (mean high water).</p> <p>Note: When the exterior perimeter walls of the building are completely over water, but the support system or foundation underneath the building extends onto land, or the extension of any mechanism for access into the building (including, but not limited to, stairs, decks, walkways, piers, posts, pilings, docks, or driveways) is fully or partially on land, the building and the access are ineligible for coverage.</p>
Building Partially Underground	The NFIP insures buildings or units and eligible contents if 49 percent or less of the ACV, including machinery, is below ground when an energy-efficient building technique uses earth as an insulator. The lowest floor must be at or above the BFE. ⁵
Building Under Construction	<p>The NFIP will insure a building under construction, alteration, or repair before it is walled and roofed, using the NFIP-issued rates based on the construction designs and the intended use of the building.</p> <p>A building under construction that is not walled and roofed is not eligible for coverage if construction stops for more than 90 days or the lowest floor, including the basement floor, of a non-elevated building or the lowest elevated floor of an elevated building is below the BFE.⁶ The NFIP will not insure materials or supplies intended for use in such construction, alteration, or repair unless they are contained within an enclosed building on the premises or adjacent to the premises.</p> <p>For information on rating, see the Building Under Construction heading in Section 3: How to Write.</p>
Condominium Building	A condominium is a building or a complex of buildings containing a number of individually owned apartments or houses where each unit owner has an undivided interest in common elements of the building. Residential condominium buildings eligible for the RCBAP must be insured under the RCBAP. See the Building Occupancy heading in Section 3: How to Write for additional information.
Cooperative Building	Corporations own and manage cooperative buildings, and their ownership differs from the condominium form of ownership. Residents within cooperative buildings buy shares of the corporation, rather than the real estate (building, land, or both building and land). A cooperative building must have at least 75 percent of the total floor area used for residential purposes to qualify as a residential occupancy. Cooperative buildings are not eligible for the RCBAP.
Detached Garage	In general, the SFIP can only insure one building. However, the Dwelling Form includes limited coverage for a detached garage servicing a one-to-four family dwelling. Coverage is limited to no more than 10 percent of the limit of liability on the one-to-four family dwelling. This coverage does not apply to garages used for residential, commercial, or agricultural purposes.

5. 44 CFR Part 61, Appendix A(1)-(3), IV.11

6. 44 CFR Part 61, Appendix A(1)-(3), III.A.5

Table 4. Buildings the NFIP Insures *continued*

BUILDING TYPE	DESCRIPTION
Homeowners' Association (Non-Condominium)	<p>A Homeowners' Association not in the condominium form of ownership owns the common areas, and individual building owners have a right to use and enjoy the common areas. A Homeowners' Association can purchase a policy for an individual building in the building owner's name when the Association's by-laws require the Association to purchase flood insurance building coverage for its members. A Homeowners' Association not in the condominium form of ownership is not eligible for the RCBAP.</p>
Manufactured/ Mobile Home or Manufactured Building or Travel Trailer Without Wheels	<p>A manufactured home (also known as a mobile home) or manufactured building is a structure built on a permanent chassis, transported to a site in one or more sections, and affixed to a permanent foundation.</p> <p>A travel trailer without wheels, built on a chassis and affixed to a permanent foundation, is eligible for flood coverage where regulated under the community's floodplain management and building ordinances or laws.</p> <p>Manufactured/mobile homes and travel trailers must meet the following requirements to be eligible for NFIP coverage:</p> <ul style="list-style-type: none"> • Be affixed to a permanent foundation that may be a poured masonry slab, foundation walls, piers, or blocks, so that the wheels and axles of the mobile home do not support its weight; <i>and</i> • Be anchored to a permanent foundation to resist flotation, collapse, or lateral movement: <ul style="list-style-type: none"> – By providing over-the-top or frame ties to ground anchors; – In accordance with manufacturer's specifications; <i>or</i> – In compliance with the community's floodplain management requirements. <p>Manufactured/mobile homes continuously insured since September 30, 1982, can renew under the previously existing requirements if they meet the following conditions:</p> <ul style="list-style-type: none"> • Are affixed to a permanent foundation in compliance with the foundation and anchoring requirements at the time of placement; <i>and</i> • Are adequately anchored, which means the foundation support system must secure the manufactured or mobile home into the ground sufficiently to resist flotation, collapse, and lateral movement caused by flood forces, including wind forces in coastal areas. <p>Note: All references in this manual to manufactured/mobile homes are specific to manufactured/mobile homes and travel trailers without wheels, when affixed to a permanent foundation.</p>
Timeshare Building	<p>A timeshare is an arrangement where several joint owners have the right to use a property under a time-sharing agreement and where the corporation owns the building. The NFIP insures individual units in a timeshare building in the condominium form of ownership under the Dwelling Form. These buildings are eligible for coverage under the RCBAP if 75 percent of the total floor area of the building is for residential purposes. If the 75 percent criteria is not met, see the Condominium Rating Information heading in Section 3: How To Write.</p>

4. Ineligible Types of Buildings

NFIP does not insure the buildings shown in **Table 5**.

Table 5. Buildings the NFIP Does Not Insure

BUILDING TYPE	DESCRIPTION
Building Declared in Violation of Floodplain Management Requirements	The NFIP may not insure buildings (or their contents) declared to be constructed or altered in violation of state or local floodplain management, mudflow, or flood-related erosion area management or control laws, regulations, or ordinances. Section 1316 of the National Flood Insurance Act of 1968 (NFIA) allows state or local governments to make this declaration. Insurance becomes available when the owner corrects the violation and the state or local government rescinds the Section 1316 declaration.
Building Entirely Over Water On or After October 1, 1982	The NFIP does not insure buildings constructed or substantially improved on or after October 1, 1982, located entirely in, on, or over water, or seaward of mean high tide.
Building Used for the Manufacture or Distribution of a Controlled Substance	The NFIP may not knowingly insure a building or its contents used for the manufacture or distribution of a controlled substance in violation of federal law. Doing so would directly promote, effectuate, or encourage a violation of the law, which would violate public policy and general principles of insurance. This restriction includes buildings or contents used to grow or dispense marijuana in locations where this activity is legal under state law, because governing federal law makes it unlawful to use any place for the manufacture or distribution of a controlled substance. FEMA can provide additional information on the application of this guidance to specific circumstances.
Container-Type Building	The NFIP does not insure containers used to store gas and liquids, chemical or reactor container tanks or enclosures, brick kilns, and similar units, and their contents.
Water Treatment Plant	The NFIP does not insure a water treatment plant unless 51 percent or more of its ACV is above ground.

C. Contents Eligibility

The NFIP only insures contents located in a building that is eligible for building coverage.

- **Dwelling Form:** Contents must be located inside a building at the described location. If the building is not fully enclosed, contents must be secured to prevent flotation out of the building.
- **General Property Form:** Contents must be located inside the fully enclosed insured building.
- **RCBAP Form:** Contents must be located inside the fully enclosed insured building.

Table 6. Contents Eligibility Examples

ELIGIBILITY	EXAMPLES
Eligible Contents	<ul style="list-style-type: none"> • Personal property inside a building at the described location, if: <ul style="list-style-type: none"> – The property is owned by the policyholder or the policyholder’s household family members; <i>or</i> – At the policyholder’s option, the property is owned by guests or servants. • Equipment. • Self-propelled vehicles or machines, not licensed for use on public roads, <i>and</i> <ul style="list-style-type: none"> – Used mainly to service the described location; <i>or</i> – Designed and used to assist handicapped persons while the vehicles or machines are inside a building at the described location.

Table 6. Contents Eligibility Examples *continued*

ELIGIBILITY	EXAMPLES
<p>Eligible Contents <i>continued</i></p>	<ul style="list-style-type: none"> • Parts and equipment as open stock, not part of a specific vehicle or motorized equipment. • Contents located in silos, grain storage buildings, and cisterns. • Commercial contents. • Contents within units in a cooperative building: <ul style="list-style-type: none"> – Residents of a unit within a cooperative building may purchase contents coverage under the Dwelling Form. – Shareholders may apply 10 percent of the contents coverage for betterments and improvements at the time of loss. • Contents in a non-residential condominium unit. • Personal property removed to safety at another location to protect it from flood or the imminent danger of flood, for a period of 45 days.
<p>Ineligible Contents</p>	<ul style="list-style-type: none"> • Automobiles including assembled and unassembled dealer’s stock. • Motorcycles including assembled and unassembled dealer’s stock. • Motorized equipment including assembled and unassembled dealer’s stock. • Bailee customer’s goods including contractors, cleaners, repair shops, processors of goods belonging to others, and similar risks.

D. NFIP Coverage Exclusions and Limitations

Table 7 shows examples of NFIP coverage exclusions and limitations. Refer to the SFIP for information about exclusions and limitations.

Table 7. NFIP Coverage Exclusions and Limitations

TYPES OF EXCLUSION AND LIMITATIONS	COMMENT
<p>Basement</p>	<p>The SFIP limits coverage for basement such as finished walls, floors, ceilings, or personal property kept in a basement. Personal property coverage in a basement is limited to:</p> <ul style="list-style-type: none"> • Air conditioning units, portable or window type; • Clothes washers and dryers; and • Food freezers, other than walk-in, and food in any freezer.
<p>Building Coverage for a Unit in a Cooperative Building</p>	<p>The NFIP does not provide building coverage for shareholder units in a cooperative building. Residents or tenants of a cooperative building may purchase contents coverage under the Dwelling Form.</p>
<p>Deck</p>	<p>The SFIP limits coverage for decks except for steps and landings to a maximum landing area of 16 square feet.</p>

Table 7. NFIP Coverage Exclusions and Limitations *continued*

TYPES OF EXCLUSION AND LIMITATIONS	COMMENT
Elevated Building with Enclosure	<p>The SFIP limits coverage for enclosed, walled-in areas below the lowest floor of a Post-FIRM elevated building located in Zone A1–A30, AE, AH, AR, AR/A, AR/AE, AR/AH, AR/A1–A30, V1–V30, or VE, or in a basement regardless of the zone, including finished walls, floors, ceilings, or personal property kept in an enclosure.⁷ Personal property coverage in these types of enclosures is limited to:</p> <ul style="list-style-type: none"> • Air conditioning units, portable or window type; • Clothes washers and dryers; and • Food freezers, other than walk-in, and food in any freezer.
Flood in Progress	<p>The SFIP will not pay for a loss caused by a flood that was a continuation of a flood that existed:</p> <ul style="list-style-type: none"> • On or before the date the waiting period for coverage began; or • If the coverage became effective as of the time of a loan closing (under the loan exception to the 30-day waiting period), before coverage became effective.⁸ <p>In other words, the SFIP does not insure damage from a flood that began before a new policy’s waiting period (or coverage, if no waiting period) began, even if the flood did not damage the insured property, until after the waiting period (or coverage) began. If a flood was already in progress before a policyholder requested an increase in coverage on an existing policy, the SFIP will only insure damage that occurred to the insured property from that same flood event after the waiting period (or increased coverage, if no waiting period) began, under the lesser policy limits.</p> <p>See the <i>NFIP Claims Manual</i> for additional guidance.</p>
Hot Tub or Spa	The SFIP excludes coverage for hot tubs or spas, except where used as bathroom fixtures.
Non-Residential Condominium Unit	The NFIP does not provide building coverage for owners of non-residential units in residential or non-residential buildings.
Swimming Pool	The SFIP excludes coverage for indoor or outdoor swimming pools.
Timeshare Unit in a Multi-Unit Building	The NFIP does not provide coverage for these units unless they are in a condominium form of ownership.

III. Effective Dates for New Policies and Endorsements

In general, new flood insurance policies and endorsements adding or increasing coverage become effective following a 30-day waiting period. However, there are three exceptions listed below and detailed later in this section:

1. **Map Revision Exception:** Coverage becomes effective after a 1-day waiting period during the first 13 months following a flood map revision newly identifying a building as located within an SFHA when it was previously identified as outside of an SFHA.⁹

7. 44 CFR Part 61, Appendix A(1)-(2), III.A.8 & B.5; 44 CFR Part 61, Appendix A(3), III.A.8 & B.4

8. 44 CFR Part 61, Appendix A(1)-(3), V.B “Flood in Progress”

9. 42 USC 4013(c)(2)(C); 44 CFR § 61.11(a)

2. Before You Start

2. **Loan Exception:** If the initial purchase of new, additional, or increased flood insurance coverage is in connection with making, increasing, extending, or renewing a loan secured by the insured property (for example, a mortgage loan) – and if the NFIP receives the Application Form or endorsement request and full amount due within specified timeframes as noted in Table 10 – then no waiting period applies and coverage becomes effective as of the time of the loan closing.¹⁰
3. **Post-Wildfire Exception:** Coverage becomes effective after a 1-day waiting period¹¹ if:
 - a. The insured property is privately-owned (property not owned by a federal, state, local, territorial, or tribal government) and experiences damage caused by a flood that originated on federal land;
 - b. Post-wildfire conditions on federal lands caused or worsened the flooding; *and*
 - c. The policyholder purchased the new, additional, or increased coverage either:
 - i. On or before the fire containment date; *or*
 - ii. During the 60-calendar day period following the fire containment date.

Insurers must follow the applicable waiting period and effective date rules for all policies, including policies issued in conjunction with a community’s initial entry into the Regular Program or conversion from the Emergency Program to the Regular Program.

A. Standard 30-day Waiting Period

1. General Information

A 30-day waiting period applies to new policies and endorsements to add or increase coverage that are not otherwise eligible for the exceptions provided above. The date the waiting period begins varies based on:

- The date of the Application Form (or endorsement request);
- The method of sending the Application Form (or endorsement request) and payment; *and*
- The date the insurer receives the Application Form (or endorsement request) and full amount due (including applicable premiums, surcharges, and fees).

For the purposes of determining a waiting period start date, “certified mail” includes certified mail sent through the U.S. Postal Service or a reputable third-party delivery service that provides proof of the actual mailing date and delivery date to the insurer.

Table 8 shows how to determine the effective date of a new policy or endorsement adding or increasing coverage that is subject to the 30-day waiting period.

Table 8. Effective Date with a 30-day Waiting Period

RECEIPT DATE	EFFECTIVE DATE	EXAMPLE
If the insurer receives the Application Form (or endorsement request) and full amount due within 10 calendar days from the application date (application date plus 9 days)	The effective date will be 12:01 a.m. (local time) on the 30th calendar day after the application date.	If the application date is May 13 and the insurer receives the Application Form (or endorsement request) and full amount due on May 17, then the earliest effective date is June 12.

10. 42 USC 4013(c)(2)(C); 44 CFR § 61.11(b)

11. 42 USC 4013(c)(2)(C); 44 CFR § 61.11(c)

Table 8. Effective Date with a 30-day Waiting Period *continued*

RECEIPT DATE	EFFECTIVE DATE	EXAMPLE
If the Application Form (or endorsement request) and full amount due are mailed by certified mail <i>within 4</i> calendar days from the application date (application date plus 3 days), regardless of when the insurer receives them	The effective date will be 12:01 a.m. (local time) on the 30th calendar day after the application date.	If the application date is May 13, the Application Form (or endorsement request) and full amount due are mailed by certified mail on May 15, and the insurer receives the Application Form and full amount due on May 26, then the earliest effective date is June 12.
If the insurer receives the Application Form (or endorsement request) and full amount due <i>after 10</i> calendar days from the application date (application date plus 9 days) and the Application Form (or endorsement request) and full amount due were NOT mailed by certified mail <i>within 4</i> calendar days from the application date (application date plus 3 days)	The effective date will be 12:01 a.m. (local time) on the 30th calendar day after the insurer's receipt date.	If the application date (or endorsement request) is May 13, the insurer receives the Application Form (or endorsement request) and full amount due on May 25, then the earliest effective date is June 24.

2. Insufficient Payment

If a policyholder pays less than the full amount due to purchase the amount of coverage requested, see the [Reformation Due to Insufficient Premium or Rating Information](#) heading in this section for the applicable procedures and effective date rules.

3. Invalid Payment

The insurer may not use the receipt date of an invalid payment to determine the effective date of a policy transaction. A payment is invalid if it cannot be negotiated because there are non-sufficient funds (NSF) in the account, a reversal (dispute) is successfully completed on an electronic payment, or the payment is non-negotiable for any other reason. Upon notification that the payment is invalid, the insurer must:

- Cancel or nullify the transaction associated with that payment; *and*
- Send notification of the cancellation or nullification to the policyholder, agent, and lender(s), if applicable.

If the insurer receives a valid payment, the insurer must process the transaction based on the valid premium receipt date. The insurer must determine the effective date of the transaction based on the valid payment receipt date, subject to the effective date rules.

Note: A new Application Form or endorsement request is not required for this transaction as long as the insurer still has the original request; however, a new quote needs to be requested from the FEMA rating engine.

B. Map Revision Exception (1-Day Waiting Period)

A 1-day waiting period applies when the NFIP revises an FHBM or a FIRM to show that the building is now in an SFHA when it was not previously. The 1-day waiting period only applies if the insurer receives the Application Form (or endorsement request) and full amount due within 13 months from the effective date of the map revision. If the insurer receives the

2. Before You Start

Application Form (or endorsement request) and full amount due after 13 months from the effective date of the map revision, the 30-day waiting period applies.¹² The 1-day waiting period rule applies for all buildings, including those owned by condominium associations.

Table 9 shows how to determine the effective date of a new policy or endorsement adding or increasing coverage that is eligible for the map revision exception.

Table 9. Effective Date When Eligible for the Map Revision Exception

RECEIPT DATE	EFFECTIVE DATE	EXAMPLE
If the insurer receives the Application Form (or endorsement request) and full amount due <i>within 10</i> calendar days from the application date (application date plus 9 days)	The effective date will be 12:01 a.m. (local time) on the next calendar day after the application date.	If the FIRM was revised on January 5, the application date is May 13, the insurer receives the Application Form (or endorsement request) and full amount due on May 17, then the earliest effective date is May 14.
If the Application Form (or endorsement request) and full amount due are mailed by certified mail <i>within 4</i> calendar days from the application date (application date plus 3 days), regardless of when the insurer receives them	The effective date will be 12:01 a.m. (local time) on the next calendar day after the application date.	If the FIRM was revised on January 5, the application date is May 13, the Application Form (or endorsement request) and full amount due mailed by certified mail on May 15, and the insurer receives the Application Form (or endorsement request) and full amount due on May 26, then the earliest effective date is May 14.
If the insurer receives the Application Form (or endorsement request) and full amount due <i>after 10</i> calendar days from the application date (application date plus 9 days) and the Application Form (or endorsement request) and full amount due were NOT mailed by certified mail <i>within 4</i> calendar days from the application date (application date plus 3 days)	The effective date will be 12:01 a.m. (local time) on the next calendar day after the insurer's receipt date.	If the FIRM was revised on January 5, the application date is May 13, the Insurer receives the Application Form (or endorsement request) and full amount due on May 28, then the earliest effective date is May 29.

C. Loan Exception (No Waiting Period)

New, additional, or increased flood insurance coverage purchased in connection with making, extending, increasing, or renewing a loan secured by the insured property (for example, a mortgage loan) is not subject to the 30-day waiting period if the NFIP receives the Application Form (or endorsement request) and full amount due within specified timeframes. If a policy or endorsement is eligible for this exception, then the coverage becomes effective as of the time of the loan closing.¹³ Condominium association policies or endorsements purchased in conjunction with loan transactions in the name of the condominium association can be eligible for this exception. Contents-only policies and endorsements can only be eligible for the loan exception if the contents are part of the security for a loan.

12. 42 USC 4013(c)(2)(C); 44 CFR § 61.11(a)

13. 42 USC 4013(c)(2)(C); 44 CFR § 61.11(b)

2. Before You Start

The policyholder must apply for flood insurance (or request an endorsement to add or increase coverage) on or before the closing date of the loan transaction. If the policyholder requests the coverage after the closing date, the 30-day waiting period applies. A valid Application Form (or endorsement request) includes all the information necessary to calculate the NFIP policy premium.

In determining eligibility for the loan exception, the insurer may rely on an agent’s representation on the Application Form (or endorsement request) that the purchase is in connection with making, extending, increasing, or renewing a loan secured by the insured property but must confirm timely receipt of the Application Form (or endorsement request) and full amount due. If a loss occurs during the first 30 days of the policy or additional or increased coverage, the insurer must obtain documentation of the loan transaction (such as settlement papers) to validate that a loan transaction occurred before paying the loss.

Table 10 shows how to determine the effective date of a new policy or endorsement to add or increase coverage that may be eligible for the loan exception. If the effective date is the date and time of the loan closing, the declarations page should state the effective date and specify that the coverage is effective “at the time of loan closing” (versus 12:01 a.m.). The insurer only needs to obtain documentation of the specific time of the loan closing if a loss occurred on the loan closing date, to determine whether the loss occurred after the new, additional, or increased coverage began (see additional guidance in the *NFIP Claims Manual*).

Table 10. Effective Date When Potentially Eligible for the Loan Exception

RECEIPT DATE	EFFECTIVE DATE	EXAMPLE
If the lender, title company, or settlement attorney pays the premium		
If the policyholder requests the policy (or additional or increased coverage) on or before the loan transaction closing and the insurer receives the Application Form (or endorsement request) and full amount due <i>within 30</i> calendar days from the closing (closing date plus 29 days)	The effective date will be the date and time of the loan closing.	If the loan transaction date is on April 3 and the application date is April 3; and the insurer receives the Application Form (or endorsement request) and full amount due, paid by the lender, title company, or settlement attorney on April 20; then the policy effective date is April 3 at the time of loan closing.
If the policyholder requests the policy (or additional or increased coverage) on or before the loan transaction closing, and the insurer receives the Application Form (or endorsement request) and full amount due <i>after 30</i> calendar days from the closing (closing date plus 29 days or more)	The effective date will be 12:01 a.m. (local time) on the 30th calendar day after the insurer’s receipt date.	If the loan transaction date is on April 3 and the application date is April 3; and the insurer receives the Application Form (or endorsement request) and full amount due, paid by the lender, title company, or settlement attorney on May 10; then the earliest policy effective date is June 9.
If the policyholder or another party not listed above pays the premium		
If the policyholder requests the policy (or additional or increased coverage) on or before the loan transaction closing, and the insurer receives the Application Form (or endorsement request) and full amount due <i>within 10</i> calendar days from the loan transaction closing (closing date plus 9 days)	The effective date will be the date and time of the loan closing.	If the loan transaction date is on April 3, the application date is April 3, and the insurer receives the Application Form (or endorsement request) and full amount due paid by the policyholder on April 7, then the policy effective date is April 3 at the time of loan closing.

Table 10. Effective Date When Potentially Eligible for the Loan Exception *continued*

RECEIPT DATE	EFFECTIVE DATE	EXAMPLE
If the policyholder requests the policy (or additional or increased coverage) on or before the loan transaction closing, and the insurer receives the Application Form (or endorsement request) and full amount due after 10 calendar days from the closing (closing date plus 9 days or more)	The effective date will be 12:01 a.m. (local time) on the 30th calendar day after the insurer's receipt date.	If the loan transaction date is on April 3, the application date is April 3, and the insurer receives the Application Form (or endorsement request) and full amount due paid by the policyholder on April 15, then the earliest policy effective date is May 15.

Note: When an agent submits an agency check, it must be accompanied by settlement paperwork or a photocopy of the original check from the lender, title company, or settlement attorney to be eligible for the waiting period exception.

D. Post-Wildfire Exception (1-Day Waiting Period)

The 30-day waiting period may not apply to new policies (or endorsements to add or increase coverage) for privately-owned property (building or contents) affected by flooding from federal land caused by post-wildfire conditions. Coverage becomes effective at 12:01 a.m. (local time) on the first calendar day after the Application Form (or endorsement request) date:¹⁴

1. The insured property is privately-owned (property not owned by a federal, state, local, territorial, or tribal government) and experiences damage caused by a flood that originated on federal land;
2. Post-wildfire conditions on federal lands caused or worsened the flooding; *and*
3. The policyholder purchased the new, additional, or increased coverage either:
 - a. On or before the fire containment date; *or*
 - b. During the 60-calendar-day period following the fire containment date.

Given the eligibility criteria for this post-wildfire exception, the policyholder had to already have NFIP coverage in place at least one day before the triggering flood loss occurred. Therefore, this exception is relevant when a new policy (or additional or increased coverage) is within the standard 30-day waiting period and experiences a loss qualifying it for the post-wildfire exception and resulting 1-day waiting period. The insurer cannot endorse the policy to change its effective date, so must cancel and rewrite the policy.

For the purposes of the post-wildfire exception, the federal agency responsible for the land on which the post-wildfire conditions existed determines the fire containment date. FEMA supports the application of the post-wildfire exception by tracking containment dates for wildfires occurring on federal lands and consulting, when necessary, with appropriate federal agencies to determine whether post-wildfire conditions caused or worsened a flood. NFIP insurers may request assistance with the proper application of the post-wildfire exception by contacting FEMA-FIDClaimsMailbox@fema.dhs.gov.

IV. Administrative Topics

A. Electronic Signatures

NFIP insurers must sell and service NFIP policies in a customer-centric manner as part of their normal business practices. To improve the policyholder's experience and to reduce administrative burden, FEMA approves and encourages the use of electronic signatures

14. 42 USC 4013(c)(2)(C); 44 CFR § 61.11(c)

2. Before You Start

on NFIP transactions. FEMA will not deny the legal effect, validity, or enforceability of a signature solely because it is in electronic form. Insurers should accept electronic signatures in accordance with their general business practices and applicable laws. Electronic signatures must comply with the following requirements.

- The signer must use an acceptable electronic form of signature;
- The electronic form of signature must be executed or adopted by a person with the intent to sign the electronic document;
- The electronic form of signature must be attached to or associated with the electronic document being signed;
- There must be a means to identify and authenticate a particular person as the signer; *and*
- There must be a means to preserve the integrity of the signed document.¹⁵

B. Delivery of the Policy

The insurer must send:

- The policy form (contract) to the policyholder at the time of policy issuance or after any change made to the policy contract; *and*
- The policy declarations page to the policyholder, agent, and, if applicable, lender(s); *and*
- The NFIP Summary of Coverage; *and*
- A cover letter to reference these enclosures.

See Appendix A: Policy for copies of the SFIP policy forms. See Appendix I: Policyholder Communications for declarations page samples and requirements.

Note: The insurer may send these documents via postal or electronic delivery in accordance with their usual business practice. FEMA recommends that the insurers use an opt-in approach to electronic communication with policyholders.

C. Evidence of Insurance

A copy of the Application Form and premium paid receipt or a copy of the declarations page is sufficient evidence of proof of purchase for new policies.

V. Assignment and Transfer of Business

A. Assignment of a Policy to a New Building Owner

The owner of an insured building may provide written consent to assign a flood insurance policy with building coverage to the purchaser of the building. Owners may not assign contents-only policies or policies on buildings under construction. The seller must sign the assignment endorsement on or before the closing date, and the new building owner has up to 30 days beyond the closing date to submit the endorsement form to the insurer for processing.

If the building is a primary residence, the insurer must validate the primary residence status at the time of assignment for the assignee to be eligible for the primary residence status and associated HFIAA surcharge. If the previous owner received a Pre-FIRM discount and used the building as a primary residence but it is not a primary residence for the new owner, the new owner may receive the same discounted premium as the previous owner. However, the annual increase cap (which is a component of the discounted premium) is based on

15. Nothing stated herein removes or waives the explicit requirements found at Pt. 61 App. A(1–3) VII General Conditions G. 4, Requirements in Case of Loss. Any Proof of Loss must be signed and sworn to by the policyholder.

2. Before You Start

the information provided by the new owner. The discounted premium does not include assessments, fees, or surcharges.

See Section 4: How to Endorse for information on endorsement procedures to accomplish assignment of a policy.

New Policy After a Real Estate Transaction

Under certain conditions, the new owner of an NFIP-insured building can buy a new NFIP policy and, if eligible, receive any statutory discount the prior policyholder received. For additional information, see the [New Policy After a Real Estate Transaction](#) heading under Statutory Discounts in Section 3: How to Write.

B. Transfer of Any or All of A Policyholder's or Agent's Business to Another Insurer

One kind of transfer of business occurs when a policyholder or agent moves any or all their existing business from one insurer to another. Such a transfer occurs through a renewal notice issued by the receiving insurer but otherwise resembles the process for new business.

The receiving insurer must collect the NFIP policy number of the existing policy, policyholder name, property address, and all underwriting information to verify the correct rating and issuance of the policy, including the following as applicable:

- Prior insurer's declaration page;
- Documentation of primary residence status (if property address and mailing address differ);
- Documentation to support mitigation discounts being applied to policy;
- Elevation Certificate if available;
- Documentation of building replacement cost value, if applicable, for an Other Residential Building, Residential Condominium Building, Non-Residential Building, or Non-Residential Unit;
- Photographs, if applicable (the NFIP will accept photographs from the previous insurer if there is no evidence of structural changes that affect rating).

The receiving insurer must validate the information when there is a discrepancy between the building descriptions in the policy underwriting file and the prior insurer's declarations page. The receiving insurer submits the existing NFIP policy number, policyholder name, property address, and all the underwriting information to FEMA requesting a policy transfer quote. FEMA calculates the total amount due and sends the quote back to insurer.

If the policy is within 90 days of its expiration date, then the receiving insurer can immediately generate a renewal notice to accomplish the transfer. If the policy is not within 90 days of its expiration date, then the insurer must wait to generate a renewal notice within 90 days of the expiration date. In this latter case, the insurer must request an updated quote reflecting the most recent data available (for instance, Building Replacement Cost Value) and the rating plan in effect at the time of the renewal.

C. Transfer of an Insurer's Entire Book to Another Insurer

Another kind of transfer of business occurs when a WYO company moves all of its existing business to another WYO company or to NFIP Direct. The transferring WYO company can move its existing business either all at once or policy-by-policy as they come up for renewal, consistent with a transfer plan submitted to and approved by FEMA.¹⁶

16. See the latest WYO Arrangement for the applicable requirements

2. Before You Start

The transferring WYO company must collect all the policy and underwriting information for its book of NFIP business (or those policies approaching their expiration dates) and submit that information to the receiving NFIP insurer. When each policy comes within 90 days of its expiration date, the receiving insurer asks FEMA to calculate the renewal premium. FEMA generates the quote and the receiving insurer uses the FEMA quote to send the renewal notice.

VI. Reformation Due to Insufficient Premium or Rating Information

A. General Information

A policy can provide only the amount of coverage that the premium received will purchase for a full policy term (or the applicable portion of the policy term). An NFIP insurer must reform a policy if it discovers at any time (at writing, endorsement, renewal, or before or after a loss) that the:

- Premium the insurer received for the policy (or endorsement) is insufficient to buy the amount of building or contents coverage requested; *or*
- Rating information is insufficient and, when complete, indicates that the premium paid is insufficient.¹⁷

Examples of situations that require reformation include:

- Underpayment of a bill (though not an invalid payment, such as a check returned by the bank for non-sufficient funds) to purchase an initial policy, policy renewal, or endorsement;
- A rating adjustment requiring additional premium after a mid-term event (for example, a renovation or damage from another peril) changes one or more rating characteristics;
- A rating correction requiring additional premium;
- Discovery that an incorrect SFIP form was used (or a different SFIP form is needed now) and the premium paid is insufficient to purchase the originally requested coverage amount under the correct policy form; *and*
- Endorsement of a policy from a provisional rate to a rating engine rate, if the premium paid is insufficient under the rating engine rate.

Reformation does not apply when renewing by Application Form or recertification questionnaire a policy otherwise subject to non-renewal. See the [Renewal by Application Form or Recertification Questionnaire](#) heading in Section 5: How to Renew.

Note: See Section 4: How to Endorse for general guidance on rating adjustments and rating corrections, including those that result in premium refunds.

B. General Reformation Procedures

The insurer must bill the additional premium required to restore the originally requested amount of coverage. If the rating information is insufficient to determine the correct premium amount, the insurer must request additional information. To restore the originally requested amount of coverage without a waiting period, the insurer must receive the additional rating information, if applicable, within 60 days of the request, and the additional premium within 30 days from the date of the bill. If the policyholder provides the additional premium (and additional information, if applicable) but not within the specified timeframes, the insurer must increase the coverage to the originally requested amount by endorsement with a 30-day waiting period.¹⁸ **Table 11** describes the general procedures an insurer

17. 44 CFR Part 61, Appendix A(1)-(2), VII. D; 44 CFR Part 61, Appendix A(3), VIII. D

18. 44 CFR Part 61, Appendix A(1)-(2), VII. D; 44 CFR Part 61, Appendix A(3), VIII. D

2. Before You Start

must follow when it discovers – either before or after a loss – that the premium paid is insufficient to purchase the amount of coverage requested.

Table 11. General Procedures to Reform a Policy

STEP	DESCRIPTION
<p>1. Calculate Coverage and Premium Amounts</p>	<p>The insurer must calculate:</p> <ul style="list-style-type: none"> • The amount of coverage that the premium received can purchase after deducting the costs of all applicable fees and surcharges; <i>and</i> • The additional premium required to restore the originally requested amount of coverage, including adjusting the total amount of the bill as needed if the initial amount charged for any fees or surcharges was incorrect.
<p>2. Request Additional Information If the Rating Information Is Insufficient</p>	<p>If the rating information is insufficient the insurer must request the required information and receive it within 60 days.</p> <p>After receiving the requested information, the insurer will:</p> <ul style="list-style-type: none"> • If the premium is insufficient, determine the reduced amount of coverage and calculate the additional premium due; <i>or</i> • If the premium was overpaid, follow the guidance on refunds in Section 4: How to Endorse. <p>If the insurer does not receive the required information within 60 days, the insurer must contact FEMA Underwriting for additional guidance.</p>
<p>3. Reduce the Coverage to the Amount the Payment Received Will Purchase</p>	<p>In accordance with its standard business practice, the insurer must then reduce the coverage to the lower amount by either:</p> <ul style="list-style-type: none"> • Immediately reducing the coverage; <i>or</i> • Preparing to reduce the coverage to that same amount if it does not receive the additional premium (or rating information) within the timeframes specified in this table. <p>In either case, the guidance in Table 12 below determines the effective date of this reduction in coverage (see Table 14 in the case of an incorrect geolocation or flood zone).</p>
<p>4. Bill the Additional Premium Due</p>	<p>The insurer must send the payor an underpayment letter (copying all other parties listed on the declarations page) billing them for the additional premium required to restore the originally requested coverage amount.</p>
<p>5. Increase Coverage to the Originally Requested Amount</p>	<ul style="list-style-type: none"> • If the insurer receives the additional premium within 30 days from the date of the bill (and additional rating information, if applicable, within 60 days of the request), the insurer must increase coverage to the originally requested amount (but not any higher amount) without applying any waiting period. • If the insurer receives the additional premium (and additional information, if applicable) but not within the specified timeframes, the insurer must increase the coverage by endorsement with a 30-day waiting period. • If the policyholder requests to increase coverage above the originally requested amount, the insurer must follow the standard endorsement procedures including effective date rules (see Section 4: How to Endorse).

Table 11. General Procedures to Reform a Policy *continued*

STEP	DESCRIPTION
<p>6. Consequences If Additional Premium (or Additional Information) Not Received</p>	<ul style="list-style-type: none"> • If the insurer does not receive the required rating information, it may not increase coverage. The insurer must contact FEMA Underwriting for additional guidance. • If the insurer has or receives complete rating information but does not receive the additional premium due, the reduction in coverage amount applies (see Table 12 to determine the effective date of this reduction) and the insurer may only increase coverage through the standard endorsement procedures (see Section 4: How to Endorse).
<p>6. Consequences If Additional Premium (or Additional Information) Not Received <i>continued</i></p>	<ul style="list-style-type: none"> • If the premium received, after deducting the costs of all applicable fees and surcharges, is insufficient to buy any amount of coverage, and the policyholder does not pay the additional amount of premium owed to increase coverage to the originally requested amount or to a lesser amount, the insurer must cancel the policy and refund the payment. However, if a claim was paid on a policy in this situation before discovery of the insufficient premium, the insurer must contact FEMA for additional underwriting and claims guidance.

Table 12 provides guidance on when to apply the initial reduction in coverage, the timeframe when additional premium is due, and the effective date of the increase to the originally requested coverage amount.¹⁹ In this table, “within specified timeframes” refers to receipt of additional rating information, if applicable, within 60 days and the additional premium within 30 days, as specified in Table 11.

Table 12. Reformation Timeframes and Effective Dates

	Timeframe When the Premium Paid Is Insufficient	
	<p>Scenario 1: Full Policy Term (for example, underpayment of a renewal bill, a rating correction, or endorsement from a provisional rate to a rating engine rate)</p>	<p>Scenario 2: Portion of the Policy Term (after an endorsement that increased coverage or other mid-term event affecting premium)</p>
<p>Effective Date of Reduced Coverage</p>	<p>Beginning of the policy term</p>	<ul style="list-style-type: none"> • Effective date of the endorsement; or • Date of the event
<p>Timeframe When Additional Premium Applies</p>	<p>Full policy term</p>	<p>Remainder of the policy term after the:</p> <ul style="list-style-type: none"> • Effective date of the endorsement; or • Date of the event

19. 44 CFR Part 61, Appendix A(1)-(2), VII.D “Insufficient Premium or Rating Information”; 44 CFR Part 61, Appendix A(3), VIII.D “Insufficient Premium or Rating Information.”

Table 12. Reformation Timeframes and Effective Dates *continued*

		Timeframe When the Premium Paid Is Insufficient	
		Scenario 1: Full Policy Term (for example, underpayment of a renewal bill, a rating correction, or endorsement from a provisional rate to a rating engine rate)	Scenario 2: Portion of the Policy Term (after an endorsement that increased coverage or other mid-term event affecting premium)
Effective Date of Increased Coverage	Premium (and Rating Information) Received <i>Within</i> Specified Timeframes	Beginning of the policy term	<ul style="list-style-type: none"> Effective date of the endorsement; or Date of the event
	Received <i>But NOT Within</i> Specified Timeframes	Only by endorsement with a 30-day waiting period	Only by endorsement with a 30-day waiting period

Table 13 describes how the insurer must handle a claim when there is insufficient premium or rating information, whether it discovers the issue before or after a loss.²⁰ Again, “within specified timeframes” refers to receipt of additional rating information, if applicable, within 60 days and the additional premium within 30 days, as specified in Table 11.

Table 13. How to Handle a Claim Involving Policy Reformation

ADDITIONAL PREMIUM (and Rating Information)	GUIDANCE
Received <i>Within</i> Specified Timeframes	<ul style="list-style-type: none"> The insurer must settle the claim based on the originally requested coverage amount <p>Note: If the policyholder provides the insurer notice within 30 days of the underpayment notice, they may request that the insurer deduct the additional premium due from the claim payment.</p>
Received <i>But NOT Within</i> Specified Timeframes	<ul style="list-style-type: none"> If the rating information is insufficient, the insurer may not pay the claim until it receives complete rating information or additional guidance from FEMA Underwriting. If the rating information is sufficient, the insurer must settle the claim based on the reduced amount of coverage. <p>Note: After 30 days has elapsed since the underpayment notice, the policyholder may still request that the insurer deduct the additional premium due from the claim payment but the claim payment will be based on the reduced amount of coverage. Restoration of the original coverage amount is subject to the 30-day waiting period.</p>

20. 44 CFR Part 61, Appendix A(1)-(2), VII.D “Insufficient Premium or Rating Information”; 44 CFR Part 61, Appendix A(3), VIII.D “Insufficient Premium or Rating Information.” FEMA can provide additional underwriting and claims guidance if a claim was already paid based on incorrect underwriting information.

Table 13. How to Handle a Claim Involving Policy Reformation *continued*

ADDITIONAL PREMIUM (and Rating Information)	GUIDANCE
Not Received	<ul style="list-style-type: none"> • If the insurer does not receive the required rating information, it may not pay the claim until it receives complete rating information or additional guidance from FEMA Underwriting. • If the insurer has or receives complete rating information but does not receive the additional premium due, it must settle the claim based on the reduced coverage amount (see Table 12 to determine the effective date of this reduction). • If the premium received, after deducting the costs of all applicable fees and surcharges, is insufficient to buy any amount of coverage, and the policyholder does not pay the additional amount of premium owed to increase coverage to the originally requested amount within 30 days of the underpayment notice, the insurer must cancel the policy, refund the payment, and withhold payment on the claim. However, if a prior claim was paid on a policy in this situation before discovery of the insufficient premium, the insurer must contact FEMA for additional underwriting and claims guidance.

C. Exception When Reforming a Policy Due to an Incorrect Geolocation or Flood Zone

There is an exception to the general reformation guidance when an error in geolocating a property or an incorrect flood zone resulted in insufficient premium.²¹ In this case, the insurer must:

- Reduce the amount of coverage effective the date of discovery; *and*
- Calculate the additional premium due (to restore the original coverage amount for the remainder of the policy term) prospectively from the date of discovery.

For the portion of the policy term before the date the insurer discovered the incorrect geolocation or flood zone (the “date of discovery”), the policyholder receives the originally requested coverage amount without paying additional premium (or providing additional rating information, if insufficient).

For the remainder of the policy term after the date of discovery, the general reformation procedures described in Table 11 apply.²² Refer to **Table 14** to determine when to apply the initial reduction in coverage, the timeframe when additional premium is due, and the effective date of the increase to the originally requested coverage amount. Again, “within specified timeframes” refers to receipt of additional rating information, if applicable, within 60 days and the additional premium within 30 days, as specified in Table 11.

21. 42 U.S.C. 4015(f).

22. However, if the premium received is insufficient to buy any amount of coverage, the policyholder does not restore the originally requested limits, and a loss occurred before discovery of an incorrect geolocation or flood zone, the insurer must contact FEMA for additional underwriting and claims guidance.

Table 14. Reformation Timeframes and Effective Dates When the Geolocation or Flood Zone Is Incorrect

		GUIDANCE
Effective Date of Reduced Coverage		Date of discovery
Timeframe When Additional Premium Applies		Remainder of the policy term after the date of discovery
Effective Date of Increased Coverage	Additional Premium (and Rating Information) Received <i>Within Specified Timeframes</i>	Date of discovery
	Received <i>But NOT Within Specified Timeframes</i>	Only by endorsement with a 30-day waiting period

Table 15 describes how the insurer must handle any claim when there is insufficient premium due to an incorrect geolocation or flood zone.²³

Table 15. How to Handle a Claim Involving Policy Reformation When the Geolocation or Flood Zone Is Incorrect

TIMING OF LOSS	
Before Discovery of Insufficient Premium	After Discovery of Insufficient Premium
<p>The insurer must settle the claim without delay based on the originally requested coverage amount, regardless of whether:</p> <ul style="list-style-type: none"> • The rating information is sufficient; <i>or</i> • It receives additional premium for the remainder of the policy term. <p>However, the insurer may, at the policyholder’s option, deduct the additional premium due from the claim payment.</p>	<p>Follow the guidance in Table 13 above.</p>
<p>If the flood zone was incorrect, the insurer must use the correct flood zone for the building location when applying the SFIP’s coverage limitations by building type and flood zone.²⁴ For example, if a policy for a Post-FIRM elevated building was written incorrectly in a non-SFHA (for example, Zone X) and at the time of loss the property was determined to be located in an SFHA (for example, Zone AE), then the insurer must pay the claim in accordance with the coverage limitations applicable to the correct SFHA zone.</p>	

23. 42 U.S.C. 4015(f). FEMA can provide additional claims guidance if a claim was already paid based on incorrect underwriting information.

24. 44 CFR Part 61, Appendix A(1)-(3), III.A.8 and III.B.5

3. How To Write

The focus of this section is how to write new business. The Introduction overviews the NFIP rating methodology and the process for new business. General Rating Information provides guidance on the information and rating variables that FEMA’s system uses to generate premium quotes. Condominium Rating Information elaborates on that guidance by explaining how the policy forms and rating variables apply to various scenarios when insuring condominium buildings. Provisional Rating Information addresses situations when FEMA’s system is unavailable to provide premium quotes.

I. Introduction

A. Snapshot of the Risk Rating 2.0 Methodology: Equity in Action

FEMA has updated the NFIP risk rating methodology through the implementation of a new pricing methodology called Risk Rating 2.0. FEMA developed the Risk Rating 2.0 methodology through years of collaboration with catastrophe modeling companies to incorporate industry best practices, technology, and modeling to inform a new and better way of identifying and pricing flood risk. The new methodology brings several benefits to individual property owners and their communities:

- Using expert technical capability and tools allows FEMA to better assess a property’s unique flood risk.
- This individualized, more accurate picture of risk enables FEMA to provide individuals with easy-to-understand information about what drives their rates.
- Property owners can now make better-informed decisions on purchasing flood insurance and reducing flood risk.
- This new methodology also provides states and local governments with a better understanding of risk to help communities and individuals take action and mitigate.

Figure 1: Overview of Risk Rating 2.0 Data Sources and Rating Factors



3. How to Write

The Risk Rating 2.0 methodology calculates a rate based on a series of unique variables and flood hazards for each building, rather than relying on flood zones and Base Flood Elevations to evaluate flood risk for broad classes of properties. The Risk Rating 2.0 rating variables can be grouped into several broad categories, outlined in Table 1 and discussed in detail under General Rating Information below. Table 1 also outlines the other main content in this section.

Table 1. NFIP Rating Information

CATEGORIES	INFORMATION
General Rating Information	
Policyholder and Mortgagee Information	<ul style="list-style-type: none"> • Policyholder Information • Mortgagee Information
Geographic Location Variables	<ul style="list-style-type: none"> • Building Location • Community Map Information and Flood Zone • Community Rating System Discount
Structural Variables	<ul style="list-style-type: none"> • Building Occupancy and Description <ul style="list-style-type: none"> – Building Occupancy – Building Description • Construction Type • Foundation Type • First Floor Height • Mitigation Discounts <ul style="list-style-type: none"> – Machinery & Equipment Above First Floor – Proper Openings • Floodproofing • Replacement Cost Value <ul style="list-style-type: none"> – Square Footage – Building Replacement Cost Value • Claims History <ul style="list-style-type: none"> – Prior NFIP Claims – Severe Repetitive Loss Property • Other Building Factors <ul style="list-style-type: none"> – Date of Construction – Number of Detached Structures on Property – Number of Elevators – Number of Floors in Building – Floor of Unit – Total Number of Units in Building – Rental Property – Building Over Water – Primary Residence Status

Table 1. NFIP Rating Information *continued*

CATEGORIES	INFORMATION
Coverages and Deductibles	<ul style="list-style-type: none"> • Maximum Coverage Limits • Increased Cost of Compliance (ICC) Coverage • Deductibles
Statutory Discounts	<ul style="list-style-type: none"> • Newly Mapped Discount • Pre-FIRM Discount • Other Statutory Discounts
Assessments, Fees, and Surcharges	<ul style="list-style-type: none"> • Reserve Fund Assessment • HFIAA Surcharge • Federal Policy Fee • Probation Surcharge
Condominium Rating Information	
Condominium Rating Scenarios	<ul style="list-style-type: none"> • Condominium Rating Scenarios <ul style="list-style-type: none"> – Condominium Association Coverage for Residential Condominium Building (Scenario #1) – Residential Unit Owner Coverage in Residential Condominium Building (Scenario #2) – Residential Unit Owner Coverage in Non-Residential Condominium Building (Scenario #3) – Condominium Association Coverage for Non-Residential Condominium Building (Scenario #4) – Non-Residential Unit Owner Coverage in Residential or Non-Residential Condominium Building (Scenario #5) • Applying the Condominium Rating Scenarios
Provisional Rating Information	
Provisional Rating	<ul style="list-style-type: none"> • Provisional Rating

B. Process for Writing New Business

Here is a high-level summary of the process for writing new business:

- **Agent** – Using the insurer system, work with the prospective policyholder to complete the Flood Insurance Application Form, determine eligibility for NFIP coverage, and submit the information to FEMA for a quote.
- **FEMA** – Validate eligibility for NFIP coverage, apply geospatial and relevant third-party data, calculate the premium, and send the quote to the insurer system.
- **Agent** – Apprise the prospective policyholder of the total amount due and, if they want to proceed, collect the premium and any supporting documentation and submit it to the insurer.
- **Insurer** – Validate the payment, determine the policy effective date, issue the policy and declarations page, and report policy data to FEMA.

II. General Rating Information

A. Policyholder and Mortgagee Information

1. Policyholder Information

The Application Form asks several questions about the individual or entity insuring the property. Some help ensure the correct type of coverage and policy form; others satisfy federal reporting requirements. The information below will help to indicate the correct “yes or no” answers to these questions.

- **Is the policyholder a tenant?** Does the policyholder own the building or are they a renter? This question may help to avoid duplicate coverage by a renter/lessee and the owner of a building. A building can have only one policy with building coverage, which means that the tenant/lessee and owner must be named on the same policy if the tenant/lessee has an insurable interest in the building (see the [Insurable Interest](#) heading in Section 2: Before You Start for more information). A tenant must always purchase contents coverage separately.
- **Is the policyholder a condominium association?** A condominium association is an entity made up of condominium unit owners, responsible for the maintenance and operation of common elements owned in undivided shares by unit owners and other buildings, in which the unit owners have use rights, and where membership in the entity is a required condition of ownership.
- **Is the policyholder a small business?** For reporting purposes, a small business is a commercial (for-profit) enterprise having less than 100 employees total at all locations.
- **Is the policyholder a non-profit entity?** For reporting purposes, a non-profit entity is an organization that has been granted tax-exempt status by the Internal Revenue Service (IRS) because it furthers a social cause and provides a public benefit.
- **Is the policy force-placed by a lender?** Is this a policy that a lender obtained (force-placed) on a building that is subject to the mandatory purchase of flood insurance requirement but did not have flood insurance coverage? The mandatory purchase requirement applies to buildings that have federally backed mortgages and are located in Special Flood Hazard Areas (SFHAs).

2. Mortgagee Information

Applicants must provide the name, mailing address, and loan number for the first mortgagee and, as applicable, provide any second mortgagee, loss payee, or other information such as disaster assistance.

For condominium association applicants, do not enter the mortgagees for the individual condominium unit owners when applying for coverage under an RCBAP. Individual condominium unit owners submit their individual mortgagee information when applying for unit coverage under the Dwelling Form.

B. Geographic Location Variables

1. Building Location

The building’s location informs its eligibility for NFIP flood insurance coverage, beginning with its location in a participating NFIP community. Identifying the precise location of a building is also essential to determining its unique flood hazards.

a. Property Address

A property address is required for every policy, which is usually a street address but may be a descriptive address:

- **Street Address** is the best and preferred method; it includes the street number and street name (Address Line 1), unit or apartment number (Address Line 2), city or county name, state, and zip code (Address Line 3). Use standard United States Postal Service (USPS) abbreviations.
- **Other (Descriptive Address)** – If a street address is unavailable, a descriptive address in the form of a rural route or a legal description is acceptable. This field also may be used when more information is needed to distinguish between multiple buildings at the same address (see [II.B.1.c. below](#)).
 - A rural route is one established and recognized by the USPS for mail delivery in a country (non-urban) free delivery area.
 - A legal description is a method of locating or describing land in relation to the public land survey system. It should be used only for buildings or subdivisions under construction or where a street address is not available. Legal descriptions also may include the lot and block number as provided by the community; some use metes and bounds to identify the boundaries of a property.

b. Geolocation

Typically, FEMA will successfully geolocate the provided property address. Insurers also have the option to provide the building’s latitude and longitude. FEMA will prompt the insurer (or agent) to submit the building’s latitude and longitude (or use the values they already provided) to enable geolocation if either:

- FEMA cannot geocode the street address or descriptive address; *or*
- FEMA’s geocoding tool is unavailable.

Latitude and Longitude – Latitude denotes the north and south coordinates of the location, and longitude measures the east and west coordinates. The insurer (or agent) can obtain the latitude and longitude for a property from an Elevation Certificate (EC), a flood zone determination, or one of the free geolocation services available on the Internet. Insurers are responsible for reviewing and validating latitude and longitude coordinates entered by agents.

Table 2. Requirements for Latitude and Longitude Coordinates

Latitude: _____ (decimal degrees*, at least 5 decimal places, leading minus sign (–) for south values)

Longitude: _____ (decimal degrees*, at least 5 decimal places, leading minus sign (–) for west values)

Datum: WGS 84 (common for phones, mapping websites, GPS) NAD 83 (less common)

- Location should be near the center of the structure or near the front door.
- Coordinates from the EC are preferred if they are available and can be supplied in the above manner.

Example: Latitude: 38.88948 Longitude: –77.03523 Datum: WGS 84

Note: If the agent needs to clarify which of multiple buildings at the address the policyholder wants to insure, see [c. Multiple Buildings at the Same Address](#) below.

3. How to Write

Latitude and longitude coordinates are not a means for distinguishing between multiple buildings at one address.

Using the property geolocation derived from street address or latitude and longitude, FEMA can systematically determine certain rating variables, including specific flood hazards based on the building's distance from various flooding sources. In the rare event that FEMA's system is unavailable (see the [latitude and longitude guidance](#) above for situations when only FEMA's geocoding capability is unavailable), then the insurer can still issue the policy using provisional rates. For more information see the [Provisional Rating Information](#) heading later in this section.

c. Multiple Buildings at the Same Address

Specific property location information helps to ensure coverage of the correct building when there are multiple buildings at the same address. Correct identification of the building is especially important for proper claim adjustment following a flood loss.

If there is more than one building at the location of the insured property, use the Application Form's Building Location section to clearly identify the building being insured under this policy. For example, five buildings with the same property location may be insured with separate policies. If necessary, use identifiers such as Building A, B, or C, or "Smith Hall", in the second line of the street address to distinguish the buildings. Also select the Building Description that best corresponds to the insured building. If there are multiple buildings at the same address and the specific building identification is not clear, a photo of the building or a sketch showing the location of the building on the property to be insured should be retained in the policy file. This will help in proper identification of the insured building for the adjustment of claims, especially for multiple non-residential buildings at the same location.

2. Community Map Information and Flood Zone

The community in which a property is located can affect certain aspects of both coverage and rating, so it is important to obtain accurate community information. The Application Form requires current community map information including the community number and map panel, current flood zone shown on the map, the map date, and whether the community is in the NFIP's Regular or Emergency Program. See Appendix D: Flood Maps for more detailed information on flood maps and flood zones.

FEMA expects insurers to provide map and flood zone information and validate it at the next renewal following a map change. Although flood zones are no longer a rating element for NFIP rates, they remain relevant to NFIP coverage and rating for several reasons:

- Federally-regulated lenders enforce the flood insurance mandatory purchase requirement for properties located in SFHAs.¹
- Communities document and enforce compliance with local floodplain management ordinances and laws tied to flood zones.²
- Eligibility for Newly Mapped discounts is based in part on location inside or outside an SFHA.³
- Eligibility for Zone AR and Zone A99 discounts⁴ is based on the process of restoration of non-accredited flood protection systems in those zones.

1. 42 U.S.C. § 4012a

2. 44 CFR Subpart A

3. 42 USC § 4015(i)

4. 4014(e)&(f) and Biggert-Waters Flood Insurance Reform Act of 2012, Pub. Law No. 112-141, Div. F., Title II 100230; 126 Stat. 946-949 (2012), as amended

3. How to Write

- Eligibility for residential and non-residential floodproofing discounts is based in part on flood zone.⁵
- When using an EC to provide a First Floor Height value, FEMA's guidance on which data fields to provide on the Application Form varies depending on the flood zone.
- The NFIP insures an enclosure under a Post-FIRM elevated building if located outside an SFHA but not if located within an SFHA.⁶ The flood zone at the time of loss determines how elevated building coverage limitations are applied.
- While flood zones do not directly affect eligibility for Community Rating System discounts, rules around floodplain management violations tied to location inside or outside an SFHA can make a property ineligible for a CRS discount.

3. Community Rating System (CRS) Discount

a. General Information

The Community Rating System (CRS) is a voluntary incentive program for communities participating in the NFIP. The CRS offers NFIP premium discounts in communities that develop and execute extra measures beyond minimum floodplain management requirements to provide protection from flooding. The CRS discount applies uniformly across the community, with the exceptions noted below.

b. Policies Ineligible for CRS Discounts

The following policies are not eligible for CRS discounts:

- Emergency Program Policies
- Group Flood Insurance Policies
- Provisionally Rated Policies
- Buildings not in compliance with community floodplain management regulations or that have known floodplain management violations are ineligible for the CRS premium discount. In particular, this ineligibility applies to policies for Post-FIRM buildings located in an SFHA where the elevation difference used for rating is at least 1 foot or more below the BFE, with the following exceptions:
 - Post-FIRM V-Zone buildings with unfinished breakaway wall enclosures and machinery or equipment at or above the BFE.
 - A building with a subgrade crawlspace with certification from a community official. The letter signed by the community official that certifies a subgrade crawlspace exception must contain the following statement:

“I certify that the building located at has a crawlspace that was built in compliance with the NFIP requirements for crawlspace construction as outlined in FEMA Technical Bulletin 11-01, [Crawlspace Construction for Buildings Located in Special Flood Hazard Areas.](#)”

FEMA maintains a list of properties that are in violation of floodplain management standards. These properties are ineligible for the CRS discount. A policyholder can request a change to their CRS discount eligibility status by contacting their community Floodplain Administrator (FPA) to determine the appropriate documentation required to show compliance (details can be found [here](#)). Upon review of the documentation and determination that the structure is compliant with the floodplain management standards, the community FPA contacts their State NFIP Coordinator or FEMA Regional office to remove the property from the CRS Discount

5. 42 USC § 4014(a)(1)(A)(ii); 42 U.S.C. § 4102(d); 44 CFR § 60.6(c)

6. 44 CFR Part 61, Appendix A(1)-(2), III.A.8 & B.5; 44 CFR Part 61, Appendix A(3), III.A.8 & B.4

Exclusion list. Once the FEMA Regional office concurs with the community’s determination on the violation resolution, the FEMA Regional office will contact FEMA headquarters Floodplain Management Division to request an update to the property’s CRS discount eligibility status.

c. CRS Classes and Discounts

The CRS recognizes measures for flood protection and flood loss reduction. The four main activity categories include Public Information, Mapping and Regulation, Flood Damage Reduction, and Flood Preparedness.

To participate in the CRS, a community must complete and submit an application to FEMA. Subsequently, FEMA reviews the community’s floodplain management efforts and assigns the appropriate CRS classification based on credit points earned for various activities. A community’s classification may change depending on the level of continued floodplain management efforts. Classifications range from 1 to 10 and determine the premium discount for eligible flood insurance policies (see Table 3 below). All community assignments begin at Class 10 with no premium discount. Communities with a Class 1 designation receive the maximum 45 percent premium discount.

Note: If, midway through a policy term, a community’s CRS class changes or a policy’s eligibility for a CRS discount changes, any resulting adjustment to the CRS discount applies only at the next policy renewal.

Table 3 shows the available CRS premium discounts based on community CRS class.

Table 3. CRS Premium Discounts By Class

CLASS	DISCOUNT	CLASS	DISCOUNT
1	45%	6	20%
2	40%	7	15%
3	35%	8	10%
4	30%	9	5%
5	25%	10	–

d. CRS Community Status Information

A list of all current CRS eligible communities and their status can be found at: <https://www.fema.gov/flood-insurance/rules-legislation/community-rating-system>.

C. Structural Variables

1. Building Occupancy & Description

a. Building Occupancy

Building occupancy is a key factor that determines which policy form to use, which specific rating factors apply, as well as the policy’s maximum coverage limits and deductible options. The NFIP recognizes nine different building occupancies, discussed in Tables 4 and 5. **Table 4** explains which building occupancy to select when buying building or contents coverage for a building or unit.

Table 4. Building Occupancy: Building or Contents Coverage for a Building or Unit

OCCUPANCY	DEFINITION
Single-Family Dwelling	
<p>Single-Family Home</p>	<p>A single-family building, townhouse, or rowhouse that is residential (or mixed-use with non-residential uses limited to less than 50 percent of the building’s total floor area) and not in condominium ownership (or not eligible for the RCBAP Form).</p> <p>Notes:</p> <ul style="list-style-type: none"> • This building occupancy should not be used for a residential unit in any building or any manufactured/mobile home or travel trailer. These occupancies are listed separately below. • The NFIP defines a townhouse or rowhouse as a unit of a building, divided from similar units by solid, vertical, load-bearing walls dividing the building from its lowest level to its highest ceiling and having no openings in the walls between units and with no horizontal divisions between any of the units. For more information, see the Single and Multiple Buildings heading in Section 2: Before You Start. • Examples of non-residential uses within a residential single-family building include an office, private school, studio, or small service operation. • See RCBAP eligibility rules under the Condominium Rating Information heading in this section (Scenario #1).
<p>Residential Manufactured/Mobile Home</p>	<p>A single-family residential building (or mixed-use building with non-residential uses limited to less than 50 percent of the building’s total floor area) that meets one of the following definitions:</p> <ul style="list-style-type: none"> • A manufactured home (also known as a mobile home) built on a permanent chassis, transported to a site in one or more sections, and affixed to a permanent foundation; <i>or</i> • A travel trailer without wheels, built on a chassis, affixed to a permanent foundation, and regulated under the community’s floodplain management and building ordinances or laws.
<p>Residential Unit</p>	<p>A single-family residential unit (or mixed-use unit with non-residential uses limited to less than 50 percent of the unit’s total floor area) located within a:</p> <ul style="list-style-type: none"> • Residential or non-residential condominium building; <i>or</i> • Residential or non-residential building not in condominium ownership (for example, an apartment building or cooperative building); <i>or</i> • Townhouse or rowhouse in condominium ownership (if insured as a unit as opposed to an entire building). If insuring as an entire building, see the Residential Condominium Building row below for additional information.
Multifamily Building	
<p>Two-to-Four Family Building</p>	<p>A residential building (or mixed-use building with non-residential uses limited to less than 25 percent of the building’s total floor area) containing 2–4 units. This category includes the following buildings (but excludes buildings where the normal occupancy of a guest or resident is less than 6 months):</p> <ul style="list-style-type: none"> • Apartment buildings • Assisted-living facilities • Condominium buildings (if not eligible for the RCBAP) • Cooperative buildings • Dormitories • Hotels and motels

Table 4. Building Occupancy: Building or Contents Coverage for a Building or Unit *continued*

OCCUPANCY	DEFINITION
<p>Two-to-Four Family Building <i>continued</i></p>	<ul style="list-style-type: none"> • Rooming houses • Tourist homes <p>Note: See RCBAP eligibility rules under the Condominium Rating Information heading in this section (Scenario #1).</p>
<p>Other Residential Building</p>	<p>A residential building (or mixed-use building with non-residential uses limited to less than 25 percent of the building’s total floor area) containing 5 or more units. This category includes the following buildings (but excludes buildings where the normal occupancy of a guest or resident is less than 6 months):</p> <ul style="list-style-type: none"> • Apartment buildings • Assisted-living facilities • Condominium buildings (if not eligible for the RCBAP) • Cooperative buildings • Dormitories • Hotels and motels • Rooming houses • Tourist homes <p>Note: See RCBAP eligibility rules under the Condominium Rating Information heading in this section (Scenario #1).</p>
Residential Condominium Building	
<p>Residential Condominium Building</p>	<p>Select this building occupancy if all the following are true:</p> <ul style="list-style-type: none"> • The policyholder is a condominium association; • The policy will insure a residential condominium building (or mixed-use condominium building with non-residential uses limited to less than 25 percent of the building’s total floor area) with one or more units; <i>and</i> • The building is in a Regular Program community. <p>Notes:</p> <ul style="list-style-type: none"> • The criteria for RCBAP eligibility define the Residential Condominium Building occupancy. The RCBAP Form must be used to insure a building that meets the Residential Condominium Building definition. See additional information under the Condominium Rating Information heading (Scenario #1), including what building occupancy to select if ineligible for the RCBAP. • When determining non-residential uses, exclude the common areas of the building from the building’s total floor area. Exclude areas such as garages, lobbies, recreation rooms, storage/utility rooms, and hallways when determining residential use of a condominium building.
Non-Residential	
<p>Non-Residential Building</p>	<p>A building where the primary use is commercial or non-habitational. This category includes, but is not limited to the following:</p> <ul style="list-style-type: none"> • A building in which the policyholder is a commercial enterprise primarily carried out to generate income, and the coverage is for: <ul style="list-style-type: none"> – A building used as an office, retail space, wholesale space, factory, hospitality space, or for similar uses; or – A building not used for habitation or residential uses.

Table 4. Building Occupancy: Building or Contents Coverage for a Building or Unit *continued*

OCCUPANCY	DEFINITION
<p>Non-Residential Building <i>continued</i></p>	<ul style="list-style-type: none"> • A mixed-use building in which the total floor area devoted to non-residential uses is: <ul style="list-style-type: none"> – 50 percent or more of the total floor area within the building, if a single-family building; <i>or</i> – 25 percent or more of the total floor area within the building for all other buildings. • The following buildings where the normal occupancy of a guest or resident is less than 6 months: <ul style="list-style-type: none"> – Apartment buildings – Assisted-living facilities – Condominium buildings (if not eligible for the RCBAP) – Cooperative buildings – Dormitories – Hotels and motels – Rooming houses – Tourist homes • Other buildings not used for habitation including, but not limited to the following: <ul style="list-style-type: none"> – Agricultural buildings – Detached garages – Non-residential condominium buildings – Houses of worship – Recreation buildings (including pool houses and clubhouses) – Schools – Storage or tool sheds – Strip malls • A non-residential townhouse or rowhouse. <p>Note: If insuring a non-residential townhouse or rowhouse in the condominium form of ownership as a unit, select the Non-Residential Unit occupancy.</p>
<p>Non-Residential Manufactured/ Mobile Building</p>	<p>A single-unit non-residential building (or mixed-use building in which non-residential uses are 50 percent or more of the building’s total floor area) that meets one of the following definitions:</p> <ul style="list-style-type: none"> • A manufactured/mobile building built on a permanent chassis, transported to a site in one or more sections, and affixed to a permanent foundation; <i>or</i> • A travel trailer without wheels, built on a chassis, affixed to a permanent foundation, and regulated under the community’s floodplain management and building ordinances or laws.
<p>Non-Residential Unit</p>	<p>A single non-residential unit (or mixed-use unit in which non-residential uses are 50 percent or more of the unit’s total floor area) within a:</p> <ul style="list-style-type: none"> • Residential or non-residential building (whether or not in condominium ownership); <i>or</i> • Townhouse or rowhouse in the condominium form of ownership (if insured as a unit as opposed to an entire building). <p>Note: If insuring a non-residential townhouse or rowhouse in the condominium form of ownership as an entire building, select the Non-Residential Building occupancy.</p>

Table 5 explains which building occupancy to select when insuring residential or non-residential contents on a separate policy.

Table 5. Building Occupancy: Contents Coverage on a Separate Policy

Type of Contents	Residential Building	Non-Residential Building
Residential Contents	<p>Building Occupancy to Select: (see guidance in Table 4 above)</p> <ul style="list-style-type: none"> • Single-Family Home • Residential Manufactured/Mobile Home • Residential Unit • Two-to-Four Family Building • Other Residential Building • Residential Condominium Building <p>Applicable Policy Form: (based on the building occupancy selected)</p> <ul style="list-style-type: none"> • Dwelling Form • General Property Form 	<p>Building Occupancy to Select: (select the residential building occupancy that best characterizes the physical form of the non-residential building or unit the contents are located in)</p> <ul style="list-style-type: none"> • Single-Family Home • Residential Manufactured/Mobile Home • Residential Unit <p>Applicable Policy Form:</p> <ul style="list-style-type: none"> • Dwelling Form
Non-Residential Contents	<p>Building Occupancy to Select: (select the non-residential building occupancy that best characterizes the physical form of the residential building or unit the contents are located in)</p> <ul style="list-style-type: none"> • Non-Residential Building • Non-Residential Manufactured/Mobile Building • Non-Residential Unit <p>Applicable Policy Form:</p> <ul style="list-style-type: none"> • General Property Form 	<p>Building Occupancy to Select: (see guidance in Table 4 above)</p> <ul style="list-style-type: none"> • Non-Residential Building • Non-Residential Manufactured/Mobile Building • Non-Residential Unit <p>Applicable Policy Form:</p> <ul style="list-style-type: none"> • General Property Form

b. Building Description

When completing the Application Form, select the Building Description that best corresponds to the building to be insured by this policy. This is important in specifying what type of Residential Unit is being insured, identifying whether a non-residential building is commercial, and distinguishing multiple buildings at the same address. **Table 6** below lists the different types of buildings and includes a brief description of each. Please reference Table 4 above for additional details related to the building description.

Table 6. Building Description Options

Building Type	Description
Residential	
Entire Apartment Building	A residential building containing multiple residential units that is not in condominium or cooperative ownership.
Apartment Unit	A single residential unit within an apartment building.
Entire Cooperative Building	A residential building owned by a corporation; residents buy shares of the corporation, rather than the real estate (building, land, or both building and land).

Table 6. Building Description Options *continued*

Building Type	Description
Cooperative Unit	A shareholder's residential unit within a cooperative building.
Detached Guest House	A secondary house that shares the building lot of a larger, primary house.
Main Dwelling	A residential building that is the main dwelling on the property, as opposed to any secondary dwelling such as a detached guest house.
Entire Residential Condominium Building	A residential building in that form of ownership in which each unit owner has an undivided interest in common elements.
Residential Condominium Unit (in Residential Building)	A residential condominium unit in a <i>residential</i> condominium building.
Residential Condominium Unit (in Non-Residential Building)	A residential condominium unit in a <i>non-residential</i> condominium building.
Other Dwelling Type	Please describe on the Application Form.
Non-Residential	
Agricultural Building	A building used exclusively in connection with the production, harvesting, storage, raising, or drying of agricultural commodities and livestock.
Commercial	A non-habitational building, manufactured/mobile building, or unit used as an office, retail space, wholesale space, hospitality space, or for similar uses.
Detached Garage	A non-habitational, accessory building at the same property location as a main dwelling or other building but insured separately. Designed for storage of a motorized vehicle and used only for parking and storage.
Government-Owned	A building owned by any government entity.
House of Worship	A church, temple, synagogue, mosque, or other building set apart primarily for the purpose of worship in which religious services are held and the main body of which is kept for that use and not put to any other use inconsistent with its primary purpose.
Recreation Building	A building designed for non-habitational uses and that does not qualify as a commercial building. Examples include clubhouses and poolhouses.
Storage/Tool Shed	A non-habitational, accessory building designed for storage at the same property location as the main building, and the use of which is incidental to the use of the main building.
Other Non-Residential Type	Please describe on the Application Form.

c. Manufactured/Mobile Homes

As described in Table 4 above, the Building Occupancy for manufactured/mobile homes (including travel trailers) eligible for NFIP coverage (see the [Building Eligibility](#) heading in Section 2: Before You Start) may be residential or non-residential, depending on their use. Table 4 "Buildings the NFIP Insures" in Section 2 provides

3. How to Write

eligibility criteria for manufactured/mobile homes, including specific anchoring requirements and installation standards. In addition, the insurer must:

- Record the identification number (serial number) of the manufactured/mobile home on the Application Form; *and*
- When providing the square footage of the manufactured/mobile home in the appropriate section of the Application Form, include the square footage of any permanent additions or extensions.

2. Construction Type

If the building occupancy is a Single-Family Home or a Two-to-Four Family Building, determine the building's Construction Type based on the construction used for the wall on the building's first floor. The Construction Type rating factor only applies to the Single-Family Home or a Two-to-Four Family Building occupancy and does not apply to other occupancies, such as residential unit or manufactured/mobile home. **Table 7** provides guidance on how to determine the construction type.

Table 7. Construction Type Determination

Construction Type	Guidance
Frame	Use Frame as the construction type when: <ul style="list-style-type: none">• The first floor above ground level is constructed with wood or metal frame walls; <i>or</i>• Other materials such as exterior brick or masonry veneer are connected to frame construction.
Masonry	Use Masonry as the construction type when the first full floor above ground level is constructed with masonry materials such as brick (not brick veneer), or concrete block walls for the full floor. Note: If the bottom floor is masonry (such as a basement, walkout level, or crawlspace), and the next higher floor has frame construction, use Frame as the construction type.
Other	Use Other as the construction type when: <ul style="list-style-type: none">• The first floor above ground level is constructed with materials other than wood or metal frame walls or masonry walls for the full story; <i>or</i>• Any portion of the wall between ground level and next higher floor is frame construction (for example, "knee walls" whose lower wall is concrete block with frame wall on the higher portion).

3. Foundation Type

FEMA recognizes six foundation type options on the Application Form. The foundation types are:

- Slab on Grade (Non-Elevated)
- Basement (Non-Elevated)
- Elevated Without Enclosure on Posts, Piles or Piers
- Elevated With Enclosure on Posts, Piles or Piers
- Elevated With Enclosure Not on Posts, Piles, Piers (Solid Foundation Walls)
- Crawlspace (Elevated or Non-Elevated Subgrade Crawlspace)

3. How to Write

These foundation types are described below and illustrated in **Tables 8–13**. Each foundation type identifies a building as non-elevated or elevated. The foundation type also corresponds with the Building Diagrams shown on the Elevation Certificate (EC) form in Appendix B: Forms.

a. Non-Elevated Building

A non-elevated building is a building with a:

- Slab-on-grade foundation with wood or metal frame walls on the first floor; or
- Basement or below grade (subgrade) crawlspace foundation.

Note: A basement is any area of the building, including any sunken room or sunken portion of a room, that has its floor below ground level (subgrade) on all sides. A building has a subgrade crawlspace if the subgrade under-floor area is no more than 5 feet below the top of the next higher floor (living floor) and no more than 2 feet below the Lowest Adjacent Grade (LAG) (lowest point of the ground level immediately next to a building) on all sides.

Tables 8 and **9** describe the Slab on Grade (Non-Elevated) and Basement (Non-Elevated) foundation types.

Table 8. Foundation Type – Slab on Grade (Non-Elevated)

A building whose foundation is slab-on-grade or slab-on-stem-wall with fill.



One floor, slab on grade



Slab with attached garage



Crawlspace with converted garage or attached finished room



Stem wall



Two floor frame wall both floors



Three or more floors on slab

Elevation Certificate Building Diagram Distinguishing Features

Diagram 1A: The bottom floor is at or above ground level (grade) on at least one side.

Diagram 1B: The bottom floor is at or above ground level (grade) on at least one side on slab-on-grade or slab-on-stem wall with fill.

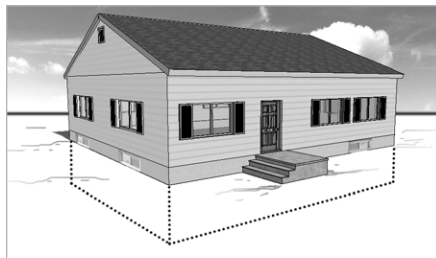
Diagram 3: Split-level building; the bottom floor (excluding garage) is at or above ground level (grade) on at least one side.

Table 8. Foundation Type – Slab on Grade (Non-Elevated) *continued*

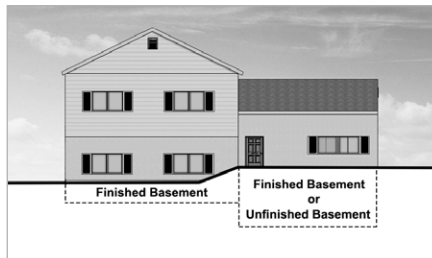
A building whose foundation is slab-on-grade or slab-on-stem-wall with fill.	
Building Indicators	<ul style="list-style-type: none"> • The building is constructed with wood or metal frame walls and encompasses the full footprint of the building with a slab-on-grade foundation. • The building is one floor with any wall type and no airspace between the ground and lowest floor of the building. For example, a one floor building on grade with masonry/cinder block walls. • If slab-on-grade, there is no airspace between the ground and the lowest floor of the building. • This foundation type includes a building with a dual foundation. For example, an elevated building with a crawlspace or enclosure with an attached converted garage or attached finished room where the floor of the converted garage or attached finished room is equal to or lower than the enclosure floor.

Table 9. Foundation Type – Basement (Non-Elevated)

A non-elevated building that has a floor or any area of the building, including any sunken room or portion of a room, below the ground level (subgrade) on all sides.



Basement building



Split level with basement

Elevation Certificate Building Diagram Distinguishing Features	<p>Diagram 2A: The bottom floor (basement or underground garage) is below ground level (grade) on all sides.</p> <p>Diagram 2B: The bottom floor (basement or underground garage) is below ground level (grade) on all sides; most of the height of the walls are below ground level on all sides and the door and area of egress is also below ground level on all sides.</p> <p>Diagram 4: Split-level building; the bottom floor (basement or underground garage) is below ground level (grade) on all sides.</p>
Building Indicators	<ul style="list-style-type: none"> • The building, including split-level, has a floor that is below grade on all sides even if the floor is used for living purposes, or as an office, garage, workshop, etc. • If the building has a subgrade crawlspace and the distance from the crawlspace floor to the top of the next higher floor is more than 5 feet, or the crawlspace floor is more than 2 feet below the grade on all sides, describe the foundation type as a basement. <p>Note: If the building has a “walkout basement,” refer to foundation type Elevated with Enclosure Not Posts, Piles, Piers.</p>

b. Elevated Building

An elevated building is a building that:

- Has no basement; *and*
- Has its lowest elevated floor raised above ground level by foundation walls, shear walls, posts, piers, pilings, or columns.

Elevated buildings are generally elevated with the following elevating foundation types:

- **Posts, Piles, Piers, and Columns:** Reinforced masonry piers or concrete piers or columns.
- **Foundation Walls:**
 - Masonry walls, poured concrete walls, or precast concrete walls – regardless of height – that extend above grade and support the weight of a building.
 - Knee foundation walls below the elevated floor (in other words, foundation walls not constructed the full height of the area between the lowest elevated floor and the grade, with wood-frame or studs attached above the foundation wall).

Note: The building is non-elevated if a slab foundation supports the foundation walls.

- **Shear Walls:**
 - Shear walls are for structural support and not structurally joined or enclosed at the ends, except by breakaway walls.
 - Reinforced concrete or wood shear walls used as the method of elevating a building are normally parallel (or nearly parallel) to the expected flow of floodwaters.

Table 10 describes the Elevated Without Enclosure on Posts, Piles, or Piers foundation type.

Table 10. Foundation Type – Elevated Without Enclosure on Posts, Piles, or Piers

A building that has its lowest floor raised above the ground by posts, piles, piers, columns, or parallel shear walls with no enclosure below the lowest elevated floor.



Elevated no enclosure



Elevated hanging floor



Elevated with lattice



Elevated with utility chase



Mobile home with skirting

Table 10. Foundation Type – Elevated Without Enclosure on Posts, Piles, or Piers *continued*

A building that has its lowest floor raised above the ground by posts, piles, piers, columns, or parallel shear walls with no enclosure below the lowest elevated floor.	
Elevation Certificate Building Diagram Distinguishing Features	Diagram 5: The area below the elevated floor is open, with no obstruction to flow of floodwaters (open lattice work and/or insect screening is permissible).
Building Indicators	<ul style="list-style-type: none"> • Hanging floors are walled-in floor areas beneath an elevated building that do not extend to the ground. The top of the hanging floor is considered the first floor. • A mobile home with skirting around frame perimeter. • FEMA does not consider a small enclosed area (a utility chase) below the lowest floor to be an enclosure if all the following criteria are met: <ul style="list-style-type: none"> – It is the minimum size necessary to protect the building utilities (for example, plumbing, pipes, wiring, HVAC supply/return lines); – It is constructed with flood-damage-resistant materials; – There are no mechanical or electrical equipment inside the enclosed area; <i>and</i> – There is not enough space for a person to enter into the enclosed area.

c. Elevated Building with an Enclosure

Other elevated buildings have enclosures under the lowest elevated floor.

i. Definition of an Enclosure

An enclosure is that portion of an elevated building below the lowest elevated floor that is either partially or fully enclosed by rigid walls. The following are examples of enclosures:

- A garage, storage, or utility room below the elevated floor of an elevated building.
- A garage, storage, or utility room attached and next to an elevated building with the enclosure floor lower than the elevated floor.
- An enclosed crawlspace below the lowest elevated floor.

ii. Enclosure Wall Types

An enclosure may be enclosed with any of the following:

- Solid wood frame walls
- Masonry walls
- Breakaway walls

Note: Enclosures enclosed with insect screening with no additional support, plastic lattice, or wooden or plastic slats or shutters are treated as no enclosure. See Table 10: Elevated Without Enclosure.

Tables 11 and 12 describe the Elevated With Enclosure on Posts, Piles, or Piers and Elevated With Enclosure Not on Posts, Piles, or Piers foundation types.

Table 11. Foundation Type – Elevated With Enclosure on Posts, Piles, or Piers (With an Enclosure Below the Elevated Floor)

A building that has its lowest floor raised above the ground by posts, piles, piers, columns, or parallel shear walls with an enclosure below the elevated floor.



Elevated with a garage



Elevated with a bedroom below the elevated floor



Elevated on posts, piles, or piers with a properly vented partial enclosure

Elevation Certificate Building Diagram Distinguishing Features

Diagram 6: The area below the elevated floor is enclosed, either partially or fully, with or without openings present in the walls of the enclosure.

Building Indicators

- The building is elevated on piers, posts, piles, columns, or parallel shear walls and there is an enclosed storage area or garage below the elevated floor.
- The building is elevated on piers, posts, piles, columns, or parallel shear walls and there is a finished area (for example, a bedroom or bathroom) below the elevated floor.

Table 12: Foundation Type – Elevated with Enclosure Not On Posts, Piles, or Piers (Solid Foundation Walls)

A building that has its lowest floor raised above the ground by foundation walls (solid perimeter walls) with a full floor enclosure.



Walkout Basement



Two floor building with a full floor solid perimeter foundation for the first story and a frame construction for the second floor.

Elevation Certificate Building Diagram Distinguishing Features

Diagram 7: The area below the elevated floor is enclosed, either partially or fully, with or without openings present in the walls of the enclosure. The building is elevated on full-story foundation walls.


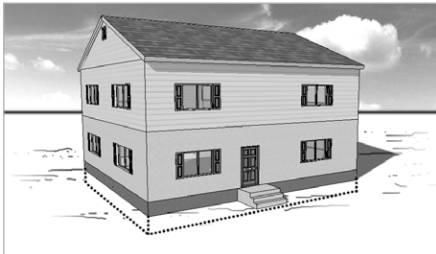

Table 12: Foundation Type – Elevated with Enclosure Not On Posts, Piles, or Piers (Solid Foundation Walls) *continued*

A building that has its lowest floor raised above the ground by foundation walls (solid perimeter walls) with a full floor enclosure.	
Building Indicators	<ul style="list-style-type: none"> • The building may have a walk-out level, where at least one side is at or above grade. • The principal use of the building is located on the elevated floors of the building. • The building has no basement (no portion of the building is below the ground on all sides). If the building has a floor below the ground on all sides refer to the Basement or Crawlspace foundation types.

d. Crawlspace – Elevated and Non-Elevated

Table 13 describes the Crawlspace (Elevated or Non-Elevated Subgrade Crawlspace) foundation type, which includes both elevated and non-elevated buildings.

Table 13. Foundation Type – Crawlspace (Elevated or Non-Elevated Subgrade Crawlspace)

A building that has its lowest floor raised above the ground by a crawlspace.		
		
Crawlspace with attached garage	Subgrade crawlspace	Subgrade crawlspace with attached garage
Elevation Certificate Building Diagram Distinguishing Features	<ul style="list-style-type: none"> • Diagram 8: The area below the first floor is enclosed by solid or partial foundation perimeter walls. If the building has an above grade crawlspace, the crawlspace floor is no more than 5 feet below the top of the next higher floor above the crawlspace. If the difference between the crawlspace floor and floor above the crawlspace is more than 5 feet, then refer to Diagram 7 (Elevated with Enclosure Not on Posts, Piles, or Piers). • Diagram 9: The bottom (crawlspace) floor is at or below ground level (grade) on all sides. If the building has a subgrade crawlspace, the crawlspace floor must be within 2 feet below the grade and the crawlspace floor is no more than 5 feet below the top of the next higher floor (above the crawlspace). If the difference between the crawlspace floor and floor above the crawlspace is more than 5 feet, or if the crawlspace floor is more than 2 feet below the grade, then refer to Diagram 2 (Basement). <p>Note: An elevated building that has a crawlspace foundation with an attached slab-on-grade finished room or attached slab-on-grade garage converted to a living area is considered the Slab on Grade foundation type.</p>	
Building Indicators	A building with a crawlspace foundation may have an attached garage.	

4. First Floor Height

a. General Information

The First Floor Height, or the height of the building’s first lowest floor above the adjacent grade, is another rating variable critical to understanding flood risk. Generally, the higher the elevation of a building’s first floor, the less flood damage it is likely to incur. **Table 14** shows what floor the NFIP uses for the First Floor Height measurement based on the foundation type selected.

Table 14. First Floor Height Measurement by Foundation Type



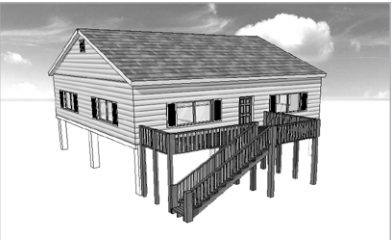



Foundation Type	EC Diagram Number	Floor Used for First Floor Height Measurement
 <p>Slab on Grade (Non-Elevated)</p>	<p>1A, 1B, and 3</p>	<p>First floor of the building</p>
 <p>Basement (Non-Elevated)</p>	<p>2A, 2B, and 4</p>	<p>First floor above the basement</p>
 <p>Elevated without Enclosure on Posts, Piles, or Piers</p>	<p>5</p>	<p>First elevated floor</p>
 <p>Elevated with Enclosure on Posts, Piles, or Piers</p>	<p>6</p>	<p>Use the enclosure floor if:</p> <ul style="list-style-type: none"> • Pre-FIRM building (any zone); • In a Non-Special Flood Hazard Area; or • In Zone Unnumbered A, A99, AO, AR/AO or Unnumbered V. <p>Use the elevated floor:</p> <ul style="list-style-type: none"> • Post-FIRM building; and • In Zones A1–A30, AE, AH, AR, AR/A, AR/AE, AR/AH, AR/A1–A30, V1–V30, or VE

Table 14. First Floor Height Measurement by Foundation Type *continued*

Foundation Type	EC Diagram Number	Floor Used for First Floor Height Measurement
 <p>Elevated with Enclosure Not on Posts, Piles, or Piers (Solid Foundation Walls)</p>	<p>7</p>	<p>Use the enclosure floor if:</p> <ul style="list-style-type: none"> • Pre-FIRM building (any zone); • In a Non-Special Flood Hazard Area; or • In Zones Unnumbered A, A99, AO, AR/AO or Unnumbered V. <p>Use the elevated floor:</p> <ul style="list-style-type: none"> • Post-FIRM building; and • In Zones A1–A30, AE, AH, AR, AR/A, AR/AE, AR/AH, AR/A1–A30, V1–V30, or VE.
 <p>Crawlspace (Elevated or Non-Elevated Subgrade Crawlspace)</p>	<p>8 or 9</p>	<p>Use the crawlspace floor if:</p> <ul style="list-style-type: none"> • Pre-FIRM building (any zone); • In a Non-Special Flood Hazard Area; or • In Zones Unnumbered A, A99, AO, AR/AO or Unnumbered V. <p>Use the floor above the crawlspace if:</p> <ul style="list-style-type: none"> • Post-FIRM building; and • In Zones A1–A30, AE, AH, AR, AR/A, AR/AE, AR/AH, AR/A1–A30, V1–V30, or VE.

The First Floor Height is determined by FEMA, or the policyholder has the option to provide an EC. If the policyholder provides an EC, FEMA’s system will compare both values and use the First Floor Height that is more favorable to the policyholder.

b. FEMA Determined First Floor Height

FEMA will determine a First Floor Height value using application information and various datasets.

c. Elevation Certificate/Land Survey

The policyholder can optionally provide an EC (or land survey completed by a licensed engineer) to provide data for a First Floor Height value. Tables 15 and 16 show the steps to take when completing the *First Floor Height Determination* portion of the Application Form as well as how to determine the elevations to use when calculating the First Floor Height. All ECs and land surveys must be certified and accompanied by photographs. See [Documentation Required](#) below for additional documentation requirements.

Table 15 shows the elevation in Section C of the NFIP EC form (see Appendix B: Forms) to report as the Lowest Floor Elevation (LFE). The building’s First Floor Height is the difference between the reported LFE and the Lowest Adjacent Grade (LAG).

Table 15. Completing the Application Form Using Section C of the Elevation Certificate (EC)

STEP	GUIDANCE
1.	Enter the EC date
2.	Enter the Building Diagram Number (section A7. of the EC)
3.	Enter the LAG (section C2f. of the EC)
4.	Enter the LFE. See below for guidance.
Determine the Lowest Floor Elevation (LFE) Using Section C of the EC	
EC Diagram Number and Scenario	Elevation to Report as the LFE
<p>EC Diagram Number: 1A, 1B, 3 or 5</p> <p>Scenario: Non-elevated building on slab or elevated without an enclosure.</p>	<p>C2a. = LFE</p> <p><i>If C2a. is not provided C2c. can be used:</i> Add 1 foot to C2c. (for both residential and non-residential buildings)</p> <p>C2c. + 1 = LFE</p>
<p>EC Diagram Number: 2, 2B, or 4</p> <p>Scenario: Non-elevated building with basement.</p>	<p>C2b. = LFE</p> <p><i>If C2b is not provided 8 feet can be added to C2a.:</i> Add 8 feet to C2a</p> <p>C2a. + 8 = LFE</p>
<p>EC Diagram Number: 6, 7, 8 or 9</p> <p>Scenario: Elevated building with an enclosure or building with a crawlspace (elevated or non-elevated subgrade crawlspace) <i>and</i></p> <ul style="list-style-type: none"> • Is Pre-FIRM (in any zone); <i>or</i> • In a Non-Special Flood Hazard Area; <i>or</i> • In Zone Unnumbered A, A99, AO, AR/AO or Unnumbered V. 	<p>C2a. = LFE</p> <p><i>If C2a. is not provided C2c. can be used:</i> Add 1 foot to C2c. (for both residential and non-residential buildings)</p> <p>C2c. + 1 = LFE</p>
Determine the Lowest Floor Elevation (LFE) Using Section C of the EC	
EC Diagram Number and Scenario	Elevation to Report as the LFE
<p>EC Diagram Number: 6, 7, 8 or 9</p> <p>Scenario: Elevated building with an enclosure or building with a crawlspace (elevated or non-elevated subgrade crawlspace) <i>and</i></p> <ul style="list-style-type: none"> • Is Post-FIRM; <i>and</i> • In Zone A1–A30, AE, AH, AR, AR/A, AR/AE, AR/AH, AR/A1–A30, V1–V30, or VE. 	<p>C2b. = LFE</p> <p><i>If C2b. is not provided C2c. can be used:</i> Add 1 foot to C2c. (for both residential and non-residential buildings).</p> <p>C2c. + 1 = LFE</p>
5.	Enter the First Floor Height (FFH) in feet. The FFH is the difference between the LAG and LFE.

Section E of the NFIP EC form (see Appendix B: Forms) can also be used to determine a First Floor Height value. **Table 16** provides guidance on how to use Section E to determine First Floor Height. E1b. in Section E is the difference between the top of the bottom floor and the LAG and can be used as the First Floor Height if the floor is above the grade. E2 can also be used in certain situations. Refer to the guidance below.

3. How to Write

Note: If Section E is completed for zones other than unnumbered A and AO, the information should be used for underwriting purposes only.

Table 16. Completing the Application Form Using Section E of the Elevation Certificate (EC)

STEP	GUIDANCE	
1.	Enter the EC date.	
2.	Enter the Building Diagram Number (section A7. of the EC).	
3.	Enter the First Floor Height. See below for guidance.	
Determine the First Floor Height (FFH) Using Section E of the EC		
	EC Diagram Number and Scenario	Field to Report as the FFH
	EC Diagram Number: 1A, 1B, 3 or 5 Scenario: Non-elevated building on slab or elevated without an enclosure.	E1b. = FFH
	EC Diagram Number: 2, 2B, or 4 Scenario: Non-elevated building with basement.	E2. = FFH
Determine the First Floor Height (FFH) Using Section E of the EC		
	EC Diagram Number and Scenario	Field to Report as the FFH
	EC Diagram Number: 6, 7, 8 or 9 Scenario: Elevated building with an enclosure or building with a crawlspace (elevated or non-elevated subgrade crawlspace) <i>and</i> <ul style="list-style-type: none"> • Is Pre-FIRM (in any zone); • In a Non-Special Flood Hazard Area; <i>or</i> • In Zone Unnumbered A, A99, AO, AR/AO or Unnumbered V. 	E1b. = FFH
	EC Diagram Number: 6, 7, 8 or 9 Scenario: Elevated building with an enclosure or building with a crawlspace (elevated or non-elevated subgrade crawlspace) <i>and</i> <ul style="list-style-type: none"> • Is Post-FIRM; <i>and</i> • In Zone A1–A30, AE, AH, AR, AR/A, AR/AE, AR/AH, AR/A1–A30, V1–V30, or VE. 	E2. = FFH

d. Additional Information on Elevation Certificates or Land Surveys

i. Documentation Required

- EC or survey signed by a licensed surveyor.
 - The surveyor, engineer, or architect must sign and include their identification number or seal in Section D or on the land survey.
 - A building official, a property owner, or an owner’s representative may provide the EC for all flood zones by completing Section E. The property

owner or owner's representative must complete Section F when they prepare the EC.

- Photographs that show the front and rear of the building, including the building foundation type.
 - Photograph Requirements:
 - > A minimum of two clear/legible photographs that show the front and back of the building.
 - > Photographs dated within 90 days of submitting the EC to the insurer (not the certification date, if that date is earlier).
 - > Photographs must be at least 3" × 3" and may be analog (film) or digital. The NFIP prefers color photographs.
 - Building under construction:
 - > Photographs are not required when the building is under construction.
 - > A revised EC or survey based on finished construction elevations with photographs is required when the construction is complete.

ii. Other Elevation Information

- Existing documentation containing elevation information (for example, an older EC form, or surveyor letterhead) may transfer to Section C or E of the EC.
 - If Section C is completed, only a local official authorized by law or ordinance to administer the community's floodplain management ordinance may complete this transaction.
 - The official must certify the information and provide a statement documenting the transfer of information in Section G of the EC.
- If Section C is completed, NFIP requires the LAG and diagram number for all new business.
- For all flood zones, a building official, a property owner, or an owner's representative may provide the information in Sections B and E on the EC.
- In CRS communities, building elevation information and certificates may be available through the community.
- Conversion of elevation datums is not required for rating purposes.

iii. Troubleshooting

- Fields not applicable to the surveyed property should be marked as N/A (not applicable)
- If Section C is completed, the policyholder or policyholder's representative must return the EC to the surveyor, engineer, architect, or community official completing the form to provide missing information in any part of Section A or C of the EC.
- The building elevation information contained in Section C (Survey Required) appears in feet, except in Puerto Rico, where it appears in meters. Before calculating the elevation difference, convert all metric elevation measurements to feet (1m = 3.28084 ft.).
- Section C2a. of the EC may remain blank if the surveyor, engineer, or architect cannot gain access to the crawlspace to obtain the elevation of the crawlspace floor. Preparers should enter the estimated measurements in the comments area of Section D.

3. How to Write

- Section E, Building Elevation Information (Survey Not Required) marked “for Zone AO and Zone A (without BFE)” can be used in all flood zones for rating purposes.
 - Preparers must compute and enter the elevation differences between the lowest floor and the LAG along with lowest floor and Highest Adjacent Grade (HAG).
 - If Section E is completed for zones other than unnumbered A and AO, the information can be used for rating purposes only and does not relate to floodplain management requirements.

e. First Floor Height Used

The final two fields of the First Floor Height Determination portion of the Application Form are completed by FEMA’s system when the quote is returned to the insurer.

- **First Floor Height Used (In Feet).** FEMA’s system will recognize the more favorable value between the FEMA Determined FFH and the EC FFH, enter it in this field, and use that value for rating purposes.
- **Method Used to Determine First Floor Height.** FEMA’s system will enter either FEMA Determined or Elevation Certificate depending on which returned the more favorable value.

Note: When EC information is provided, FEMA’s system compares the premium using elevation information from the EC with the premium using FEMA-sourced elevation data. After this comparison, FEMA returns the lowest premium for the policyholder. Providing EC information will not increase a premium.

5. Mitigation Discounts

FEMA offers certain mitigation discounts to incentivize a policyholder to take steps that meaningfully reduce their property’s flood risk.

a. Machinery and Equipment Above First Floor

Policyholders may receive a mitigation discount if certain covered Machinery and Equipment (M&E) servicing the building, inside or outside the building, is elevated to at least the elevation of the floor above the building’s first floor. Depending on the foundation type option selected, the building’s first floor may be either the main living floor (if slab on grade), basement floor, crawlspace floor, or enclosure floor. See **Table 17** below which provides examples of where the M&E should be located to be eligible for the discount.

If the policyholder purchased building-only coverage, the following M&E must be elevated to receive the discount:

- Central air conditioner (including exterior compressor)
- Furnace
- Heat pump (including exterior compressor)
- Hot water heater
- Elevator machinery and equipment

If the policyholder purchased contents-only coverage, the following appliances must be elevated to receive the discount:

- Clothes washers and dryers
- Food freezers

If the policyholder purchased both building and contents coverage, all the M&E and appliances listed above must be elevated to receive the discount.

3. How to Write

Select **Yes** on the Application Form under the question **“Is the Building Eligible for the Machinery and Equipment Mitigation Discount?”** if the M&E is elevated consistent with the guidance above and in **Table 17**, which provides examples of where the M&E should be located to be eligible for the discount.

Table 17. M&E Location for Discount Eligibility



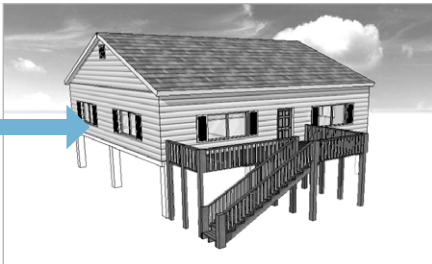



Diagram Showing Location	Guidance on Location
	<p>Slab on Grade (Non-Elevated)</p> <ul style="list-style-type: none"> • One floor: Elevated at least to the height of the attic • More than one floor: Elevated to the height of the second floor or higher
	<p>Basement (Non-Elevated)</p> <ul style="list-style-type: none"> • Elevated to the height of the floor above the basement or higher
	<p>Elevated Without Enclosure on Posts, Piles or Piers</p> <ul style="list-style-type: none"> • Elevated to the height of the lowest elevated floor or higher
	<p>Elevated With Enclosure on Posts, Piles or Piers</p> <ul style="list-style-type: none"> • Elevated to the height of the lowest elevated floor or higher
	<p>Elevated With Enclosure Not Posts, Piles or Piers</p> <ul style="list-style-type: none"> • Elevated to the height of the lowest elevated floor or higher

Table 17. M&E Location for Discount Eligibility *continued*

Diagram Showing Location	Guidance on Location
	<p>Crawlspace (Elevated or Non-Elevated Subgrade Crawlspace)</p> <ul style="list-style-type: none"> Elevated to the height of the floor above the crawlspace or higher

b. Proper Flood Openings

i. Proper Flood Openings Discount Requirements

Proper flood openings (flood vents) in enclosures or crawlspaces allow the hydrostatic flood forces on the walls to equalize and minimize foundation damage to the building. FEMA provides a discount for buildings, in any flood zone, with proper flood openings in enclosures.

Below are the foundation types that may be eligible to receive the proper flood openings discount:

- Elevated With Enclosure on Posts, Piles or Piers
- Elevated With Enclosure Not Posts, Piles or Piers (Solid Foundation Walls)
- Crawlspace (Elevated or Non-Elevated Subgrade Crawlspace)

To obtain the proper flood opening discount, all enclosures below the elevated floor must meet the following requirements:

- There must be a minimum of two openings positioned on at least two exterior walls. For partially subgrade floors, there must be a minimum of two openings positioned on a single exterior wall adjacent to the lowest grade next to the building.
- The bottom of all openings must be no higher than one foot above the higher of the exterior or interior adjacent grade or floor immediately below the openings.
- The openings must have a total net area of not less than one square inch for every one square foot of enclosed area.

The Application Form asks several questions to guide the policyholder's eligibility to receive the Proper Flood Openings discount.

- Is the enclosure/crawlspace constructed with proper flood openings or engineered openings?** Select Yes, if the enclosure or crawlspace is constructed with flood openings or engineered openings. Select No, if the enclosure or crawlspace is not constructed with proper flood openings or engineered openings.
- If Yes, enter the total number of flood openings.** Enter the number of flood openings located in the enclosure or crawlspace. There must be a minimum of two openings positioned on at least two exterior walls and the bottom of all openings are no higher than one foot above the higher of the exterior or interior adjacent grade or floor immediately below the openings.

- **Total area of all permanent openings (in square inches).** Enter the total square inches of openings.
- **Total enclosed area (in square feet).** Enter the total square footage of the entire enclosed area.

ii. Engineered Openings Certified by a Design Professional

An alternative to the proper openings requirement is engineered openings. Engineered openings can be used to obtain the proper flood opening discount. If used, the policyholder must provide to the insurer a copy of the certification validating that the openings meet NFIP requirements. NFIP Technical Bulletin 1, [Requirements for Flood Openings in Foundation Walls and Walls of Enclosures](#) provides technical guidance for these requirements.

The certification statement must identify the building with the installed engineered openings and include:

- The design professional's name, title address, type of license, license number, the state issuing the license, and the signature and applied seal of the certifying registered design professional;
- A statement certifying that the design of the openings will automatically equalize hydrostatic flood loads on exterior walls by allowing for the automatic entry and exit of floodwaters; *and*
- A description of the range of flood characteristics tested or computed for which the certification is valid, such as rates of rise and fall of floodwaters.

iii. Engineered Openings Certified by the International Code Council Evaluation Service

Engineered openings identified by the International Code Council Evaluation Service, Inc., can be used to satisfy the proper opening requirements and receive the proper flood opening discount. The International Code Council Evaluation Service publishes an evaluation report for each specific engineered opening product (make and model) that it certifies, specifying the square footage of the area for which it is certified. If these openings are used, documentation to confirm the installation and model number of the opening is required. Reference the evaluation report information to confirm whether the engineered openings satisfy the proper openings requirement. Examples of documentation that can be used are:

- Documentation to confirm installation should specify the number of openings installed, the square footage of the area for which they are certified, and the model number of the engineered opening; *or*
- An EC that has information confirming the use of engineered openings.

6. Floodproofing

a. General Information

Floodproofing may be an alternative to elevating a building to or above the BFE; however, the NFIP requires a Floodproofing Certificate to consider floodproofing mitigation measures in rating a building (see Appendix B: Forms). Certified floodproofing may result in a lower premium because floodproofing ensures:

- A watertight building;
- Waterproof non-collapsing walls; *and*
- The floor at the base of the floodproofed walls will resist flotation during a flood.

3. How to Write

Once approved, the floodproofing discount is incorporated in the building and contents premium.

b. Application Form

The application form must indicate whether an applicant is eligible for the floodproofing discount through the response to this question:

- *Is the building properly floodproofed?*

Answer **Yes** when the building meets the eligibility requirements listed in **Table 18**.

For Non-Residential buildings that indicate Yes, FEMA must approve eligibility, so the initial policy may not include the discount. If FEMA approves the floodproofing discount, the insurer must endorse the policy to reflect the premium change.

Table 18. Eligibility for a Floodproofing Discount

Type	Eligibility Criteria	Notes
Residential⁷	<p>Floodproofing a residential building may qualify the policy for a floodproofing discount if all the following apply:</p> <ul style="list-style-type: none"> • The building’s foundation type is Basement (Non-Elevated); • The building is located in an NFIP participating community where FEMA approved the residential basement floodproofing premium discount; • The building is located in zone A1–A30, AE, AR, AR Dual, AO, AH, or A with a BFE; • A registered professional engineer or architect certified that the building is floodproofed to at least one foot above the BFE; <i>and</i> • Refer to fema.gov/floodplain-management/manage-risk for additional eligibility criteria. <p>If an existing policy for a residential building located in a community approved for the residential basement floodproofing discount received the discount before the property was remapped into a flood zone that doesn’t qualify for floodproofing (for example a V zone), then the policyholder loses the discount when the insurer validates the zone upon the next renewal.</p>	<ul style="list-style-type: none"> • The NFIP insurer is responsible for determining eligibility for the residential floodproofing discount • Refer to https://www.fema.gov/floodplain-management/manage-risk/residential-buildings-basements for the list of communities approved for residential basement floodproofing. • The insurer must maintain a completed NFIP Residential Basement Floodproofing Certificate and at least two photographs of the building to obtain a floodproofing discount.

7. 42 U.S.C. 4014(a)(1)(A)(ii); 42 U.S.C. 4102(d); 44 CFR 60.6(c)

Table 18. Eligibility for a Floodproofing Discount *continued*

Type	Eligibility Criteria	Notes
Non-Residential	<p>Floodproofing a Non-Residential Building may qualify the policy for a floodproofing discount if all the following apply:</p> <ul style="list-style-type: none"> • The building’s foundation type is Slab on Grade (Non-Elevated) or Basement (Non-Elevated); • The building is located in zone A1–A30, AE, AR, AR Dual, AO, AH, or A with a BFE; • The building is in any participating NFIP community; <i>and</i> • A registered professional engineer or architect certifies that the building is floodproofed to at least one foot above the BFE. 	<ul style="list-style-type: none"> • The insurer must submit the required floodproofing documentation listed below so FEMA can determine eligibility for a floodproofing discount. The insurer must email the documentation to NFIPUnderwritingMailbox@fema.dhs.gov. • If the policy is issued without the floodproofing discount and FEMA approves the floodproofing discount, then the insurer must endorse the policy to reflect the premium change. • Use the Floodproofing Certificate date in place of the EC date on the Application. • The insurer must validate floodproofing documentation annually.

c. Documentation Requirements for Non-Residential Floodproofing

The insurer must email the following floodproofing documentation to NFIPUnderwritingMailbox@fema.dhs.gov, so FEMA can determine eligibility for a floodproofing discount:

- Completed Application Form;
- Completed EC;
- Completed NFIP Floodproofing Certificate for Non-Residential Structures;
- At least two photographs of the building that show the floodproofing measures in place, including:
 - Photographs of the exterior of the building (all sides);
 - Photographs of the components used to provide floodproofing protection (shields, gates, barriers); *and*
- Flood Emergency Plan that includes:
 - Chain of command;
 - Notification procedures;
 - Personnel duties;
 - Location of floodproofing components, install procedures, repair procedures;
 - Evacuation procedures for building occupants;
 - Component maintenance procedures during flooding event;
 - Drill and training program (at least once a year);
 - Regular review and update of Flood Emergency Plan; *and*

- Inspection and Maintenance Plan that includes:
 - Inspection procedures for the entire floodproofing system: wall systems, floor slab, openings, floodproofing components, valve operation, drainage and pump systems, equipment and tools required to engage floodproofing measures; *and*
 - Regular review and update of the Inspection and Maintenance Plan.

7. Replacement Cost Value

Replacement cost value information such as square footage and Building Replacement Cost Value apply to building coverage only and is not required for contents-only policies.

a. Square Footage

FEMA uses square footage as one of the variables to determine Building Replacement Cost Value. For certain building occupancies (see [Subsection 7.b.ii](#) below), the documentation requirements depend on the building’s square footage total.

The percentage of total floor area determines the appropriate building occupancy to select and is not calculated in the same method as square footage. Follow the guidelines in **Table 19** to determine the building’s square footage.

Table 19. Square Footage Calculation

Building Occupancy	Guidance
Single-Family Home, Residential Manufactured/Mobile Home, Residential Unit, and Two-to-Four Family Building	Provide the total finished living area. An attached garage converted to a living space or an attic converted to living space should be included in the square footage calculation. Do not include the following areas in the square footage calculation: <ul style="list-style-type: none"> • Any garage area solely used for parking, storage or access; • Finished or unfinished basement; • Finished or unfinished enclosure area; <i>or</i> • Porches or decks.
Other Residential Building, Residential Condominium Building, Non-Residential Building, Non-Residential Manufactured/Mobile Building, and Non-Residential Unit	Provide the square footage of the building: <ul style="list-style-type: none"> • Include stairwells and elevator shafts. • Do not include areas such as basements, enclosures and mezzanines, finished or unfinished. • If all of the floors are the same size, first calculate the ground floor area; then compute gross floor area by multiplying the ground floor area by the total number of floors. • If the floor sizes vary, calculate each floor’s area, then provide the sum of all floors. • Do not include any garage area solely used for parking, storage or access.

Note: For a unit policy, provide the square footage for the unit and not the entire building.

b. Building Replacement Cost Value

Building Replacement Cost Value is the cost to replace the building or unit (including, for a building, the cost of the foundation). The ratio of building coverage selected to

Building Replacement Cost Value is a rating factor. The Building Replacement Cost Value used for rating does not affect the building replacement cost determined at time of loss.

The Building Replacement Cost Value used for rating has no bearing on the amount of coverage a policyholder can select. However, if a policyholder selects building coverage above the Building Replacement Cost Value (as determined by FEMA or provided to FEMA), then the building coverage amount selected by the policyholder will be used as the Building Replacement Cost Value in determining the premium.

i. *Occupancy Type: Single-Family Home, Residential Manufactured/Mobile Home, Residential Unit, and Two-to-Four Family Building*

FEMA will determine Building Replacement Cost Value for the building or unit by using Application Form data and insurance industry data connected with the property address. If FEMA is unable to determine the Building Replacement Cost Value, the insurer must obtain the Building Replacement Cost Value for the building or unit (including, for a building, the cost of the foundation) based on appraisals commonly used in the insurance industry, and report it on the Application Form. FEMA reassesses its determination of Building Replacement Cost Value at every renewal.

ii. *Occupancy Type: Other Residential Building, Residential Condominium Building, Non-Residential Building, Non-Residential Manufactured/Mobile Building, Non-Residential Unit*

FEMA will not determine the Building Replacement Cost Value for these building occupancies. The insurer must obtain the Building Replacement Cost Value for the building or unit (including the cost of the foundation). The Building Replacement Cost Value may be obtained by using common industry practices. The method or documentation used to determine the Building Replacement Cost Value must be maintained in the policy underwriting file by the insurer. The insurer must review (and update if any changes) the Building Replacement Cost Value. The insurer must validate the Building Replacement Cost Value information at least every 3 years. See the sample Building Replacement Cost Value notification letter in Appendix I: Policyholder Communications.

Supporting Building Replacement Cost Value method or documentation is not required if:

- The building occupancy is Non-Residential Manufactured/Mobile Building;
- The building description is either Storage/Tool Shed or Detached Garage; or
- The building or unit's square footage is less than 1,000 square feet.

8. Claims History

The claims history used in the RR 2.0 rating methodology is the history of NFIP claim payments for loss or damage to insured property directly caused by a flood, or for loss avoidance measures. The claims history applies to a building's property address and does not follow the policyholder or building owner.

a. Prior NFIP Claims

i. General Information

FEMA incorporates prior NFIP claims as a rating factor based on the number of loss dates that fall within a rolling 20-year window before the current policy

effective date. The rating factor begins to apply at the renewal date following the first flood claim processed after the policy is rated under the NFIP’s Risk Rating 2.0 methodology. See **Table 20** for examples illustrating how the prior NFIP claims rating factor applies.

Table 20. Applying the Prior NFIP Claims Rating Factor

TOPIC	EXAMPLES
Rolling 20-Year Window	<p>The policy effective date is October 31, 2022–2023:</p> <ul style="list-style-type: none"> The 20-year window will begin on October 31, 2002.
Initial Implementation of the Prior NFIP Claims Rating Factor	<p>The policy effective date is October 31, 2022–2023:</p> <ul style="list-style-type: none"> The property has a loss history of two claims (processed in 2003 and 2014); <i>and</i> New flood claim processed in February 2023. <p>The implementation of the prior NFIP claims rating factor will begin on the October 31, 2023–24 renewal term.</p>

The prior NFIP claims rating factor counts any date of loss with a paid claim regardless of payment amount with the following exceptions:

- Claims made within 10 days of each other will be counted as one claim (loss date); *and*
- One claim (loss date) that falls within the rolling 20-year window.

Note: The prior NFIP claims rating factor does not consider an Increased Cost of Compliance (ICC) claim payment or a date of loss where the claim was closed without payment.

When FEMA designates a property as Severe Repetitive Loss (SRL), an SRL rating factor applies until the first flood claim processed after the policy is rated under the NFIP’s Risk Rating 2.0 methodology. The rating factor applied then changes from SRL to prior NFIP claims at the renewal date following that date of loss. Please see [below](#) for additional information on the SRL rating factor.

ii. Correcting or Updating NFIP Claims History

The policyholder may dispute the property’s claims history if the policyholder believes that the number of claims used in applying the prior NFIP claims rating factor is inaccurate. The policyholder may also request that FEMA update the property’s claims history if mitigation has occurred to reduce its future flooding potential.

Documentation that may be required to correct or update a property’s claims history includes:

- Invalid Claim History Association
 - Incorrectly linked addresses and/or losses; *or*
 - A second address added to a Property Locator Record.
- Mitigation Action (Refer to <https://www.fema.gov/floodplain-management/manage-risk/document-library> for NFIP floodplain management standards to reset NFIP claims history.)
 - EC based on finished construction of the new or improved building (if the building was mitigated in a Special Flood Hazard Area);

3. How to Write

- Photographs of the building before the improvement;
- Photographs of the building after the improvement;
- Photographs of the flood vents/openings (if applicable);
- Source of funding for the mitigation action (state, local or individual);
- Demolition permit (if the building was demolished and rebuilt);
- Building permit (if the building was elevated or rebuilt); *and*
- In Zone B, C, or X, a signed statement from a community official that shows mitigation was approved by the community.

Required documents should be sent via email to: NFIPUnderwritingMailbox@fema.dhs.gov.

FEMA notifies the policyholder and agent of record regarding the review results when completed. If FEMA agrees to correct or update the property's claims history, FEMA will reevaluate the prior NFIP claims rating factor accordingly. If FEMA determines that the building was brought into compliance with NFIP minimum floodplain management standards, then FEMA will reset the prior claims count to zero at the next renewal.

b. Severe Repetitive Loss Property

FEMA designates as Severe Repetitive Loss (SRL) any NFIP-insured building:

- That has incurred flood-related damage for which four or more separate claims payments have been made, with the amount of each claim (including building and contents payments) exceeding \$5,000, and with the cumulative amount of such claims payments exceeding \$20,000; *or*
- For which at least two separate claims payments (building payments only) have been made under such coverage, with the cumulative amount of such claims exceeding the market value of the building.

In both instances, at least two of the claims must be within 10 years of each other, and claims made within 10 days of each other will be counted as one claim. In determining SRL status, FEMA considers the loss history since 1978, or from the building's construction if it was built after 1978, regardless of any changes in the ownership of the building.

A building designated as SRL will incur an SRL rating factor. However, once the first flood claim is processed after the policy is rated under the NFIP's Risk Rating 2.0 methodology, the rating factor will change from SRL to prior NFIP claims at the renewal date following the loss. The prior NFIP claims rating factor will apply based on the guidance noted above. This change in the rating factor does not impact the building's SRL designation or policy servicing with the Special Direct Facility.

Please see Appendix F: Severe Repetitive Loss Properties for additional information on SRL properties, including the Special Direct Facility that services SRL properties and how to correct or update a property's SRL designation. Neither the SRL rating factor nor prior NFIP claims rating factor applies to provisionally rated policies.

9. Other Building Factors

a. Date of Construction

i. General Information

The date of construction is the date that the building permit was issued, provided the actual start of construction, repair, reconstruction, or improvement was within 180 days of the permit date. Use the month, day, and year of the building permit, even if the building has subsequently been substantially improved.

Based on the building's date of construction, insurers must determine if buildings are Post-Flood Insurance Rate Map (FIRM) or Pre-FIRM construction.

Buildings are **Post-FIRM** construction when the start of construction or substantial improvement was after December 31, 1974, or on or after the effective date of the initial FIRM for the community, whichever is later.

Buildings are **Pre-FIRM** construction when the start of construction or substantial improvement was on or before December 31, 1974, or before the effective date of the initial FIRM for the community, whichever is later.

ii. Substantial Improvement Date

A substantially improved building is a building that has undergone reconstruction, rehabilitation, addition, or other improvement, the cost of which equals or exceeds 50 percent (or a lower threshold if adopted and enforced by the community) of the market value of the building before the "start of construction" of the improvement. This term does not include a building that has undergone reconstruction, rehabilitation, addition, or other improvement related to:

- Any project or improvement of a building to correct existing violations of a state or local health, sanitary, or safety code specifications that have been identified by the local code enforcement official and which are the minimum necessary to assure safe living conditions; *or*
- Any alteration of a "historic building", provided that the alteration will not preclude the structure's continued designation as a "historic building."

Note: All historic buildings are Pre-FIRM construction if they meet the definitions of "historic building" provided in Appendix K: Definitions and Acronyms.

When a building has been substantially improved, the agent must confirm if a local community official has declared the building substantially improved. The Application Form must report both the original date of construction and the substantial improvement date. The NFIP will use the *substantial improvement* date for policy coverage and rating purposes.

iii. Date of Construction for Manufactured/Mobile Homes and Travel Trailers

Determining the date of construction differs for manufactured/mobile homes and travel trailers depending on whether they are in a manufactured home park or subdivision versus on individually owned lots or tracts of land. See **Table 21** for more detailed guidance.

Table 21. Date of Construction — Manufactured/Mobile Homes and Travel Trailers

Location	Determine Construction Date
Manufactured Home Park or Subdivision	<ul style="list-style-type: none"> The date facilities were constructed for servicing the manufactured home site; <i>or</i> The date of the building permit, provided that construction began within 180 days of the permit date.
Individually Owned Lots or Tracts of Land	<ul style="list-style-type: none"> The date the manufactured home was permanently affixed to the site; <i>or</i> The permit date, if affixed to the site within 180 days of the building permit date.

iv. Building Under Construction

The NFIP will insure a building under construction, alteration, or repair before it is walled and roofed, using the NFIP-issued rates based on the construction designs and the intended use of the building. See additional eligibility information in [Table 4](#) in Section 2: Before You Start.

A building under construction should follow the same guidance, documentation, and process as all other buildings except photographs are not required while the building is rated under construction. Also, if a building under construction, alteration, or repair does not have at least two rigid exterior walls and a fully secured roof at the time of loss, then the deductible amount will be two times the deductible that would otherwise apply to a completed building.⁸

A building under construction that is not walled and roofed is not eligible for coverage if construction stops for more than 90 days. A cancellation form must be completed indicating Reason Code 01 to receive a pro-rata refund for the remainder of the policy term. Once construction begins again, a new Application Form should be completed and submitted to reinstate coverage for a new policy term.

When the construction is complete, then the policy must be endorsed to reflect that the building is no longer under construction and update any other rating variables as needed.

See Section 4: How to Endorse for guidance on converting a policy once construction is complete. The policy will not renew automatically if the building is still under construction at time of renewal. An Application Form or recertification questionnaire will be required to renew the policy.

b. Number of Detached Structures on Property

When there are multiple structures located on the same property as the insured building, enter the total number of detached structures not including the insured building.

c. Number of Elevators

If there are elevators within the building, enter the total number of elevators, including those located inside an enclosure. Enter zero or leave blank (no answer) if there are no elevators.

8. 44 CFR Part 61, Appendix A(1)-(3), VI.A

d. Number of Floors in Building

Determine the building's number of floors based on the number of floors above the ground, excluding enclosures or basements (finished or unfinished), crawlspaces (on grade or subgrade) and attics (if not used for living space). For example, a building with a basement and one floor above the ground is rated as having one floor. Likewise, an elevated building with an enclosure (either compliant or non-compliant) and one additional floor above that is rated as having one floor. Indicate the total number of floors in the building even if the policy covers only an individual unit.

e. Floor of Unit

If coverage is for a unit inside a multi-floor building with units located on different floors, indicate the floor where the unit to be insured is located. For example, if the unit is on the ninth floor of a twenty-story building, enter nine. If the building only has one floor, enter one.

f. Total Number of Units in the Building

Determine the number of units in the building. If the building contains multiple units, enter the total number of units in the building, even if the policy covers only a single unit. For example, if coverage is for a unit within a four-unit building, enter four. Count both residential and non-residential units.

g. Rental Property

Indicate if the building is a rental property. Select "Yes" if the building is a rental property; otherwise, select "No."

h. Building Over Water

Indicate whether the building is over water entirely, partially, or not at all.

i. Primary Residence Status

i. General Information

A primary residence is a Single-Family Home, Residential Manufactured/Mobile Home, Residential Unit, or Two-to-Four Family Building in which the policyholder or the policyholder's spouse lives. The policyholder or the policyholder's spouse may have no more than one primary residence per person. Where the policyholder and the policyholder's spouse identify different primary residences, the insured must submit the appropriate documentation for each person's primary residence.

For a Single-Family Home, Residential Manufactured/Mobile Home, Residential Unit, or Two-to-Four Family Building to qualify as a primary residence, the policyholder or the policyholder's spouse must live in the residence:

- More than 50 percent of the 365 calendar days following the current policy effective date; *or*
- 50 percent or less of the 365 calendar days following the current policy effective date, if the policyholder has only one residence and does not lease that residence to another party or use it as rental or income property at any time during the policy term:
 - Examples include, but are not limited to:
 - > Active-duty military personnel deployed for 50 percent or more of the policy year in compliance with military orders;
 - > Persons displaced from a primary residence and living in a temporary residence due to a federally declared disaster or a loss event on the

primary residence claimed on any line of insurance for 50 percent or more of the policy year; *or*

- > Persons absent from a primary residence for reasons such as routine business travel, hospitalizations, or vacation for 50 percent or more of the policy year.

Note: NFIP uses the term “primary residence” for rating purposes only. NFIP uses the term “principal residence” to determine loss settlement as defined in the Standard Flood Insurance Policy (SFIP). A principal residence is a single-family dwelling in which, at the time of loss, the policyholder or the policyholder’s spouse has lived for either 80 percent of the 365 days immediately preceding the loss, or 80 percent of the period of ownership, if the dwelling was owned less than 365 days. If the dwelling does not meet the definition of principal residence in the SFIP, the NFIP will settle the building losses using actual cash value.

ii. Documentation of Primary Residence

If the policy or Application Form indicates that coverage is for a primary residence, the insurer must verify that the address is the primary residence. When the mailing address and the property address match, that provides sufficient verification and no further documentation is required. If the addresses do not match, the insurer must obtain supporting documentation. The NFIP accepts the following documentation of primary residence:

- Homestead Tax Credit form for primary residence;
- Automobile registration;
- Proof of insurance for a vehicle;
- Documents showing where children attend school; *or*
- A signed and dated primary residence verification statement with the text below:

<Insured Property Address>

The above address is my primary residence, and I and/or my spouse will live at this location for more than 50 percent of the 365 days following the policy effective date.

PURSUANT TO 28 U.S.C. § 1746 I CERTIFY UNDER PENALTY OF PERJURY UNDER THE LAWS OF THE UNITED STATES OF AMERICA THAT THE FOREGOING IS TRUE AND CORRECT. I UNDERSTAND THAT ANY FALSE STATEMENTS MAY CAUSE MY POLICY TO BE VOID, AND MAY BE PUNISHABLE BY FINE OR IMPRISONMENT UNDER APPLICABLE FEDERAL LAW.

iii. Primary Residence and Trusts

If the policyholder is a trust and a beneficiary of the trust is using the building as a primary residence, the beneficiary of the trust must provide documentation of primary residence outlined above. In addition, the insurer must obtain documentation that the person using the home as a primary residence is a beneficiary of the trust named as the policyholder.

The grantor of a trust may also be eligible for the primary residence status if the trust documents support that the grantor is a beneficiary of the trust with the right to live in the home. The grantor must submit both the trust documents and the primary residence documentation outlined above. The insurer must obtain documentation that the grantor is a beneficiary of the trust named as the policyholder, with the right to live in the home as a benefit.

D. Coverage and Deductibles

1. Maximum Coverage Limits

Table 22 and **Table 23** show the maximum amounts of building and contents coverage available for each Building Occupancy, under the Regular Program and the Emergency Program respectively. Policies may carry building coverage not to exceed the lesser of:

- The building's replacement cost value; or
- The maximum amount of coverage established by statute and regulation for each Building Occupancy as shown in Tables 22 and 23.⁹

Note: The premium is based on the cost per \$1,000 of coverage.

See the [Building Occupancy](#) heading above for guidance on which Building Occupancy to select for a given building.

Table 22. Maximum Coverage Limits in the Regular Program

Building Occupancy	Building Coverage	Contents Coverage
Single-Family Dwelling		
Single-Family Home	\$250,000	\$100,000
Residential Manufactured/Mobile Home	\$250,000	\$100,000
Residential Unit¹⁰		
Residential Condominium Unit (in Residential Building)	\$250,000	\$100,000
All Other Building Descriptions	None	\$100,000
Multifamily Building		
Two-to-Four Family Building	\$250,000	\$100,000
Other Residential Building	\$500,000	\$100,000
Residential Condominium Building		
Residential Condominium Building¹¹	Not to exceed the lesser of: <ul style="list-style-type: none"> • The building's replacement cost value; or • Total number of units × \$250,000. 	\$100,000
Non-Residential		
Non-Residential Building	\$500,000	\$500,000
Non-Residential Manufactured/Mobile Building	\$500,000	\$500,000
Non-Residential Unit	None	\$500,000

9. 42 U.S.C. § 4013(b); 44 C.F.R. § 61.6

10. For a Residential Unit, building coverage is only available if it is a residential condominium unit in a residential building. A Dwelling Form policy on a Residential Unit in a cooperative or apartment building cannot provide building coverage, only contents coverage. Likewise, a Dwelling Form policy for a Residential Unit in a non-residential condominium building can only provide contents coverage.

11. Residential Condominium Building insured under the RCBAP Form. If a residential condominium building is ineligible for the Residential Condominium Building occupancy and RCBAP Form, see the Condominium Rating Information heading in this section (Scenario #1) for information on what building occupancy to select. The building occupancy determines the applicable maximum coverage limits.

Table 23. Maximum Coverage Limits in the Emergency Program¹²

Building Occupancy	Building Coverage	Contents Coverage
Single-Family Dwelling		
Single-Family Home	\$35,000 ¹³	\$10,000
Residential Manufactured/Mobile Home	\$35,000 ¹³	\$10,000
Residential Unit¹⁴		
Residential Condominium Unit (in Residential Building)	\$35,000 ¹³	\$10,000
All Other Building Descriptions	None	\$10,000
Multifamily Building		
Two-to-Four Family Building	\$35,000 ¹³	\$10,000
Other Residential Building	\$100,000 ¹⁵	\$10,000
Non-Residential		
Non-Residential Building	\$100,000 ¹⁵	\$100,000
Non-Residential Manufactured/ Mobile Building	\$100,000 ¹⁵	\$100,000
Non-Residential Unit	None	\$100,000

2. Increased Cost of Compliance (ICC) Coverage

ICC coverage is flood insurance for expenses a policyholder incurs, above and beyond physical damage sustained from a flooding event, to repair or rebuild a flood-damaged building in compliance with state or local floodplain management ordinances or laws. ICC coverage pays up to \$30,000, subject to eligibility, toward the cost of acceptable mitigation measures. Compliance activities eligible for payment are elevation, floodproofing, relocation, demolition, or any combination of these activities. Eligible floodproofing activities apply only to non-residential buildings and residential buildings with basements that satisfy FEMA standards (see the [Floodproofing](#) heading in this section).¹⁶

ICC coverage is not available for:

- Dwelling Form policies on individual condominium units including townhouse or rowhouse condominiums (The condominium association is responsible for complying with mitigation requirements);
- Emergency Program policies;
- Contents-only policies;

12. If a residential condominium building is located in an Emergency Program community and thus ineligible for the Residential Condominium Building occupancy and RCBAP Form, see the Condominium Rating Information heading in this section (Scenario #1) for information on what building occupancy to select. The building occupancy determines the applicable maximum coverage limits.

13. In Alaska, Guam, Hawaii, and the U.S. Virgin Islands, the amount available is \$50,000.

14. For a Residential Unit, building coverage is only available if it is a residential condominium unit in a residential building. A Dwelling Form policy on a Residential Unit in a cooperative or apartment building cannot provide building coverage, only contents coverage. Likewise, a Dwelling Form policy for a Residential Unit in a non-residential condominium building can only provide contents coverage.

15. In Alaska, Guam, Hawaii, and the U.S. Virgin Islands, the amount available is \$150,000.

16. 44 C.F.R. § 60.6

3. How to Write

- GFIPs; or
- Detached garages, unless insured by a separate policy.

ICC coverage is in addition to the amount of building coverage purchased, and the two combined totals cannot exceed the statutory maximum limits for building coverage. FEMA’s system calculates the ICC premium as 1.9 percent of the policy’s building and contents coverage premiums (inclusive of any mitigation discounts or CRS discount), not to exceed a maximum of \$75 (there is no minimum).

Please see Appendix A: Policy for additional information on ICC coverage.

3. Deductibles

Select building and contents coverage deductibles from the options in the charts below. The minimum deductible for building coverage varies based on the building occupancy, Pre-FIRM or Post-FIRM construction, receipt of statutory discounts, and the amount of building coverage purchased.¹⁷ In most cases, a higher deductible may reduce the premium. Contents-only policies (policies with no building coverage) receive a minimum \$1,000 deductible.

Policyholders can select any combination of building and contents deductibles for Single-Family Home, Residential Manufactured/Mobile Home, Residential Unit, and Two-to-Four Family Building occupancies. For all other building occupancies, the NFIP offers building and contents deductible options in fixed combinations.

Notes:

- If the building’s value is less than the minimum deductible available, then the amount of any building loss will be less than the minimum deductible.
- If a building under construction, alteration, or repair does not have at least two rigid exterior walls and a fully secured roof at the time of loss, then the deductible amount will be two times the deductible that would otherwise apply to a completed building.
- Policies in the Emergency Program have the same deductible options as shown under the Exception: Pre-FIRM Receiving Any Statutory Discount columns in **Tables 24–26**.

Table 24. Deductible Options: Single-Family Home, Residential Manufactured/Mobile Home, Residential Unit, Two-to-Four Family Building

Standard Building Options		Exception Building Options: Pre-FIRM Building Receiving Any Statutory Discount		Contents Options
Building Coverage of \$100,000 or less	Building Coverage over \$100,000	Building Coverage of \$100,000 or less	Building Coverage over \$100,000	Contents Coverage of Any Amount
\$1,000	\$1,250	\$1,500	N/A	\$1,000
\$2,000	\$2,000	\$2,000	\$2,000	\$2,000
\$5,000	\$5,000	\$5,000	\$5,000	\$5,000
\$10,000	\$10,000	\$10,000	\$10,000	\$10,000

Note: For more information on statutory discounts see the [Statutory Discounts](#) heading below.

17. 42 U.S.C. 4013(d); 42 U.S.C. 4019(b); 44 C.F.R. § 61.5

Table 25. Deductible Options: Other Residential Building, Non-Residential Building, Non-Residential Manufactured/Mobile Building, Non-Residential Unit

Standard Building Options ¹⁸		Exception Building Options: Pre-FIRM Building Receiving Any Statutory Discount ¹⁸		Contents Options
Building Coverage of \$100,000 or less	Building Coverage over \$100,000	Building Coverage of \$100,000 or less	Building Coverage over \$100,000	Contents-Only Coverage
\$1,000 / \$1,000	\$1,250 / \$1,250	\$1,500 / \$1,500	N/A	\$1,000
\$2,000 / \$2,000	\$2,000 / \$2,000	\$2,000 / \$2,000	\$2,000 / \$2,000	\$2,000
\$5,000 / \$5,000	\$5,000 / \$5,000	\$5,000 / \$5,000	\$5,000 / \$5,000	\$5,000
\$10,000 / \$10,000	\$10,000 / \$10,000	\$10,000 / \$10,000	\$10,000 / \$10,000	\$10,000
\$25,000 / \$25,000	\$25,000 / \$25,000	\$25,000 / \$25,000	\$25,000 / \$25,000	\$25,000
\$50,000 / \$50,000	\$50,000 / \$50,000	\$50,000 / \$50,000	\$50,000 / \$50,000	\$50,000

Table 26. Deductible Options: Residential Condominium Building

Standard Building Options ¹⁸		Exception Building Options: Pre-FIRM Building Receiving Any Statutory Discount ¹⁸	
Building Coverage of \$100,000 or less	Building Coverage over \$100,000	Building Coverage of \$100,000 or less	Building Coverage over \$100,000
\$1,000 / \$1,000	\$1,250 / \$1,250	\$1,500 / \$1,500	N/A
\$2,000 / \$2,000	\$2,000 / \$2,000	\$2,000 / \$2,000	\$2,000 / \$2,000
\$5,000 / \$5,000	\$5,000 / \$5,000	\$5,000 / \$5,000	\$5,000 / \$5,000
\$10,000 / \$10,000	\$10,000 / \$10,000	\$10,000 / \$10,000	\$10,000 / \$10,000
\$25,000 / \$25,000	\$25,000 / \$25,000	\$25,000 / \$25,000	\$25,000 / \$25,000

E. Statutory Discounts

FEMA provides certain properties with statutorily-mandated discounts to encourage community and property owner participation in the NFIP. Such properties include eligible Pre-FIRM buildings and buildings mapped into certain specific flood zones. Properties in the Emergency Program are also eligible for a statutory discount. Except for the Emergency Program discount, statutory discounts gradually phase out through a statutory annual increase cap discount¹⁹ at each renewal date until the policy reaches its full-risk premium.

Notes:

- A lapse in coverage (for example, resulting from paying a renewal premium 30 days or more after the expiration date of the policy) may affect eligibility for statutory discounts.
- If a property is eligible for more than one statutory discount, the discount most beneficial to the policy applies. All policy forms including the RCBAP Form may be eligible for a statutory discount.
- In addition to the eligibility rules below, there is a category of Leased Federal Properties (LFPs) that must pay full-risk premiums and are thus not eligible for any statutory discounts. See Appendix G: Leased Federal Properties for more information.

18. Shown as: Building Deductible/Contents Deductible options in fixed combinations. Building-only policies have the same deductible options as shown for building coverages in the table above.

19. 42 U.S.C. 4015(e)

1. Pre-FIRM Discount²⁰

a. Eligibility

For insurance rating purposes, a building is Pre-FIRM construction if the start of construction or substantial improvement was on or before December 31, 1974, or before the effective date of the initial FIRM for the community (Initial FIRM Date). The effective date of the community’s Initial FIRM Date is located in the [NFIP Community Status Book](#). Insurers must confirm a building’s Pre-FIRM construction status.

A Pre-FIRM building is eligible for the Pre-FIRM discount if the property:

- Qualifies as a primary residence;
- Is not a commercial property; *and*
- Is not designated an SRL property.

After the initial policy term when an eligible building receives the Pre-FIRM discount, the discount phases out annually until the policy reaches its full-risk premium, consistent with statutory caps on annual premium increases.

Notes:

- All historic buildings are Pre-FIRM construction if they meet the definition of “historic building” provided in Appendix K: Definitions and Acronyms.
- If a property that previously qualified as Pre-FIRM construction is substantially improved after the application date, the property is no longer considered Pre-FIRM and the policy must be endorsed to reflect the new information. As a result of the substantial improvement, the property is no longer eligible for the Pre-FIRM discount, and the annual increase cap discount increases to reach the full-risk premium more quickly as required by statute.
- Pre-FIRM buildings that do not meet the criteria above (for example, Pre-FIRM non-primary residences, businesses, and SRL properties) are not eligible for a Pre-FIRM discount on a new NFIP policy. However, such a building with an existing NFIP policy may have received a Pre-FIRM discount in a prior policy term and may continue to be rated with a less-than-full-risk premium due to the statutory caps on annual increases. Such Pre-FIRM buildings transition to the full-risk premium more quickly than Pre-FIRM primary residences.

b. Lapse in Coverage²¹

In general, a policyholder loses their Pre-FIRM discount if they allow a lapse (the coverage expired or is no longer in effect) to occur. See **Table 27** for impacts on eligibility for the discount when a policy receiving the Pre-FIRM discount lapses.

Table 27. Impact of a Lapse on Pre-FIRM Discount Eligibility

SCENARIO	GUIDANCE
<p>Policy Lapsed – No longer eligible for the Pre-FIRM discount</p>	<p>Aside from the two exceptions listed below, if a prior NFIP policy for the building in the current applicant’s name received a Pre-FIRM discount and lapsed on or after April 1, 2016, then the policyholder is <i>no longer eligible</i> for a Pre-FIRM discount on the previously covered building.</p> <p>This applies if any of the applicants for the new policy was either a policyholder named on the expired or canceled policy or had an ownership interest in the building at the time of cancellation or expiration.</p>

20. 42 U.S.C. 4014(a)(2)

21. 42 U.S.C. § 4014(g)

Table 27. Impact of a Lapse on Pre-FIRM Discount Eligibility *continued*

SCENARIO	GUIDANCE
<p>Policy Lapsed – Retains eligibility for the Pre-FIRM discount</p>	<p>Such a policyholder <i>retains eligibility</i> for a Pre-FIRM discount on the previously covered property if either:</p> <ul style="list-style-type: none"> • The applicant was required to obtain and maintain flood insurance for the property and allowed their coverage to lapse once no longer subject to the requirement (such as they paid off the mortgage, the property was remapped out of an SFHA, or the lender no longer required the coverage, etc.)²¹; or • The policy lapsed because the property was in a community suspended from the NFIP and the policyholder reinstated the policy within 180 days of the community’s reinstatement as a participating NFIP community.²² <p>Note: If a prior NFIP policy on a Pre-FIRM building lapsed when not receiving the Pre-FIRM discount, that lapse does not affect subsequent eligibility for the Pre-FIRM discount.²³ For example, if a prior policy for a Pre-FIRM building receiving a Newly Mapped discount lapsed, that lapse does not make the policyholder ineligible for the Pre-FIRM discount.</p>

c. Application

The Application Form must indicate whether a prior lapse affects the applicant’s eligibility for the Pre-FIRM discount through the response to these two questions:

- *Did the applicant have a prior NFIP policy for the building that received a Pre-FIRM discount and lapsed?*
- *If yes, did the lapse occur for a valid reason?*

Table 28 explains how to answer the questions based on the detailed guidance above.

Table 28. Application Response on Lapse and Pre-FIRM Discount Eligibility

RESPONSE	CONDITIONS	OUTCOME
<p>Question: <i>Did the applicant have a prior NFIP policy for the building that received a Pre-FIRM discount and lapsed?</i></p>		
<p>Answer ‘Yes’</p>	<p>If the applicant had a prior NFIP policy for the building that received a Pre-FIRM discount and lapsed.</p>	<p>In this case, the lapse in coverage may impact the applicant’s eligibility for the Pre-FIRM discount. Proceed to the next question.</p>
<p>Answer ‘No’</p>	<p>If any of the following are true:</p> <ul style="list-style-type: none"> • There was not a prior NFIP policy for the building that lapsed; • There was not a prior NFIP policy for the building that lapsed while receiving the Pre-FIRM discount; or • None of the applicants for the new policy was a policyholder named on the expired or canceled policy or had an ownership interest in the building at the time of cancellation or expiration (in other words, the current applicant is a different policyholder). 	<p>In this case, there is no impact on the applicant’s eligibility for the Pre-FIRM discount.</p>

22. 42 U.S.C. § 4014(g); 42 U.S.C. § 4014(a)(2); 42 USC § 4012a; 44 C.F.R. § 59.24

23. The § 4014(g) prohibition on offering Pre-FIRM rates after a policy has lapsed applies only to policies receiving the Pre-FIRM discount. 42 U.S.C. § 4014(g); 42 U.S.C. § 4014(a)(2)(A)-(E)

Table 28. Application Response on Lapse and Pre-FIRM Discount Eligibility *continued*

RESPONSE	CONDITIONS	OUTCOME
Question: <i>If yes, did the lapse occur for a valid reason?</i>		
<p>Answer 'Yes'</p>	<p>If the applicant allowed a prior NFIP policy for the building receiving the Pre-FIRM discount to lapse and did so because either:</p> <ul style="list-style-type: none"> • The applicant was required to obtain and maintain flood insurance for the property and allowed their coverage to lapse once no longer subject to the requirement; <i>or</i> • The property was in a community suspended from the NFIP and the policyholder reinstated the policy within 180 days of the community's reinstatement as a participating NFIP community. 	<p>In this case, the lapse in coverage does not impact the applicant's eligibility for the Pre-FIRM discount.</p>
<p>Answer 'No'</p>	<p>If the applicant allowed a prior NFIP policy for the building receiving the Pre-FIRM discount to lapse and neither of the previous two conditions was met (even if flood insurance was not ever required by the lender).</p>	<p>In this case, the applicant is ineligible for the Pre-FIRM discount.</p>

Note: The insurer system makes an automated determination on whether the applicant is eligible for the Pre-FIRM discount based on the rules under the Eligibility heading above (using other information provided on the Application Form) and the response to the two lapse-related questions.

2. Newly Mapped Discount²⁴

A property may be eligible for the Newly Mapped discount if it was once designated outside of the Special Flood Hazard Area (SFHA) on an effective Flood Insurance Rate Map (FIRM) and, following a map revision, is designated within a Special Flood Hazard Area (SFHA). The Newly Mapped discount phases out annually until reaching the policy's full-risk premium.

The insurer must verify the policy's eligibility for the Newly Mapped discount, including by confirming any prior flood zone designation before the most current FIRM.

a. Eligibility

A property may be eligible for the Newly Mapped discount if it was either:

- Previously designated in a Zone B, C, or X on the previous flood map and newly mapped into an SFHA.
- Previously designated in a Zone D, A99, or AR and newly mapped into a different SFHA zone.

To determine the current flood zone, use the FIRM in effect at the time of application and payment of the total amount due. The Newly Mapped discount does not apply to properties mapped into the SFHA on the community's initial FIRM.

Properties newly mapped into the SFHA after April 1, 2015, are eligible for the Newly Mapped discount if:

- The policy effective date is within 12 months of the effective FIRM revision date; *or*

24. 42 U.S.C. 4015(i)

3. How to Write

- The policyholder applied for the policy within 45 days of initial lender notification, if the notification occurred within 24 months of the effective FIRM revision date. **Note:** The insurer must retain a copy of the lender notification in the underwriting file.

The following is ineligible for the Newly Mapped discount:

- Buildings and/or contents in Emergency Program communities

b. Documentation

Insurers must obtain one or more of the following to document the previous and current flood zones:

- Special Flood Hazard Determination Form (SFHDF).
- Copy of the most recent effective flood map marked to show the exact location and flood zone of the building. The NFIP may require additional documentation if the building is close to the zone boundary.
- Letter signed by a local community official indicating the property address and flood zone of the building.
- EC signed and dated by a surveyor, an engineer, an architect, or a local community official indicating the exact location and flood zone of the building.
- Letter of Map Amendment (LOMA).
- Letter of Map Revision (LOMR).

c. Lapse in Coverage

In general, a policyholder loses their Newly Mapped discount if they allow a lapse (the coverage expired or is no longer in effect) to occur. See **Table 29** for impacts on eligibility for the discount when a policy receiving the Newly Mapped discount lapses.

Table 29. Impact of a Lapse on Newly Mapped Discount Eligibility

SCENARIO	GUIDANCE
<p>Policy Lapsed – No longer eligible for the Newly Mapped discount</p>	<p>Aside from the one exception listed below, if a prior NFIP policy for the building in the current applicant’s name received a Newly Mapped discount and lapsed on or after April 1, 2016, then the policyholder is no longer eligible for a Newly Mapped discount on the previously covered building.</p> <p>This applies if any of the applicants for the new policy was either a policyholder named on the expired or canceled policy or had an ownership interest in the building at the time of cancellation or expiration.²⁵</p>
<p>Policy Lapsed – Retains eligibility for the Newly Mapped discount</p>	<p>Such a policyholder retains eligibility for a Newly Mapped discount on the previously covered property if:</p> <ul style="list-style-type: none"> • The policy lapsed because the property was in a community suspended from the NFIP and the policyholder reinstated the policy within 180 days of the community’s reinstatement as a participating NFIP community.²⁶ <p>Note: If a prior NFIP policy lapsed when not receiving the Newly Mapped discount, that lapse does not affect subsequent eligibility for the Newly Mapped discount. In other words, if a policy lapsed on a property before it was mapped into an SFHA, the property may still receive the Newly Mapped discount if it meets the other eligibility requirements.</p>

25. Under 42 U.S.C. § 4015(i), a policy with a newly mapped discount must renew (in other words, not lapse) to retain the newly mapped discount. 42 U.S.C. § 4015(i)

26. 42 U.S.C. § 4015(i); 44 C.F.R. § 59.24

d. Application Form

The Application Form must indicate whether an applicant is eligible for the Newly Mapped discount through responses to these three questions:

- *Did the applicant have a prior NFIP policy for the building that received a Newly Mapped discount and lapsed?*
- *If yes, did the lapse occur for a valid reason?*
- *Is the property eligible for the Newly Mapped discount*

Table 30 explains how to answer the questions based on the detailed guidance above.

Table 30. Application Response on Newly Mapped Discount Eligibility

RESPONSE	CONDITIONS	OUTCOME
Question: <i>Did the applicant have a prior NFIP policy for the building that received a Newly Mapped discount and lapsed?</i>		
Answer 'Yes'	If the applicant had a prior NFIP policy for the building that received a Newly Mapped discount and lapsed.	In this case, the lapse in coverage may impact the applicant's eligibility for the Newly Mapped discount. Proceed to the next question.
Answer 'No'	If either of the following are true: <ul style="list-style-type: none"> • There was not a prior NFIP policy on the building that lapsed while receiving the Newly Mapped discount; or • None of the applicants for the new policy was a policyholder named on the expired or canceled policy or had an ownership interest in the building at the time of cancellation or expiration (in other words, the current applicant is a different policyholder). 	In this case, there is no impact on the applicant's lapse eligibility for the Newly Mapped discount.
Question: <i>If yes, did the lapse occur for a valid reason?</i>		
Answer 'Yes'	If the applicant allowed a prior NFIP policy for the building receiving the Newly Mapped discount to lapse because: <ul style="list-style-type: none"> • The property was in a community suspended from the NFIP and the policyholder reinstated the policy within 180 days of the community's reinstatement as a participating NFIP community. 	In this case, the lapse in coverage does not impact the applicant's eligibility for the Newly Mapped discount.
Answer 'No'	If the applicant allowed a prior NFIP policy for the building receiving the Newly Mapped discount to lapse and the prior condition was not met.	In this case, the applicant is ineligible for the Newly Mapped discount.
Question: <i>Is the property eligible for the Newly Mapped discount?</i>		
Answer 'Yes'	If the property meets the Newly Mapped discount eligibility rules under the Eligibility heading above and the responses to the previous lapse-related questions show that the applicant is eligible for the Newly Mapped discount.	FEMA's system will evaluate whether applying the Newly Mapped discount is most advantageous for the policyholder.
Answer 'No'	If the property does not meet the Newly Mapped discount eligibility rules under the Eligibility heading above or the responses to the previous lapse-related questions show that the applicant is not eligible for the Newly Mapped discount.	FEMA's system will not apply the Newly Mapped discount

3. Other Statutory Discounts

Using other information provided on the Application Form, FEMA's system automatically determines a policy's eligibility for other statutory discounts that may also apply to properties located in:

- Zone AR until the policy gradually reaches its full-risk premium through an annual increase cap discount;²⁷ or
- Zone A99 until the policy gradually reaches its full-risk premium through an annual increase cap discount;²⁸ or
- A community in the Emergency Program until it joins the Regular Program.

4. New Policy After a Real Estate Transaction

The new owner of an NFIP-insured building can buy a new NFIP policy and receive any statutory discount the prior policyholder receive²⁹ if all of the following apply:

- The building is not in condominium ownership before or after the transaction;
- The building was insured by the NFIP with building coverage at the time of transaction;
- The new NFIP policy will be effective on, or within one year after, the transaction date; *and*
- The insurer must submit the prior NFIP policy number and prior NFIP policy Primary NAIC number to FEMA and have documentation of the title transfer.

Select **New** (at the top of the Application Form) as the policy transaction type and enter the prior policy number in the appropriate field. The standard NFIP effective date rules apply based on the date the applicant submitted the Application Form and full amount due.

The insurer must maintain the closing papers to support that the new NFIP policy is effective on, or within one year after, the real estate transaction date. Real estate transactions also include title transfers through purchases or by other means such as inheritances and gifts. The insurer must validate the primary residence status when writing the new policy for the new owner to be eligible for the primary residence status and associated HFIAA surcharge.

Note: If the previous owner received a discount that the new owner is ineligible for, the new owner may receive the same discounted premium as the previous owner. However, the annual increase cap (which is a component of the discounted premium) is based on the information provided by the new owner. The discounted premium does not include assessments, fees, or surcharges.

F. Assessments, Fees, and Surcharges

This section describes assessments, fees, and surcharges that are not part of the full-risk premium or discounted premium but are, as applicable, required components of the total amount due to purchase an NFIP policy. These apply to both rating engine rated and provisionally rated policies.

1. Reserve Fund Assessment

The Reserve Fund Assessment is a percentage of the Discounted Premium (excluding the Federal Policy Fee, HFIAA surcharge, and probation surcharge) paid on new and

27. 42 U.S.C. 4014(f)

28. 42 U.S.C. 4014(e)

29. 42 U.S.C. 4015(e)

3. How to Write

renewed policies. Revenues from this statutorily-mandated assessment build an NFIP Reserve Fund to pay claims after catastrophic flood events.³⁰

Table 31. Reserve Fund Assessment

Assessed Policies	Reserve Fund Assessment
GFIP ³¹	0%
All Other Policies	18%

2. HFIAA Surcharge

The Homeowner Flood Insurance Affordability Act of 2014 (HFIAA) introduced a mandatory annual surcharge for all new and renewed policies.³² For more information on primary residences see the [Primary Residence Status](#) heading above in this section.

Table 32. HFIAA Surcharge

Property Type	Surcharge
Primary Residences — A primary residence is a Single-Family Home, Residential Manufactured/Mobile Home, Residential Unit, or Two-to-Four Family Building in which the policyholder or the policyholder’s spouse lives.	\$25
All Other NFIP policies — Non-primary residences and the following building occupancies: <ul style="list-style-type: none"> • Other Residential Building • Residential Condominium Building • Non-Residential Building • Non-Residential Manufactured/Mobile Building • Non-Residential Unit Note: A non-primary residence is a residential building that is not the primary residence of the policyholder.	\$250

3. Federal Policy Fee

The Federal Policy Fee (FPF) is a flat charge paid by the policyholder on each new and renewed policy to defray certain administrative expenses incurred in carrying out the NFIP.³³

Table 33 lists the FPF applicable for each building occupancy. For building occupancies under the Dwelling Form and General Property Form, a flat FPF applies. For Residential Condominium Buildings the calculation involves the total number of units in the building. For the first 20 units, the FPF is \$47 per unit, reaching \$940 at 20 units. After 20 units, the formula adds \$20 for each additional unit up until there are 40 total units, with a total FPF of \$1,340 at that point. Above 40 units, there is an additional \$10 per unit up until the total number of units reaches 100, at which point the total FPF would be \$1,940. Beyond 100 units, the per-unit increase is \$2 regardless of the number of additional units.

30. 42 U.S.C. 4017A

31. The GFIP is only available to recipients of federal disaster assistance and is serviced by the NFIP Direct Servicing Agent.

32. Pub. L. No. 113-89

33. 42 U.S.C. 4014(a)(1)(B)(iii); 4015(d); 4017(b)(5)

Table 33. Federal Policy Fee

Building Occupancy	Federal Policy Fee Amount	
<ul style="list-style-type: none"> • Single-Family Home • Residential Manufactured/Mobile Home • Residential Unit • Two-to-Four Family Building 	\$47	
<ul style="list-style-type: none"> • Other Residential Building • Non-Residential Building • Non-Residential Manufactured/Mobile Building • Non-Residential Unit 	\$47	
Residential Condominium Building	Units 1–20	\$47 per unit
	Units 21–40	\$20 per unit
	Units 41–100	\$10 per unit
	Units 101+	\$2 per unit

4. Probation Surcharge

The Probation Surcharge is a flat surcharge paid by the policyholder on each new or renewed policy issued covering a property in a community that FEMA has placed on probation because the community failed to meet NFIP floodplain management requirements.³⁴

Table 34. Probation Surcharge

Fee Type	Amount
Probation Surcharge	\$50

G. Premium Considerations

Each policy premium is subject to a loss constant and expense constant. All rating variables are factored into the full-risk premium before adding in the loss constant and expense constant.

Policies also may be subject to minimum or maximum rates by peril and coverage and statutory discounts. These minimum and maximum rates may affect how rating variables (such as the deductible, CRS discount or mitigation discount) impact the premium. In some rare cases, there may be no change in premium when there is a change in a rating variable.

III. Condominium Rating Information

A. Condominium Rating Scenarios

1. Overview

Table 35 provides an overview of five principal scenarios for insuring condominiums. The following sub-sections provide detailed guidance on each scenario and – where rated the same as other NFIP policies – references to the General Rating Information earlier in this section. Both condominium associations and individual condominium unit owners can purchase NFIP coverage. The NFIP defines a condominium association

34. 44 CFR 59.24

3. How to Write

as an entity made up of condominium unit owners, where membership in the entity is a required condition of unit ownership, that is responsible for the maintenance and operation of:

- Common elements owned in undivided shares by unit owners; *and*
- Other real property in which the unit owners have use rights.

Table 35. Methods for Insuring Condominiums

SCENARIO	POLICY FORM
<p>#1 – Condominium Association Coverage for Residential Condominium Building</p>	<p>Use the RCBAP Form to insure a residential condominium building and contents owned by the condominium association. The condominium association must be named as the policyholder.</p> <ul style="list-style-type: none"> • Building Occupancy: Residential Condominium Building • Building Description: Entire Residential Condominium Building
<p>#2 – Residential Unit Owner Coverage in Residential Condominium Building</p>	<p>Use the Dwelling Form to insure an individual residential condominium unit and its contents in a residential condominium building. The unit owner must be named as the policyholder.</p> <ul style="list-style-type: none"> • Building Occupancy: Residential Unit • Building Description: Residential Condominium Unit (in Residential Building)
<p>#3 – Residential Unit Owner Coverage in Non-Residential Condominium Building</p>	<p>Use the Dwelling Form to insure an individual residential condominium unit owner’s contents in a non-residential condominium building. The unit owner must be named as the policyholder.</p> <ul style="list-style-type: none"> • Building Occupancy: Residential Unit • Building Description: Residential Condominium Unit (in Non-Residential Building)
<p>#4 – Condominium Association Coverage for Non-Residential Condominium Building</p>	<p>Use the General Property Form to insure a non-residential condominium building and contents owned by the condominium association. The condominium association must be named as the policyholder.</p> <ul style="list-style-type: none"> • Building Occupancy: Non-Residential Building • Building Description: Commercial, Detached Garage, Government-Owned, House of Worship, Recreation Building, Storage/Tool Shed, or Other Non-Residential Type
<p>#5 – Non-Residential Unit Owner Coverage in Residential or Non-Residential Condominium Building</p>	<p>Use the General Property Form to insure a non-residential condominium unit owner’s contents in a residential or non-residential condominium building. The unit owner must be named as the policyholder.</p> <ul style="list-style-type: none"> • Building Occupancy: Non-Residential Unit • Building Description: Commercial, Government-Owned, House of Worship, Recreation Building, Storage/Tool Shed, or Other Non-Residential Type

2. Condominium Association Coverage for Residential Condominium Building (Scenario #1)

Use the Residential Condominium Building Association Policy (RCBAP) Form to insure a residential condominium building and contents that are owned by a condominium association. The condominium association must be named as the policyholder.

Table 36 describes the specific eligibility, rating, and claims handling requirements applicable to the RCBAP Form.

Table 36. Condominium Association Coverage for Residential Condominium Association Building (Scenario #1)

TOPIC	GUIDANCE
Eligibility Rules	
Policy Form	RCBAP (Building and Contents)
Program Eligibility	<p>Regular Program only (RCBAPs in Emergency Program communities are only eligible for coverage under the Dwelling Form or General Property Form, as appropriate based on the building's total number of units.)</p>
Building Eligibility	<p>A residential condominium building (or mixed-use condominium building with non-residential uses limited to less than 25 percent of the building's total floor area) with one or more units.</p> <p>Notes:</p> <ul style="list-style-type: none"> • When determining non-residential uses, exclude the common areas of the building from the building's total floor area. Exclude areas such as garages, lobbies, recreation rooms, storage/utility rooms, and hallways when determining residential use of a condominium building. • A townhouse or rowhouse in the condominium form of ownership may be insured as either an entire building (exterior, walls, and interior) or unit (interior). If insuring as an entire building and owned by a condominium association, it is eligible for the Residential Condominium Building occupancy and RCBAP Form. • Timeshare buildings in condominium ownership are eligible for the RCBAP. • Residential condominium buildings used as hotels or motels or rented either short or long-term are eligible for the RCBAP.
Policyholder Eligibility	<p>Eligible Policyholders</p> <ul style="list-style-type: none"> • The policyholder must be a condominium association. • If the policyholder named is not clearly a condominium association, the insurer must have legal documentation confirming the entity is a condominium association. Acceptable examples of condominium association documentation include: <ul style="list-style-type: none"> – A copy of the condominium association bylaws; or – A statement signed by an officer or representative of the condominium association confirming the building is in the condominium form of ownership. • If a Homeowners Association (HOA) is in the condominium form of ownership, and its by-laws require purchase of flood insurance building coverage for its members, then the HOA may purchase an RCBAP. <p>Ineligible Policyholders</p> <ul style="list-style-type: none"> • Buildings in the cooperative form of ownership. • HOAs not in the condominium form of ownership.
Is the Policyholder a Condominium Association?	<ul style="list-style-type: none"> • Select "Yes" • If the policyholder is not a condominium association then the building is not eligible for the RCBAP Form; in that case, select "No" and use the Dwelling Form or General Property Form as appropriate based on the total number of units in the building.

Table 36. Condominium Association Coverage for Residential Condominium Association Building (Scenario #1) *continued*

TOPIC	GUIDANCE
Property Insured	<ul style="list-style-type: none"> • Condominium building. • Individually-owned units within the building. • Improvements within units. • Additions and extensions attached or connected to the insured building. • Fixtures, machinery, and equipment within the building. • Contents owned by the association. <p>Note: The NFIP requires a separate policy for each building owned by a condominium association. Coverage applies to the single building described under Building Location on the Flood insurance Application Form and Insured Property Location on the Declarations Page.</p>
Other Eligibility Rules	See guidance in Section 2: Before You Start
Geographic Location Variables	
<p>See the Geographic Location Variables heading under General Rating Information above</p> <ul style="list-style-type: none"> • Building Location • Community Map Information and Flood Zone • Community Rating System Discount 	
Structural Variables	
Building Occupancy	<p>Eligible for the RCBAP Form</p> <ul style="list-style-type: none"> • Select “Residential Condominium Building” • The building must meet the criteria for the Residential Condominium Building occupancy to be eligible for the RCBAP Form (and vice versa since the criteria are identical). See the Building Occupancy heading under General Rating Information above. <p>Not Eligible for the RCBAP Form</p> <ul style="list-style-type: none"> • If a mixed-use single-family condominium building has non-residential uses between 25 percent and 49 percent of the building’s total floor area, select the “Single-Family Home” occupancy. • If a mixed-use single-family condominium building has non-residential uses greater than or equal to 50 percent of the building’s total floor area, select the “Non-Residential Building” occupancy. • If a mixed-use condominium building with two or more units has non-residential uses greater than or equal to 25 percent of the building’s total floor area, select the “Non-Residential Building” occupancy. • If the policyholder is not a condominium association, select either the Single-Family Home, Two-to-Four Family Building, or Other Residential Building occupancy depending on the building’s total number of units. • If the building is located in an Emergency Program community, select either the Single-Family Home, Two-to-Four Family Building, or Other Residential Building occupancy depending on the building’s total number of units. • If insuring a townhouse or rowhouse in condominium ownership as a unit (as opposed to an entire building), select the Residential Unit occupancy. <p>Note: The guidance in this Scenario #1 table is specific to the Residential Condominium Building occupancy and RCBAP Form and does not cover residential condominiums that are ineligible and thus insured under a different Building Occupancy and policy form.</p>

Table 36. Condominium Association Coverage for Residential Condominium Association Building (Scenario #1) *continued*

TOPIC	GUIDANCE
Building Description	Select “Entire Residential Condominium Building”
Construction Type	Not applicable to the Residential Condominium Building occupancy.
Number of Elevators	If there are elevators within the building, enter the total number elevators, including those located inside an enclosure.
Number of Floors in Building	Determine the building’s number of floors based on the number of floors above the ground, excluding enclosures or basements (finished or unfinished), crawlspaces (on grade or subgrade) and attics (if not used for living space).
Total Number of Units in the Building	Determine the number of units in the building. If the building contains multiple units, count the total number of units including both residential and non-residential units.
Building Replacement Cost Value	<ul style="list-style-type: none"> • The insurer must obtain Building Replacement Cost Value of the building (including the cost of the building’s foundation) based on appraisals commonly used in the industry. • The insurer must maintain, supporting documentation of the Building Replacement Cost Value. Supporting documentation may include a recent property valuation report stating the value of the building and its foundation on a Replacement Cost Value basis to meet this requirement. • Supporting valuation documentation is not required if the building’s square footage is less than 1,000 square feet. • The insurer must validate the Building RCV information at least every 3 years. See notice requirements and a sample version in Appendix I: Policyholder Communications.
Other Structural Variables	<p>For guidance on other structural variables, see the Structural Variables heading under General Rating Information above.</p> <ul style="list-style-type: none"> • Foundation Type • First Floor Height • Machinery & Equipment Above First Floor • Proper Openings • Floodproofing • Prior NFIP Claims • Severe Repetitive Loss Property • Date of Construction • Number of Detached Structures on Property • Rental Property • Building Over Water • Primary Residence Status
Coverage and Deductibles	
Maximum Coverage Limits	<p>Building: Not to exceed the lesser of:</p> <ul style="list-style-type: none"> • The building’s replacement cost value; or • Total number of units × \$250,000 <p>Contents: Actual cash value (ACV) of commonly owned contents to a maximum of \$100,000 per building.</p>

Table 36. Condominium Association Coverage for Residential Condominium Association Building (Scenario #1) *continued*

TOPIC	GUIDANCE	
Maximum Coverage Limits <i>continued</i>	<p>Notes:</p> <ul style="list-style-type: none"> A unit owner may purchase a Dwelling Form policy with building coverage for a residential condominium unit in a residential condominium building insured by an RCBAP. However, the NFIP will not pay more than \$250,000 for combined coverage for a single unit under the Dwelling Form policy and the RCBAP. Insureds may not claim the same damaged items on more than one NFIP policy. If insuring a residential condominium building in an Emergency Program community, determine the appropriate Building Occupancy and apply the associated maximum coverage limits. For the Single-Family Home and Two-to-Four Family Building occupancies under the Dwelling Form, maximum limits of \$35,000 building and \$10,000 contents apply. For the Other Residential Building occupancy under the General Property Form, maximum limits of \$100,000 building and \$10,000 contents apply. 	
ICC Coverage	Yes	
Assessment Coverage	No	
Deductibles	See the Deductibles heading under General Rating Information above	
Statutory Discounts		
See the Statutory Discounts heading under General Rating Information above		
<ul style="list-style-type: none"> Newly Mapped Discount Pre-FIRM Discount Other Statutory Discounts 		
Assessments, Fees, and Surcharges		
Federal Policy Fee	Number of Units	Federal Policy Fee
	Units 1–20	\$47 per unit
	Units 21–40	\$20 per unit
	Units 41–100	\$10 per unit
	Units 101+	\$2 per unit
	<p>Example for a building with 130 units:</p> <p>Units 1–20, add \$47 per unit = \$940 Units 21–40, add \$20 per unit = \$400 Units 41–100, add \$10 per unit = \$600 Units 101–130, add \$2 per unit = \$60</p> <p>Federal Policy Fee Total = \$2,000 (\$940+\$400+\$600+\$60)</p>	
Other Assessments and Surcharges	<p>For guidance see the Assessments, Fees, and Surcharges heading under General Rating Information above.</p> <ul style="list-style-type: none"> Reserve Fund Assessment HFIAA Surcharge Probation Surcharge 	

Table 36. Condominium Association Coverage for Residential Condominium Association Building (Scenario #1) *continued*

TOPIC	GUIDANCE
Claim Settlement	
Replacement Cost Coverage	<ul style="list-style-type: none"> • Yes, for the building only, subject to policy provisions. • RCV is the cost to replace property with the same type of material and construction without deduction for depreciation.
Coinsurance Penalty	<ul style="list-style-type: none"> • The RCBAP coinsurance penalty applies to building coverage only. To receive full replacement cost, the insured must have purchased insurance in an amount equal to 80 percent of the full replacement cost of the building at the time of loss or the maximum amount of insurance available for that building under the NFIP, whichever is less. • For instructions and examples on the coinsurance penalty see the RCBAP Form, VII. Coinsurance.
Incorrect SFIP Form	
Building Becomes Ineligible	<ul style="list-style-type: none"> • If an insurer discovers that a building is not eligible for the RCBAP, the insurer must cancel and rewrite the coverage under the correct form with the original effective date. See additional guidance under Reason Code 22 “Cancel and rewrite due to administrative error” in Section 6: How to Cancel. • The provisions of the correct SFIP form apply. • The insurer must set the amount of building or contents coverage according to the provisions of the correct SFIP form. The coverage amount on the correct SFIP form must equal (and may not exceed) the coverage amount on the canceled SFIP form and may not exceed the maximum coverage limits available on the correct SFIP form. If the policyholder requests to increase coverage above the coverage amount on the canceled SFIP form, the insurer must follow the standard endorsement procedures for adding or increasing coverage described in Section 4: How to Endorse.
Owner Becomes Ineligible	<ul style="list-style-type: none"> • If, during a policy term, the policy fails to meet the eligibility requirements due to a change in the form of ownership, it becomes ineligible for coverage under the RCBAP. • The insurer must cancel and rewrite the policy using the correct SFIP form. • The effective date of the cancellation is the date that the form of ownership changed.

3. Residential Unit Owner Coverage in Residential Condominium Building (Scenario #2)

a. General Information

Use the Dwelling Form to insure an individual residential condominium unit and its contents in a residential condominium building. The unit owner must be named as the policyholder. **Table 37** describes the applicable eligibility and rating requirements.

Table 37. Residential Unit Owner Coverage in Residential Condominium Building (Scenario #2)

TOPIC	GUIDANCE
Eligibility Rules	
Policy Form	Dwelling Form (Building and Contents)

Table 37. Residential Unit Owner Coverage in Residential Condominium Building (Scenario #2) *continued*

TOPIC	GUIDANCE
Program Eligibility	Regular Program or Emergency Program
Building Eligibility	A residential condominium unit (or mixed-use unit with non-residential uses limited to less than 50 percent of the unit's total floor area) in a residential condominium building with one or more units, including a townhouse or rowhouse Note: See Scenario #3 for information on insuring a residential condominium unit in a non-residential condominium building.
Policyholder Eligibility	Eligible Policyholders <ul style="list-style-type: none"> • Unit owner or tenant (with contents only policy); • Condominium association in the name of the unit owner and the association as their interests may appear; or • Condominium association for an individual unit owned by the association. Note: When the applicant is the condominium association, the lender for the individual unit owner should not appear on the declarations page.
Is the Policyholder a Condominium Association?	<ul style="list-style-type: none"> • Generally select “No”, including if the condominium association purchases the policy on behalf of a different unit owner. • Only select “Yes” if the condominium association owns the individual unit.
Property Insured	<ul style="list-style-type: none"> • Building elements. • Individually-owned contents. • Interior walls, floor, and ceiling (not otherwise insured under a flood insurance policy purchased by the condominium association) for not more than 10 percent of the stated contents coverage amount.
Duplicate Coverage	<ul style="list-style-type: none"> • In an exception to the general rule that multiple policies with building coverage may not insure a single building, the insurer may issue a Dwelling Form policy with building coverage to a residential condominium unit owner in a condominium building also covered by an RCBAP. • However, no more than \$250,000 may be paid in combined benefits for a single unit under the Dwelling Form and the RCBAP. Insureds may not claim damaged items under more than one policy. The NFIP will only pay for damaged items under one policy.
Other Eligibility Rules	See guidance in Section 2: Before You Start
Geographic Location Variables	
See the Geographic Location Variables heading under General Rating Information above	
<ul style="list-style-type: none"> • Building Location • Community Map Information and Flood Zone • Community Rating System Discount 	
Structural Variables	
Building Occupancy	<ul style="list-style-type: none"> • Select “Residential Unit” • See the Building Occupancy heading under General Rating Information above
Building Description	<ul style="list-style-type: none"> • Select “Residential Condominium Unit (in Residential Building)” • See the Building Description heading under General Rating Information above
Construction Type	Not applicable

Table 37. Residential Unit Owner Coverage in Residential Condominium Building (Scenario #2) *continued*

TOPIC	GUIDANCE
Foundation Type and First Floor Height	The general guidance applies since even if the unit is not on the first floor the NFIP is still interested in the entire building's foundation and height above ground elevation. See the Foundation Type and First Floor Height headings under General Rating Information above.
Building Replacement Cost Value	FEMA will determine Building Replacement Cost Value for the unit by using Application Form data and industry data connected with the property address. If FEMA is unable to determine the Building Replacement Cost Value, the insurer must obtain the Building Replacement Cost Value for the unit based on appraisals commonly used in the industry, and report it on the Application Form. FEMA reassesses its determination of Building Replacement Cost Value at every renewal.
Number of Elevators	Not applicable
Number of Floors in Building	Indicate the total number of floors in the building even though the policy covers only an individual unit. Determine the building's number of floors based on the number of floors above the ground, excluding enclosures or basements (finished or unfinished), crawlspaces (on grade or subgrade) and attics (if not used for living space).
Floor of Unit	If coverage is for a unit inside a multi-floor building with units located on different floors, indicate the floor where the unit to be insured is located. For example, if the unit is on the ninth floor of a twenty-story building, enter nine.
Total Number of Units in the Building	Determine the number of units in the building. If the building contains multiple units, enter the total number of units in the building, even though the policy covers only a single unit. For example, if coverage is for a unit within a four-unit building, enter four. Count both residential and non-residential units.
Other Structural Variables	<p>For guidance on other structural variables, see the Structural Variables heading under General Rating Information above.</p> <ul style="list-style-type: none"> • Machinery & Equipment Above First Floor • Proper Openings • Floodproofing • Square Footage • Building Replacement Cost Value • Prior NFIP Claims • Severe Repetitive Loss Property • Date of Construction • Number of Detached Structures on Property • Rental Property • Building Over Water • Primary Residence Status
Coverage and Deductibles	
Maximum Coverage Limits	<p>Regular Program</p> <ul style="list-style-type: none"> • Building: Not to exceed the lesser of: <ul style="list-style-type: none"> – The building's replacement cost value; or – \$250,000 • Contents: \$100,000 <p>Emergency Program</p> <ul style="list-style-type: none"> • Building: Not to exceed the lesser of: <ul style="list-style-type: none"> – The building's replacement cost value; or – \$35,000 • Contents: \$10,000

Table 37. Residential Unit Owner Coverage in Residential Condominium Building (Scenario #2) *continued*

TOPIC	GUIDANCE
ICC Coverage	No
Assessment Coverage	Yes. See information in Table 38 below.
Deductibles	See the Deductibles heading under General Rating Information above
Statutory Discounts	
See the Statutory Discounts heading under General Rating Information above	
<ul style="list-style-type: none"> • Newly Mapped Discount • Pre-FIRM Discount • Other Statutory Discounts 	
Assessments, Fees, and Surcharges	
Federal Policy Fee	\$47
Other Assessments and Surcharges	For guidance see the Assessments, Fees, and Surcharges heading under General Rating Information above. <ul style="list-style-type: none"> • Reserve Fund Assessment • HFIAA Surcharge • Probation Surcharge
Claim Settlement	
Replacement Cost Coverage	Yes, subject to policy provisions

b. Assessment Coverage

Table 38 shows how assessment coverage applies after a loss. Assessment coverage is only available under the Dwelling Form, for residential condominium unit owners in residential condominium buildings. Two limitations apply:

- The insured cannot use the assessment coverage under the Dwelling Form to meet the 80 percent coinsurance provision of the RCBAP.
- The assessment coverage under the Dwelling Form does not apply to ICC coverage or buildings subject to continuous flooding from closed basin lakes.

Note: The RCBAP and General Property Forms do not provide assessment coverage.

Table 38. Assessment Coverage After a Loss

Condition At Time of Loss	Assessment Coverage Under the Dwelling Form
No RCBAP On the Entire Building	If the unit owner has purchased building coverage: <ul style="list-style-type: none"> • Responds to a loss assessment against the unit owner for damages to common areas, up to the building limit under the Dwelling Form. • If there is also damage to the building elements of the unit: <ul style="list-style-type: none"> – Coverage combination cannot exceed the maximum coverage limits available for a single-family dwelling. – Settlement of the unit building damages applies first and then the loss assessment.

Table 38. Assessment Coverage After a Loss *continued*

Condition At Time of Loss	Assessment Coverage Under the Dwelling Form
If RCBAP Insured to at Least 80 Percent of the Building Replacement Cost	If the unit owner has purchased building coverage: <ul style="list-style-type: none"> • The loss assessment coverage under the Dwelling Form will pay that part of a loss that exceeds 80 percent of the association’s building replacement cost. • The loss assessment coverage under the Dwelling Form will not cover the association’s policy deductible purchased by the condominium association. • The RCBAP is primary and the Dwelling Form is considered excess. • Coverage combination cannot exceed the maximum coverage limits available for a single-family dwelling.
If RCBAP Insured to Less Than 80 Percent of the Building Replacement Cost	If the unit owner has purchased building coverage: <ul style="list-style-type: none"> • The RCBAP is primary and the Dwelling Form is considered excess. • The Dwelling Form will respond to a loss assessment resulting from the coinsurance penalty under the RCBAP, even if the loss did not meet the RCBAP limits.

4. Residential Unit Owner Coverage in Non-Residential Condominium Building (Scenario #3)

Use the Dwelling Form to insure an individual residential condominium unit owner’s contents in a non-residential condominium building. The unit owner must be named as the policyholder. **Table 39** describes the applicable eligibility and rating requirements.

Table 39. Residential Unit Owner Coverage in Non-Residential Condominium Building (Scenario #3)

TOPIC	GUIDANCE
Eligibility Rules	
Policy Form	Dwelling Form (Contents Only)
Program Eligibility	Regular Program or Emergency Program
Building Eligibility	A residential condominium unit (or mixed-use unit with non-residential uses limited to less than 50 percent of the unit’s total floor area) in a non-residential condominium building with one or more units, including a townhouse or rowhouse
Policyholder Eligibility	<p>Eligible Policyholders</p> <ul style="list-style-type: none"> • Unit owner; • Condominium association in the name of the unit owner and the association as their interests may appear; or • Condominium association for an individual unit owned by the association. <p>Note: When the applicant is the condominium association, the lender for the individual unit owner should not appear on the declarations page.</p>
Is the Policyholder a Condominium Association?	<ul style="list-style-type: none"> • Generally select “No”, including if the condominium association purchases the policy on behalf of a different unit owner. • Only select “Yes” if the condominium association owns the individual unit.

Table 39. Residential Unit Owner Coverage in Non-Residential Condominium Building (Scenario #3) *continued*

TOPIC	GUIDANCE
Property Insured	<ul style="list-style-type: none"> Individually-owned contents. Interior walls, floor, and ceiling (not otherwise insured under a flood insurance policy purchased by the condominium association) for not more than 10 percent of the stated contents coverage amount.
Other Eligibility Rules	See guidance in Section 2: Before You Start
Geographic Location Variables	
<p>See the Geographic Location Variables heading under General Rating Information above</p> <ul style="list-style-type: none"> Building Location Community Map Information and Flood Zone Community Rating System Discount 	
Structural Variables	
Building Occupancy	<ul style="list-style-type: none"> Select “Residential Unit” See the Building Occupancy heading under General Rating Information above
Building Description	<ul style="list-style-type: none"> Select “Residential Condominium Unit (in Non-Residential Building)” See the Building Description heading under General Rating Information above
Construction Type	Not applicable
Foundation Type and First Floor Height	The general guidance applies since even if the unit is not on the first floor the NFIP is still interested in the whole building’s foundation and height above ground elevation. See the Foundation Type and First Floor Height headings under General Rating Information above.
Building Replacement Cost Value	FEMA will determine Building Replacement Cost Value for the unit by using Application Form data and industry data connected with the property address. If FEMA is unable to determine the Building Replacement Cost Value, the insurer must obtain the Building Replacement Cost Value for the unit based on appraisals commonly used in the industry, and report it on the Application Form. FEMA reassesses its determination of Building Replacement Cost Value at every renewal.
Number of Elevators	Not applicable
Number of Floors in Building	Indicate the total number of floors in the building even though the policy covers only an individual unit. Determine the building’s number of floors based on the number of floors above the ground, excluding enclosures or basements (finished or unfinished), crawlspaces (on grade or subgrade) and attics (if not used for living space).
Floor of Unit	If coverage is for a unit inside a multi-floor building with units located on different floors, indicate the floor where the unit to be insured is located. For example, if the unit is on the ninth floor of a twenty-story building, enter nine.
Total Number of Units in the Building	Determine the number of units in the building. If the building contains multiple units, enter the total number of units in the building, even though the policy covers only a single unit. For example, if coverage is for a unit within a four-unit building, enter four. Count both residential and non-residential units.

Table 39. Residential Unit Owner Coverage in Non-Residential Condominium Building (Scenario #3) *continued*

TOPIC	GUIDANCE
Other Structural Variables	<p>For guidance on other structural variables, see the Structural Variables heading under General Rating Information above.</p> <ul style="list-style-type: none"> • Machinery & Equipment Above First Floor • Proper Openings • Floodproofing • Square Footage • Building Replacement Cost Value • Prior NFIP Claims • Severe Repetitive Loss Property • Date of Construction • Number of Detached Structures on Property • Rental Property • Building Over Water • Primary Residence Status
Coverage and Deductibles	
Maximum Coverage Limits	<p>Regular Program</p> <ul style="list-style-type: none"> • Contents: \$100,000 <p>Emergency Program</p> <ul style="list-style-type: none"> • Contents: \$10,000
ICC Coverage	No
Assessment Coverage	No
Deductibles	See the Deductibles heading under General Rating Information above
Statutory Discounts	
<p>See the Statutory Discounts heading under General Rating Information above</p> <ul style="list-style-type: none"> • Newly Mapped Discount • Pre-FIRM Discount • Other Statutory Discounts 	
Assessments, Fees, and Surcharges	
Federal Policy Fee	\$47
Other Assessments and Surcharges	<p>For guidance see the Assessments, Fees, and Surcharges heading under General Rating Information above.</p> <ul style="list-style-type: none"> • Reserve Fund Assessment • HFIAA Surcharge • Probation Surcharge
Claim Settlement	
Replacement Cost Coverage	No

5. Condominium Association Coverage for Non-Residential Condominium Building (Scenario #4)

Use the General Property Form to insure a non-residential condominium building and the commonly owned contents. The condominium association must be named as the policyholder. **Table 40** describes the applicable eligibility and rating requirements.

Table 40. Condominium Association Coverage for Non-Residential Condominium Building (Scenario #4)

TOPIC	GUIDANCE
Eligibility Rules	
Policy Form	General Property Form (Building and Contents)
Program Eligibility	Regular Program or Emergency Program
Building Eligibility	<ul style="list-style-type: none"> • Non-residential condominium building with one or more units • Mixed-use condominium building if non-residential uses are 25 percent or more of the building’s total floor area.
Policyholder Eligibility	Non-residential condominium association
Is the Policyholder a Condominium Association?	Select “Yes”
Property Insured	<p>The property insured includes:</p> <ul style="list-style-type: none"> • Condominium building. • Individually owned units within the building. • Improvements within units. • Additions and extensions attached or connected to the insured building. • Fixtures, machinery, and equipment within building. • Contents owned by the association. • Non-residential common building elements and the contents.. <p>Note: The NFIP requires a separate policy for each building owned by a condominium association. Coverage applies to the single building described under Building Location on the Application Form and Insured Property Location on the Declarations Page.</p>
Other Eligibility Rules	See guidance in Section 2: Before You Start
Geographic Location Variables	
<p>See the Geographic Location Variables heading under General Rating Information above</p> <ul style="list-style-type: none"> • Building Location • Community Map Information and Flood Zone • Community Rating System Discount 	
Structural Variables	
Building Occupancy	<ul style="list-style-type: none"> • Select “Non-Residential Building” • See the Building Occupancy heading under General Rating Information above.

Table 40. Condominium Association Coverage for Non-Residential Condominium Building (Scenario #4) *continued*

TOPIC	GUIDANCE
Building Description	<p>Select one of the following that best describes the building:</p> <ul style="list-style-type: none"> • Commercial • Detached Garage • Government-Owned • House of Worship • Recreation Building • Storage/Tool Shed • Other Non-Residential Type <p>See the Building Description heading under General Rating Information above</p>
Construction Type	Not applicable to the Non-Residential Building occupancy.
Number of Elevators	If there are elevators within the building, enter the total number elevators, including those located inside an enclosure.
Number of Floors in Building	Determine the building's number of floors based on the number of floors above the ground, excluding enclosures or basements (finished or unfinished), crawlspaces (on grade or subgrade) and attics (if not used for living space).
Total Number of Units in the Building	Determine the number of units in the building. If the building contains multiple units, count the total number of units in the building including both residential and non-residential units.
Building Replacement Cost Value	<ul style="list-style-type: none"> • The insurer must obtain the Building Replacement Cost Value (including the cost of the building's foundation) based on appraisals commonly used in the industry. • The insurer must maintain supporting documentation of the Building Replacement Cost Value. Supporting documentation may include a recent property valuation report stating the value of the building and its foundation on a replacement cost value basis to meet this requirement. • Supporting Building Replacement Cost Value documentation is not required if: <ul style="list-style-type: none"> – The building description is either Storage/Tool Shed or Detached Garage; or – The building's square footage is less than 1,000 square feet. • The insurer must validate the Building Replacement Cost Value information at least every 3 years. See notice requirements and a sample version in Appendix I: Policyholder Communications.
Other Structural Variables	<p>For guidance on other structural variables, see the Structural Variables heading under General Rating Information above.</p> <ul style="list-style-type: none"> • Foundation Type • First Floor Height • Machinery & Equipment Above First Floor • Proper Openings • Floodproofing • Prior NFIP Claims • Severe Repetitive Loss Property • Date of Construction • Number of Detached Structures on Property • Rental Property • Building Over Water • Primary Residence Status

Table 40. Condominium Association Coverage for Non-Residential Condominium Building (Scenario #4) *continued*

TOPIC	GUIDANCE
Coverage and Deductibles	
Maximum Coverage Limits	<p>Regular Program</p> <ul style="list-style-type: none"> • Building: Not to exceed the lesser of: <ul style="list-style-type: none"> – The building’s replacement cost value; or – \$500,000 • Contents: \$500,000 <p>Emergency Program</p> <ul style="list-style-type: none"> • Building: Not to exceed the lesser of: <ul style="list-style-type: none"> – The building’s replacement cost value; or – \$100,000 • Contents: \$100,000
	ICC Coverage Yes
Assessment Coverage	No
Deductibles	See the Deductibles heading under General Rating Information above
Statutory Discounts	
<p>See the Statutory Discounts heading under General Rating Information above</p> <ul style="list-style-type: none"> • Newly Mapped Discount • Pre-FIRM Discount • Other Statutory Discounts 	
Assessments, Fees, and Surcharges	
Federal Policy Fee	\$47
Other Assessments and Surcharges	<p>For guidance see the Assessments, Fees, and Surcharges heading under General Rating Information above.</p> <ul style="list-style-type: none"> • Reserve Fund Assessment • HFIAA Surcharge • Probation Surcharge
Claim Settlement	
Replacement Cost Coverage	No

6. Non-Residential Unit Owner Coverage in Residential or Non-Residential Condominium Building (Scenario #5)

Use the General Property Form to insure a non-residential condominium unit owner’s contents in a residential or non-residential building. The unit owner must be named as the policyholder. **Table 41** describes the applicable eligibility and rating requirements.

Table 41. Non-Residential Unit Owner Coverage in Residential or Non-Residential Condominium (Scenario #5)

TOPIC	GUIDANCE
Eligibility Rules	
Policy Form	General Property Form (Contents Only)
Program Eligibility	Regular Program and Emergency Program
Building Eligibility	A non-residential condominium unit in a residential or non-residential condominium building with one or more units, including a townhouse or rowhouse.
Property Insured	<ul style="list-style-type: none"> • Contents of non-residential condominium unit. • A condominium unit owner may apply up to 10 percent of the contents coverage limit, chosen by the policyholder, to cover loss to interior walls, floor, and ceiling that are not insured under a policy issued to the condominium association insuring the condominium building. • A tenant may apply up to 10 percent of the contents coverage limit to improvements: <ul style="list-style-type: none"> – Made a part of the building the tenant occupies; <i>and</i> – The tenant acquired, or made at the tenant’s expense, even though the tenant cannot legally remove. • This coverage does not increase the amount of insurance that applies to insured personal property
Policyholder Eligibility	Eligible Policyholders <ul style="list-style-type: none"> • Unit owner; <i>or</i> • Tenant.
Is the Policyholder a Condominium Association?	<ul style="list-style-type: none"> • Generally select “No”, including if the condominium association purchases the policy on behalf of a different unit owner. • Only select “Yes” if the condominium association owns the individual unit.
Other Eligibility Rules	See guidance in Section 2: Before You Start
Geographic Location Variables	
See the Geographic Location Variables heading under General Rating Information above <ul style="list-style-type: none"> • Building Location • Community Map Information and Flood Zone • Community Rating System Discount 	
Structural Variables	
Building Occupancy	<ul style="list-style-type: none"> • Select “Non-Residential Building” • See the Building Occupancy heading under General Rating Information above.
Building Description	Select one of the following that best describes the building: <ul style="list-style-type: none"> • Commercial • Government-Owned • House of Worship • Recreation Building • Storage/Tool Shed • Other Non-Residential Type See the Building Description heading under General Rating Information above
Construction Type	Not applicable

Table 41. Non-Residential Unit Owner Coverage in Residential or Non-Residential Condominium (Scenario #5) *continued*

TOPIC	GUIDANCE
Foundation Type & First Floor Height	The general guidance applies since even if the unit is not on the first floor the NFIP is still interested in the entire building's foundation and height above ground elevation. See the Foundation Type and First Floor Height headings under General Rating Information above.
Building Replacement Cost Value	<ul style="list-style-type: none"> • The insurer must obtain the Building Replacement Cost Value for the unit based on appraisals commonly used in the industry. • The insurer must maintain supporting documentation of the Building Replacement Cost Value. Supporting documentation may include a recent property valuation report stating the value of the unit on a replacement cost value basis to meet this requirement. • Supporting Building Replacement Cost Value documentation is not required if: <ul style="list-style-type: none"> – The building description is either Storage/Tool Shed or Detached Garage; or – The building's square footage is less than 1,000 square feet. • The insurer must update the Building Replacement Cost Value information at least every 3 years. See notice requirements and a sample version in Appendix I: Policyholder Communications.
Number of Elevators	Not applicable
Number of Floors in Building	Indicate the total number of floors in the building even though the policy covers only an individual unit. Determine the building's number of floors based on the number of floors above the ground, excluding enclosures, crawlspaces (on grade or subgrade), basements (finished or unfinished), and attics (if not used for living space).
Floor of Unit	If coverage is for a unit inside a multi-floor building with units located on different floors, indicate the floor where the unit to be insured is located. For example, if the unit is on the ninth floor of a twenty-story building, enter nine.
Total Number of Units in the Building	Determine the number of units in the building. If the building contains multiple units, enter the total number of units in the building, even though the policy covers only a single unit. For example, if coverage is for a unit within a four-unit building, enter four. Count both residential and non-residential units.
Other Structural Variables	<p>For guidance on other structural variables, see the Structural Variables heading under General Rating Information above.</p> <ul style="list-style-type: none"> • Machinery & Equipment Above First Floor • Proper Openings • Floodproofing • Prior NFIP Claims • Severe Repetitive Loss Property • Date of Construction • Number of Detached Structures on Property • Rental Property • Building Over Water • Primary Residence Status
Coverage and Deductibles	
Maximum Coverage Limits	<p>Regular Program</p> <ul style="list-style-type: none"> • Contents: \$500,000 <p>Emergency Program</p> <ul style="list-style-type: none"> • Contents: \$100,000

Table 41. Non-Residential Unit Owner Coverage in Residential or Non-Residential Condominium (Scenario #5) *continued*

TOPIC	GUIDANCE
ICC Coverage	No
Assessment Coverage	No
Deductibles	See the Deductibles heading under General Rating Information above
Statutory Discounts	
See the Statutory Discounts heading under General Rating Information above	
<ul style="list-style-type: none"> • Newly Mapped Discount • Pre-FIRM Discount • Other Statutory Discounts 	
Assessments, Fees, and Surcharges	
Federal Policy Fee	\$47
Other Assessments and Surcharges	For guidance see the Assessments, Fees, and Surcharges heading under General Rating Information above. <ul style="list-style-type: none"> • Reserve Fund Assessment • HFIAA Surcharge • Probation Surcharge
Claim Settlement	
Replacement Cost Coverage	No

B. Applying the Condominium Rating Scenarios

Tables 42–44 apply the five scenarios above to various specific situations that can arise when writing policies for condominium buildings and units. The tables clarify what Building Occupancy and Building Description to select and what condominium rating scenario and policy form applies.

Table 42: Single-Family Residential Building or Individual Residential Townhouse or Rowhouse in a Condominium Complex

Situation	Is the Policyholder a Condominium Association?	Building Occupancy	Building Description	Rating Scenario & Policy Form	Type of Coverage Available
Residential Condominium Building or Unit in Such a Building					
Single-Family Residential Condominium Building (a one-unit building in a condominium complex)	YES (Purchased by the condominium association to insure the entire building)	Residential Condominium Building	Entire Residential Condominium Building	Scenario #1: RCBAP	Building and Contents

Table 42: Single-Family Residential Building or Individual Residential Townhouse or Rowhouse in a Condominium Complex *continued*

Situation	Is the Policyholder a Condominium Association?	Building Occupancy	Building Description	Rating Scenario & Policy Form	Type of Coverage Available
Single-Family Residential Condominium Building <i>continued</i> (a one-unit building in a condominium complex)	YES or NO (Purchased by or on behalf of the unit owner – which may be the association – to insure the building’s single unit, whether or not the condominium association has an RCBAP on the building)	Residential Unit	Residential Condominium Unit (in Residential Building)	Scenario #2: Dwelling	Building and Contents
Townhouse or Rowhouse Condominium					
Individual Residential Townhouse or Rowhouse (in a row of townhouse or rowhouse condominiums but insured as a single building)	YES (Purchased by the condominium association to insure the entire building)	Residential Condominium Building	Entire Residential Condominium Building	Scenario #1: RCBAP	Building and Contents
	YES or NO (Purchased by or on behalf of the unit owner – which may be the association – to insure the townhouse or rowhouse’s single unit, whether or not the condominium association has an RCBAP on the building)	Residential Unit	Residential Condominium Unit (in Residential Building)	Scenario #2: Dwelling	Building and Contents

Table 43: Residential Condominium Building with 2-4 Units, or a Unit in Such a Building (Non-Townhouse/Rowhouse)

Situation	Is the Policyholder a Condominium Association?	Building Occupancy	Building Description	Rating Scenario & Policy Form	Type of Coverage Available
Residential Condominium Building or Unit in Such a Building					
Residential Condominium Building with 2-4 Units	YES (Purchased by the condominium association to insure the entire building)	Residential Condominium Building	Entire Residential Condominium Building	Scenario #1: RCBAP	Building and Contents

Table 43: Residential Condominium Building with 2-4 Units, or a Unit in Such a Building (Non-Townhouse/Rowhouse) *continued*

Situation	Is the Policyholder a Condominium Association?	Building Occupancy	Building Description	Rating Scenario & Policy Form	Type of Coverage Available
Residential Unit in 2-4 Family Residential Condominium Building	YES or NO (Purchased by or on behalf of a unit owner – which may be the association – to insure an individual unit, whether or not the condominium association has an RCBAP on the building)	Residential Unit	Residential Condominium Unit (in Residential Building)	Scenario #2: Dwelling	Building and Contents
Non-Residential Unit in 2-4 Family Residential Condominium Building	YES or NO (Purchased by or on behalf of a unit owner – which may be the association – to insure an individual unit, whether or not the condominium association has an RCBAP on the building)	Non-Residential Unit	Pick one: <ul style="list-style-type: none"> • Commercial • Government-Owned • House of Worship • Recreation Building • Storage/Tool Shed • Other Non-Residential Type 	Scenario #5: General Property	Contents

Table 44: Residential Condominium Building with Five or More Units, or a Unit in Such a Building (Non-Townhouse/Rowhouse)

Situation	Is the Policyholder a Condominium Association?	Building Occupancy	Building Description	Rating Scenario & Policy Form	Type of Coverage Available
Residential Condominium Building or Unit in Such a Building					
Residential Condominium Building with Five or More Units	YES (Purchased by the condominium association to insure the entire building)	Residential Condominium Building	Entire Residential Condominium Building	Scenario #1: RCBAP	Building and Contents
Residential Unit in Residential Condominium Building with Five or More Units	YES or NO (Purchased by or on behalf of a unit owner – which may be the association – to insure an individual unit, whether or not the condominium association has an RCBAP on the building)	Residential Unit	Residential Condominium Unit (in Residential Building)	Scenario #2: Dwelling	Building and Contents

Table 44: Residential Condominium Building with Five or More Units, or a Unit in Such a Building (Non-Townhouse/Rowhouse) *continued*

Situation	Is the Policyholder a Condominium Association?	Building Occupancy	Building Description	Rating Scenario & Policy Form	Type of Coverage Available
Non-Residential Unit in Residential Condominium Building with Five or More Units	<p>YES or NO</p> <p>(Purchased by or on behalf of a unit owner – which may be the association – to insure an individual unit, whether or not the condominium association has an RCBAP on the building)</p>	Non-Residential Unit	<p>Pick one:</p> <ul style="list-style-type: none"> • Commercial • Government-Owned • House of Worship • Recreation Building • Storage/Tool Shed • Other Non-Residential Type 	Scenario #5: General Property	Contents

Table 45. Non-Residential Condominium Building, or Unit in Such a Building

Situation	Is the Policyholder a Condominium Association?	Building Occupancy	Building Description	Rating Scenario & Policy Form	Type of Coverage Available
Single-Unit Non-Residential Condominium Building, or Unit in Such a Building					
Non-Residential Single-Unit Condominium Building (in a condominium complex)	<p>YES</p> <p>(Purchased by the condominium association to insure the entire building)</p>	Non-Residential Building	<p>Pick one:</p> <ul style="list-style-type: none"> • Commercial • Detached Garage • Government-Owned • House of Worship • Recreation Building • Storage/Tool Shed • Other Non-Residential Type 	Scenario #4: General Property	Building and Contents
	<p>YES or NO</p> <p>(Purchased by or on behalf of the unit owner – which may be the association – to insure the building’s single unit, whether or not the condominium association has a General Property Form policy on the building)</p>	Non-Residential Unit	<p>Pick one:</p> <ul style="list-style-type: none"> • Commercial • Government-Owned • House of Worship • Recreation Building • Storage/Tool Shed • Other Non-Residential Type 	Scenario #5: General Property	Contents
Non-Residential Condominium Building with Multiple Units, or Unit in Such a Building					
Non-Residential Condominium Building with Multiple Units	<p>YES</p> <p>(Purchased by the condominium association to insure the entire building)</p>	Non-Residential Building	<p>Pick one:</p> <ul style="list-style-type: none"> • Commercial • Government-Owned • House of Worship • Recreation Building • Storage/Tool Shed • Other Non-Residential Type 	Scenario #4: General Property	Building and Contents

Table 45. Non-Residential Condominium Building, or Unit in Such a Building *continued*

Situation	Is the Policyholder a Condominium Association?	Building Occupancy	Building Description	Rating Scenario & Policy Form	Type of Coverage Available
<p>Non-Residential Unit in a Non-Residential Condominium Building with Multiple Units</p>	<p>YES or NO (Purchased by or on behalf of a unit owner – which may be the association – to insure an individual unit, whether or not the condominium association has a General Property Form policy on the building)</p>	<p>Non-Residential Unit</p>	<p>Pick one:</p> <ul style="list-style-type: none"> • Commercial • Government-Owned • House of Worship • Recreation Building • Storage/Tool Shed • Other Non-Residential Type 	<p>Scenario #5: General Property</p>	<p>Contents</p>
<p>Residential Unit in a Non-Residential Condominium Building with Multiple Units</p>	<p>YES or NO (Purchased by or on behalf of a unit owner – which may be the association – to insure an individual unit, whether or not the condominium association has a General Property Form policy on the building)</p>	<p>Residential Unit</p>	<p>Residential Condominium Unit (in Non-Residential Building)</p>	<p>Scenario #3: Dwelling</p>	<p>Contents</p>

IV. Provisional Rating Information

A. General Information

Insurers should use provisional rates to enable coverage when the FEMA system is unavailable, or when FEMA has provided guidance to use provisional rating.

When the system is once again available to provide a rating engine rate, the insurer will finish processing the policy or, if the policy was already submitted to FEMA’s system with the provisional rate, endorse the policy to a rating engine rate. FEMA highly recommends that the insurer endorse the policy to a rating engine rate within 60 days of the Application Form submission. The following rules govern use of provisional rating:

- Provisionally rated policies are valid for 1 year.
- Provisionally rated policies cannot be renewed.
- Provisionally rated policies may be endorsed during the policy term or by new application at renewal to obtain a rating engine rate.
- The insurer must submit the endorsement to FEMA for a premium before any claim payment in the event of a loss.
- When writing a provisionally rated policy, use the effective date rules in Section 2: Before You Start. No waiting period applies when endorsing to a rating engine rate unless the policyholder requests increased or additional coverage, in which case that coverage is subject to a waiting period consistent with the guidance in Section 4: How to Endorse.
- A provisionally rated policy cannot be canceled and rewritten as another provisionally rated policy.
- The insurer may not endorse a provisionally rated policy to increase coverage until the policy is endorsed to a rating engine rate.

B. Eligibility

FEMA authorizes NFIP insurers to use provisional rates (at their discretion) in the following scenarios:

- Planned FEMA maintenance windows.
- Geolocation variable issues – When FEMA’s system does not return one or more geolocation variables required for rating (for example, distance to flooding source) based on the submitted geolocation. This does not include scenarios where FEMA’s geocoder cannot successfully produce a latitude and longitude for a submitted address. **Note:** See Section [B.1.b Geolocation](#) for guidance on submitting the building’s latitude and longitude to enable geolocation.
- Unplanned outages:
 - Unplanned FEMA system outage; *or*
 - Issue between FEMA and insurer system where the responsible party is unclear. The insurer must document the quote/policy file.

FEMA does not authorize NFIP insurers to use provisional rates in the following situations:

- Planned NFIP insurer or vendor maintenance windows
- Known NFIP insurer or vendor system issues
- Issues with FEMA third-party tools: Geocoder, First Floor Height Tool, Replacement Cost Value

The following are eligible for provisional rating:

- All building occupancies
- All policy forms
- All foundation types
- Regular Program and Emergency Program communities

C. Rates

Table 46 shows the provisional rates used to determine premium for all policy types.

Table 46: Provisional Rates for All Policy Types

Policy Type	Premium
Building Coverage	\$5.30 / \$1,000 of Building Limit
Contents Coverage	\$9.80 / \$1,000 of Contents Limit

For provisionally rated policies, calculate the building and contents premiums by applying the rate per thousand to the amount of coverage requested. Provisionally rated policies are subject to the ICC premium, calculated as 1.9 percent of the building and contents coverage premiums. The building, contents, and ICC premiums combine to an adjusted premium. The Reserve Fund Assessment, Federal Policy Fee, HFIAA Surcharge, and Probation Surcharge (if applicable), and Federal Policy Fee are applied to that adjusted premium to calculate the total amount due. For additional information, see the [Assessments, Fees, and Surcharges](#) heading under General Rating Information above. Provisionally rated policies are not eligible for CRS discounts. Follow the steps in **Table 47** to determine the total amount due.

Table 47. Calculate Premium for a Provisionally-Rated Policy

Step	Action	Reference/Guidance
1	Apply the rate	\$5.30 per \$1,000 of Building Limits and \$9.80 per \$1,000 of Contents Limits.
2	Apply standard deductible	Apply deductible of \$2,000 building / \$2,000 contents (only option).
3	Add ICC premium (if eligible)	If eligible for ICC coverage, apply 1.9 percent of the building and contents coverage premiums. For more information about ICC eligibility, see the ICC Coverage heading above.
4	Apply Reserve Fund Assessment	Apply 18 percent of the adjusted premium (building, contents, and ICC premiums).
5	Add HFIAA Surcharge	See Table 32 “HFIAA Surcharge” under the Assessments, Fees, and Surcharges heading above to determine the applicable surcharge.
6	Add Federal Policy Fee	See Table 33 “Federal Policy Fee” under the Assessments, Fees, and Surcharges heading above for the applicable fee.
7	Add Probation Surcharge	Insurer must determine if the community is on NFIP probation. Add a \$50 Probation Surcharge if the community is on probation.

D. Premium Adjustments

When the system is available to obtain a rating engine rate, the insurer must submit all required rating information by endorsement to FEMA. Follow the guidance in Section 4: How to Endorse on premium-bearing endorsements, in particular the Refund heading if the rating engine rate is lower than the provisional rate the policyholder initially paid. If the rating engine rate is higher, follow the guidance under the [Reformation Due to Insufficient Premium or Rating Information](#) heading in Section 2 Before You Start.

E. Notification

The insurer must provide notice to the policyholder, agent and lender (if applicable) that provisional rating was used and explaining the provisional rating process, the non-renewability of a provisionally rated policy, the inability to file a claim on a provisionally rated policy before endorsement to a rating engine rate, and FEMA’s recommendation that the policy should be re-rated promptly using the endorsement process. See the sample notification letter in Appendix I: Policyholder Communications.

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4. How to Endorse

This section provides guidance on how to endorse a policy. An endorsement is a change or correction to an existing NFIP policy that may or may not affect premium.

I. Endorsement Process

A. General Change Endorsement Form

To endorse a policy, submit a completed Endorsement Form (FF-206-FY-21-119 or a similar request) and attach an updated copy of the Flood Insurance Application Form (FF-206-FY-21-117) reflecting only the changes to the policy. Supporting documentation and premium must be submitted with the endorsement request when necessary. Copies of the forms are located in Appendix B: Forms.

The Endorsement Form cannot be used to:

- Renew a policy;
- Extend or change a policy term; or
- Correct the effective date of a policy.

Please see [Reason Code 22](#) in Section 6: How to Cancel for additional information on when to cancel and rewrite a policy.

Policies cannot be endorsed to account for rating plan changes during a policy term, including changes that would decrease premium. Premium-bearing changes must reflect the rating plan and CRS discounts in place on the policy's effective date.

Note: If the FEMA system is not available when trying to process an endorsement transaction, submit the endorsement as soon as the system becomes available.

B. Signatures

A signature is required for all endorsements. The policyholder must sign the General Change Endorsement Form or similar document when there is a request to reduce policy limits, increase the deductible, assign the policy, or change the agent of record.

Note: Signatures are not required on the Application Form when it is submitted with the General Change Endorsement Form (FF-206-FY-21-119).

Insurers can accept electronic endorsement submissions. See the [Administrative Topics](#) heading in Section 2: Before You Start for additional information on electronic signatures.

C. Non-Premium and Premium-Bearing Changes

Endorsement requests may be non-premium or premium-bearing. An endorsement request can also include non-premium and premium-bearing changes in the same transaction. When combined, the effective date for the premium-bearing change should be used as the transaction effective date.

1. Non-Premium Changes

Non-premium changes are endorsements that do not require additional premium to process the transaction. Examples of non-premium changes include:

- Changing the mailing address.
- Assigning the policy.
- Changing a mortgagee.
- Changing the agent of record.

4. How to Endorse

a. Process for Submitting a Non-Premium Change

Below is a high-level summary of the process for submitting a non-premium change.

- **Agent** – Using the insurer system, work with the policyholder to complete the Endorsement Form and update the Application Form with the endorsement information and submit it to the insurer.
- **Insurer** – Validate the endorsement information, determine the endorsement effective date, issue the policy and declarations page, and report policy data to FEMA.

2. Premium-Bearing Changes

Premium-bearing changes are endorsements that impact rating variables, which may change the policy premium and result in a refund or insufficient premium. Similar to the application process, FEMA will provide the insurer the updated cost information for the premium-bearing endorsement, using the rating plan and CRS discount in place on the policy's effective date. As explained in the process below, the insurer must take the prorated premium, if necessary, using the determined endorsement effective date and determine whether a refund or insufficient premium applies.

Examples of premium-bearing changes include:

- Rating adjustment.
- Rating correction.
- Coverage or deductible change.
- Rate category change.
- Adding an Elevation Certificate (EC).

a. Process for Submitting a Premium Change

Below is a high-level summary of the process for submitting a premium change.

- **Agent** – Using the insurer system, work with the policyholder to complete the Endorsement Form; update the Application Form with the endorsement information; and submit the information to FEMA for a premium quote.
- **FEMA** – Calculate the premium with the updated endorsement information using the rating plan and CRS discount in place on the policy's effective date for the full term; send the updated cost information to the insurer system.
- **Insurer** – Determine whether a refund or insufficient premium applies.
- **Agent** – Apprise the policyholder of the total amount due and, if they want to proceed, collect the premium and any supporting documentation and submit it to the insurer.
- **Insurer** – Validate the payment; confirm the policy effective date; issue a revised declarations page; and report policy data to FEMA. **Note:** If the endorsement effective date changes, a new premium quote is required.

b. Statutory Annual Increase Cap

Most premium rates may not increase by more than 18 percent each year, whether at renewal or by endorsement, except when increasing coverage, decreasing the amount of the deductible, or reflecting a change in the CRS discount.¹ Certain premium-bearing changes that are similar to writing a new policy are also exempt from the 18 percent cap on annual rate increases, for example an endorsement for

1. 42 U.S.C. 4015(e)

4. How to Endorse

a Policy Form update or correction, completed construction, or a property address correction (if keyed incorrectly).

D. Refund

Insurers must refund premium if an endorsement results in lowered premium. Insurers must process the return premium on policy terms for which they are the insurer of record. The Federal Policy Fee and Probation Surcharge (if applicable) are not subject to calculation of return premiums. Insurers may not process an endorsement refund for canceled or inactive policies.

1. Prior Term Refunds (PTRs)

For a return premium request that covers more than two policy terms, lapses in coverage do not extend the number of policy terms a premium refund can cover. The insurer must include any lapse in coverage when determining the number of years allowed for a refund, and must provide proper documentation. The insurer must reimburse FEMA for any refunds exceeding the allowable amount.

The insurer may choose to process the return premium request or submit the request and documentation to FEMA for processing. The documentation must include:

- The insurer's statistical records or declarations pages for each policy term with evidence of premium payments; *and*
- An endorsement request with supporting documentation, if applicable, for each policy term and the premium refund calculation for each policy term.

The insurers should send the request and documentation to FEMA by email at: NFIPUnderwritingMailbox@fema.dhs.gov.

FEMA will notify the insurer of the premium refunded and the Expense Allowance due to the NFIP. The insurer must maintain this documentation as part of their underwriting files. FEMA will return refund requests that are inaccurate or incomplete.

E. Insufficient Premium

If an endorsement results in a higher premium, the insurer must collect the additional premium before processing the endorsement. The procedures for processing such an endorsement depend on whether the endorsement is elective (optional for the policyholder) or required (needed to properly rate the policy). Note that these distinctions are only relevant when the premium previously paid is insufficient, not when an endorsement results in a refund. **Table 1** describes the procedures that apply in each case.

Table 1. Procedures if a Premium-Bearing Endorsement Results in Insufficient Premium

Type of Premium-Bearing Endorsement	Procedure If Premium Insufficient
Elective Endorsement Including but not limited to: <ul style="list-style-type: none">• Coverage or deductible change	<ul style="list-style-type: none">• The insurer must collect the additional premium and receive payment before processing the endorsement.• If the insurer receives the full amount due, it processes the endorsement.• If the insurer receives payment but less than the full amount due to purchase the endorsement requested, it must proceed with endorsing the policy to the amount of coverage that the premium received can purchase after deducting the costs of all applicable

Table 1. Procedures if a Premium-Bearing Endorsement Results in Insufficient Premium *continued*

Type of Premium-Bearing Endorsement	Procedure If Premium Insufficient
<p>Elective Endorsement <i>continued</i></p>	<p>fees and surcharges. See the applicable procedures under the Reformation Due to Insufficient Premium or Rating Information heading in Section 2: Before You Start.</p> <ul style="list-style-type: none"> • If the insurer receives no payment, it must nullify the endorsement.
<p>Required Endorsement Including but not limited to:</p> <ul style="list-style-type: none"> • Rating adjustment • Rating correction • Correcting or updating the policy form • Rate category change 	<ul style="list-style-type: none"> • Knowing that the policy’s current rating is incorrect, the insurer must endorse the policy whether or not it receives additional premium. • The insurer must collect the additional premium. If the insurer receives the full amount due, it processes the endorsement. • If the insurer receives no payment or a payment less than the full amount due, see the applicable procedures under the Reformation Due to Insufficient Premium or Rating Information heading in Section 2: Before You Start. The insurer must process the endorsement to correct the rating and reform the policy by reducing coverage to the amount that the premium received can purchase. <p>Note: When processing a rating correction involving an incorrect property location or flood zone, follow the guidance under the Exception When Reforming a Policy Due to an Incorrect Geolocation or Flood Zone heading in Section 2: Before You Start.²</p>

II. Coverage and Deductible Changes

A. Adding or Increasing Coverage

Policyholders may add or increase coverage on their policy any time during the policy term. Upon receiving a completed Endorsement Form and updated Application Form reflecting only the changes to the policy, FEMA will provide the insurer updated cost information using the endorsement effective date determined by the insurer based on the guidance below. The insurer must receive payment before processing an endorsement to add or increase coverage (see detailed guidance under the [Insufficient Premium](#) heading above).

1. Effective Dates for Endorsements Adding or Increasing Coverage

In general, endorsements adding or increasing coverage become effective following a 30-day waiting period. However, there are three exceptions listed below:

- **Map Revision Exception:** Coverage becomes effective after a 1-day waiting period during the first 13 months following a flood map revision newly identifying a building as located within a Special Flood Hazard Area (SFHA) when it was previously identified as outside of an SFHA.
- **Loan Exception:** If the initial purchase of additional or increased flood insurance coverage is in connection with making, increasing, extending, or renewing a loan secured by the insured property (for example, a mortgage loan) – and if the NFIP receives the endorsement request and full amount due within specified timeframes – then no waiting period applies and coverage becomes effective as of the time of the loan closing.

2. 42 U.S.C. 4015(f)

4. How to Endorse

- **Post-Wildfire Exception:** Coverage becomes effective after a 1-day waiting period if:
 - The insured property is privately-owned (property not owned by a federal, state, local, territorial, or tribal government) and experiences damage caused by a flood that originated on federal land;
 - Post-wildfire conditions on federal lands caused or worsened the flooding; *and*
 - The policyholder purchased the additional or increased coverage either:
 - > On or before the fire containment date; *or*
 - > During the 60-calendar day period following the fire containment date.

See the [Effective Dates for New Policies and Endorsements](#) heading in Section 2: Before You Start for additional information on the 30-day waiting period rule and the three exceptions.

B. Reducing Coverage

1. Reduction in Building Coverage

During a policy term, policyholders may only reduce building coverage to align the coverage amount with the current replacement cost value of the insured building or due to the removal of a portion of the building. Insurers may not accept endorsements that reduce building coverage without valid explanation. For example, a valid explanation would be, “A wing of the building was damaged by fire and the building was repaired without the wing.”

2. Reduction in Contents Coverage

During a policy term, policyholders may only reduce contents coverage when they sell or remove a portion of the contents, reducing the contents’ value to less than the amount insured. Insurers may not accept endorsements that reduce contents coverage without valid explanation. For example, a valid explanation would be, “The policyholder moved out of the house and a limited amount of insured contents remain at the described location.”

3. Effective Dates for Endorsements Reducing Coverage

The effective date of an endorsement reducing coverage should be the day after the occurrence causing the request to reduce coverage. The effective date of the endorsement cannot be earlier than that day.

C. Removing Coverage

Insurers may only remove coverage upon the policyholder’s request in the following instances:

- The building or contents are no longer at the described location.
- The policyholder no longer owns the property.
- There is more than one NFIP policy with building coverage insuring the same building.
- The policyholder wants to remove building coverage while retaining contents coverage on a Dwelling Form policy insuring a residential condominium unit, only if there is a Residential Condominium Building Association Policy (RCBAP) in force.

Table 2 outlines how to determine the endorsement effective date and terms eligible for refund, depending on the reason for removing coverage.

Table 2. Effective Dates for Endorsements Removing Coverage

Scenario	Endorsement Effective Date & Terms Eligible For Refund
Building or contents are no longer at the described location	The date when the building or contents were no longer at the described location, subject to a limitation of no more than 5 years prior to the effective date of the current policy term.
The policyholder no longer owns the property	The date when the policyholder ceased ownership of the property, subject to a limitation of no more than 5 years prior to the effective date of the current policy term.
For duplicate coverage <ul style="list-style-type: none"> • More than one NFIP policy with building coverage insuring the same building. • Building coverage removed while retaining contents coverage for a Dwelling Form policy insuring a residential condominium unit if there is a RCBAP in force. 	The date when the duplicate coverage began, subject to a limitation of no more than 5 years prior to the effective date of the current policy term.

1. Duplicate Coverage

The NFIP does not permit duplicate coverage. Insurers must issue only one building coverage policy per building, with the exception of condominium coverage as noted below. If there is more than one policy with building coverage for the same building, only one building policy can remain in force. The insurer must cancel the policy with the later effective date, the policy with the earlier effective date will continue. The policy that remains in force must list all building owners as policyholders, and insurers must cancel or remove building coverage on all other policies for that building.

When duplicate coverage occurs, the insurer may endorse the policy to remove the duplicate building coverage effective the date when the duplicate coverage began but no more than 5 years prior to the effective date of the current policy term. See Table 2 above. The insurer may also cancel the policy for duplicate coverage. Refer to Section 6: How to Cancel for further guidance on canceling a duplicate policy.

If different policyholders have more than one policy covering the same building, the building owner must choose which policy to keep and the building owner must be named as a policyholder. For example, if a tenant purchased building coverage, the insurer must either remove the building coverage from the policy, endorse the policy to add the building owner as a policyholder, or cancel the policy.

If there is more than one building at the location of the insured property, use the Application Form's Building Location section to clearly identify the building to be insured. For example, five buildings with the same property location may be insured with separate policies. If necessary, use identifiers such as Building A, B, or C, or "Smith Hall" in the second line of the street address to distinguish the buildings. Also select the Building Description that best corresponds to the insured building. If there are multiple buildings at the same address and the specific building identification is not clear, a photo of the building or a sketch showing the location of the building on the property to be insured should be retained in the policy file. This will help in proper identification of the insured building for the adjustment of claims, especially for multiple non-residential buildings at the same location.

4. How to Endorse

When insuring a building with one or more additions, the policyholder must choose between purchasing one policy or separate policies for the building and each addition and extension. See [Section 2: Before You Start](#) for further guidance on additions and extensions.

2. Condominium Coverage

Insurers may issue more than one building coverage policy for the same building if one is an RCBAP for the condominium association and the other a Dwelling Form policy for a residential condominium unit owner; however, condominium units shall not receive duplicate coverage or coverage that exceeds the maximum coverage limits. The combined building coverage between the Dwelling Form policy and the RCBAP cannot exceed \$250,000 for the unit.

For all unit policies, insurers must specify the individual unit insured in the Building Location section of the Application Form.

D. Changing Deductibles

During the current policy term, insurers can increase or decrease deductibles consistent with the available options listed in Section 3: How to Write and according to the guidance below.

1. Deductible Increases

Policyholders may increase deductibles during the current policy term. The earliest effective date of the increased deductible is the date the insurer receives the endorsement request.

However, if a policyholder with a provisionally rated policy and standard \$2,000 deductible selects a higher deductible when transitioning to a rating engine rate, use the effective date of the current policy term. See [Rate Category Change](#) below for additional information.

2. Deductible Decreases

Insurers may decrease deductibles during the current policy term only in the following instances:

- If the property has a mortgage and the mortgagee requires a lower deductible. In this case, the same waiting period guidance above (and in Section 2: Before You Start) for endorsements that add or increase coverage also applies to deductible decreases. Therefore, the earliest effective date of a decreased deductible is generally:
 - 30 days from the date the insurer receives the endorsement request; or
 - The time of the loan closing, if the mortgagee requests the change in connection with making, increasing, extending, or renewing a loan secured by the insured property (for example, a mortgage loan) – and if the NFIP receives the endorsement request and full amount due within specified timeframes.
- If a policyholder with a provisionally rated policy and standard \$2,000 deductible selects a lower deductible when transitioning to a rating engine rate.
 - Use the effective date of the current policy term. See [Rate Category Change](#) below for additional information.

E. Coverage Changes During the Renewal Cycle

The waiting period rules above apply to all endorsements throughout the policy term including coverage increases before the renewal date. The Renewal Notice the insurer sent might not reflect endorsement requests received close to the expiration date (for example, a request to add or increase coverage received within 75 days of the policy expiration date). When an insurer receives a request for a coverage endorsement close to renewal, it should submit the policy number and the requested changes to FEMA. FEMA will provide updated quotes for the renewal coverage options.

1. Adding or Increasing Coverage at Renewal

If the insurer receives a request to add or increase coverage after sending a Renewal Notice and more than 30 days before the current policy expiration date:

- The insurer shall issue a revised Renewal Notice; *and*
- If the insurer receives the total amount due for the added or increased coverage before the end of the 30-day grace period following the policy expiration date, the added or increased coverage becomes effective at 12:01 a.m. on the policy renewal date.

If the insurer receives a request to add or increase coverage less than 30 days before the current policy expiration date, the following rules apply:

- If the endorsement request is to increase coverage to an amount less than Option B and the insurer receives the additional premium for the increased coverage before the end of the 30-day grace period following the policy expiration date, the increased coverage becomes effective at 12:01 a.m. on the policy renewal date.
- If the endorsement request is to add or increase coverage to an amount greater than Option B, the insurer must issue the renewal policy without the added coverage or using the Option B coverage amounts, as applicable, and then endorse the policy with the requested coverage subject to the appropriate waiting period.

Note: Any coverage increase, including Option B, is exempt from the annual increase cap.

2. Reducing Coverage on a Future Renewal Effective Date

If the insurer receives a request to reduce coverage on a policy that renewed with a future effective date and it receives the request before the effective date, the insurer may reduce coverage effective on the policy renewal date. The insurer must submit a completed Endorsement Form and updated Application Form reflecting only the changes to the policy to FEMA, to obtain the new premium amount. No additional documentation is required to reduce coverage at the renewal date.

III. Other Premium-Bearing Changes

Upon receiving a completed Endorsement Form and updated Application Form reflecting only the changes to the policy, FEMA will provide the insurer updated cost information using the endorsement effective date determined by the insurer based on the guidance below. See the [Refund](#) and [Insufficient Premium](#) headings above for additional information on how to process such premium-bearing changes.

A. Rating Adjustment

A rating adjustment is a type of premium-bearing change used to reflect an update in a rating variable since the policy was issued. In other words, the prior information used to rate the policy was correct but now an event has occurred that requires the insurer to add,

4. How to Endorse

update, or change one or more rating variables. For example, a home had one floor at time of renewal but midway through the term the policyholder added an additional floor. **Table 3** shows how to determine the endorsement effective date when applying a rating adjustment.

Table 3. Endorsement Effective Date When Applying a Rating Adjustment

PREMIUM STATUS	ENDORSEMENT EFFECTIVE DATE
Refund or Insufficient Premium	If the event that triggered the rating adjustment occurred during the current policy term, use the event date as the endorsement effective date.
	If the event that triggered the rating adjustment occurred before the current policy term, use the effective date of the current policy term.

B. Rating Correction

A rating correction is a type of premium-bearing change used to correct one or more rating variables that were incorrect in a prior transaction on the policy. For example, policy data indicated a home was one floor but in fact it is two floors. **Table 4** shows how to determine the endorsement effective date when endorsing for a rating correction.

Table 4. Endorsement Effective Date When Applying a Rating Correction

PREMIUM STATUS	ENDORSEMENT EFFECTIVE DATE
Refund	If the rating issue first affected the current policy term (either from the start of the policy term or a portion through an incorrectly rated endorsement), use the date the rating issue first affected the policy.
	If the rating issue first affected the policy during a previous policy term, use the date the rating issue first affected the policy but no more than 5 years prior to the effective date of the current policy term.
Insufficient Premium	If the rating issue first affected the current policy term (either from the start of the policy term or a portion through an incorrectly rated endorsement), use the date the rating issue first affected the policy.
	If the rating issue first affected the policy during a previous policy term, use the effective date of the current policy term.

Note: For rating corrections involving an incorrect property location or flood zone, see different effective date guidance under the [Exception When Reforming a Policy Due to an Incorrect Geolocation or Flood Zone](#) heading in Section 2: Before You Start.³

C. Adding an Elevation Certificate

A policyholder may request to add an EC to help determine the building's First Floor Height. When EC information is provided, FEMA's system compares the EC information with the FEMA-determined First Floor Height and provides the lowest premium for the policyholder. An endorsement to add EC information will not result in insufficient premium.

Upon receiving a completed Endorsement Form and updated Application Form reflecting only the changes to the policy, FEMA will provide the insurer the updated annual cost

3. 42 U.S.C. 4015(f)

4. How to Endorse

for a full policy term. If the updated cost is lower than the premium previously paid, the insurer must calculate the refund amount based on the effective date of the current policy term. See the [Refund](#) heading above for additional information on how to process such a premium-bearing endorsement.

Table 5. Endorsement Effective Date When Using an EC

FIRST FLOOR HEIGHT	PREMIUM STATUS	ENDORSEMENT EFFECTIVE DATE
Higher First Floor Height value than FEMA determined This produces a lower premium	Refund	The effective date of the current policy term
Lower First Floor Height value than FEMA determined This results in no change to premium	No Change	N/A

D. Community Information

1. Change in Program Status

The insurer must submit an endorsement request to revise the policy rating to reflect the correct community status when the community converts from the Emergency Program to the Regular Program.

2. Change in Community Rating System (CRS) Status

If a community's CRS class changes or a given policy's eligibility for a CRS discount changes midway through a policy term, any resulting adjustment to the CRS discount applies only at the next policy renewal.

E. Construction Completed

For a building under construction, when the construction is complete, then the policy must be endorsed to reflect that the building is no longer under construction and update any other rating variables as needed. Follow the guidance under the Rating Adjustment heading above.

If an EC was used to determine the First Floor Height, an updated EC and photos based on finished construction are required.

F. Incorrect Policy Form

If the insurer discovers that a policy requires a different Standard Flood Insurance Policy (SFIP) form, how it processes the change depends on the specific issue:

- If the policy form was correct before but an event changed the applicable policy form, the insurer must endorse the policy to the correct form. Follow the guidance under the Rating Adjustment heading above regarding refunds, insufficient premium, and effective dates.
- If the policy was written using an incorrect policy form, the insurer must likewise endorse the policy to the correct form. Follow the guidance under the Rating Correction heading above.

4. How to Endorse

However, in either case, if the policy is currently written on the Dwelling Form or General Property Form when the Residential Condominium Building Association Policy Form is appropriate, or vice versa, the insurer must cancel and rewrite the coverage under the correct form with the original effective date. See additional guidance under [Reason Code 22](#) “Cancel and rewrite due to administrative error” in Section 6: How to Cancel.

The insurer must set the amount of building or contents coverage according to the provisions of the correct policy form. The coverage amount under the correct policy form must equal (and may not exceed) the coverage amount under the prior policy form, and may not exceed the maximum coverage limits available on the correct policy form. If the premium previously received is insufficient to restore the originally requested amount of coverage under the correct policy form, the insurer must follow applicable procedures under the Reformation Due to Insufficient Premium or Rating Information heading in Section 2: Before You Start. If the policyholder requests to increase coverage above the prior coverage amount, the insurer must follow the standard endorsement procedures for adding or increasing coverage included in this section, including endorsement effective date rules.

Before making any loss payment, the insurer must complete the policy endorsement or cancel/rewrite to correct the policy form. The provisions of the correct policy form apply, as does the guidance in Section 2: Before You Start on how to handle a claim involving policy reformation.

G. Property Address Corrections

The insurer may endorse a policy to correct a property address without FEMA approval, but may not change an address to insure a different building at the same or another location. (A different building would require a new policy.) When processing a property address correction, the insurer must include documentation substantiating the change in the underwriting file. Examples include a typographical error correction, addition of a specific unit number, or a U.S. Postal Service address revision.

A property address endorsement is generally considered as a non-premium change such as a U.S. Postal Service address (911) change. However, when a property address correction indicates a possible building location change that may impact its geocoding (for example, 1000 Water Street corrected to 2000 Water Street), then the insurer must cancel and rewrite the policy using the correct address. A property address correction is exempt of the annual increase cap.

If a claim is pending, the insurer must obtain authorization from FEMA before correcting the address and making a claim payment. The authorization (waiver) must indicate that:

- The building description, coverage, and rating elements belong to the building at the address indicated on the endorsement; *and*
- The policyholder has no insurable interest in the building at the prior, incorrect address.

Insurers may not endorse or transfer a flood policy to change the insured building, location, or unit. Examples include relocating to a different building, a unit within the same building or moving a mobile home or travel trailer to a new location. To insure a different building at the same location or another location, the policyholder must purchase a new policy for each additional building identified.

H. Rate Category Change

A policy issued with a provisional rate should be endorsed to a rating engine rate during the initial policy term. FEMA highly recommends that the insurer endorse the policy to a rating engine rate within 60 days of the Application Form submission. Such an endorsement

4. How to Endorse

may result in either a premium refund or insufficient premium. Upon receiving a completed Endorsement Form and updated Application Form, FEMA will provide the insurer the updated annual cost for a full policy term. The insurer must calculate the refund amount or amount due. See the [Refund](#) and [Insufficient Premium](#) headings above for additional information on how to process such a premium-bearing endorsement.

Table 6. Endorsement Effective Date for a Rate Category Change

PREMIUM STATUS	ENDORSEMENT EFFECTIVE DATE
Refund or Insufficient Premium	Use the effective date of the current policy term.

I. Examples of Other Premium-Bearing Changes

Table 7 lists some examples of what FEMA considers a rating adjustment, rating correction, or other types of endorsements. The table also includes documentation requirements when applicable, indication if premium is exempt from the 18 percent cap on annual rate increases, and what selections to make on the Endorsement Form. See guidance above for effective date rules.

Table 7. Examples of Other Premium-Bearing Endorsements

Endorsement Scenario	Documentation Requirements	Exempt From 18% Cap On Annual Rate Increases	Endorsement Form Reason For Change Options (Select from the options below)	Endorsement Form Type Of Change Options (Select Premium Change and the option specified below)
Adding an Elevation Certificate	<ul style="list-style-type: none"> • EC • Photos 		<ul style="list-style-type: none"> • Building Information 	<ul style="list-style-type: none"> • Adding an Elevation Certificate
Building Description			<ul style="list-style-type: none"> • Building Information 	<ul style="list-style-type: none"> • Rating Adjustment • Rating Correction
Building Occupancy			<ul style="list-style-type: none"> • Building Information 	<ul style="list-style-type: none"> • Rating Adjustment • Rating Correction
Change in Community Rating System		Exempt	<ul style="list-style-type: none"> • N/A (Effective at next policy renewal) 	<ul style="list-style-type: none"> • N/A (Effective at next policy renewal)
Change in Program Status			<ul style="list-style-type: none"> • Community Information 	<ul style="list-style-type: none"> • Rating Adjustment
Construction Type			<ul style="list-style-type: none"> • Building Information 	<ul style="list-style-type: none"> • Rating Adjustment • Rating Correction
Flood Openings	See the Proper Openings heading in Section 3: How to Write for additional information		<ul style="list-style-type: none"> • Building Information 	<ul style="list-style-type: none"> • Rating Adjustment

Table 7. Examples of Other Premium-Bearing Endorsements *continued*

Endorsement Scenario	Documentation Requirements	Exempt From 18% Cap On Annual Rate Increases	Endorsement Form Reason For Change Options (Select from the options below)	Endorsement Form Type Of Change Options (Select <i>Premium Change</i> and the option specified below)
Floodproofed	See the Floodproofing heading in Section 3: How to Write for additional information		<ul style="list-style-type: none"> • Building Information 	<ul style="list-style-type: none"> • Rating Adjustment
Foundation Type			<ul style="list-style-type: none"> • Building Information 	<ul style="list-style-type: none"> • Rating Adjustment • Rating Correction
Machinery and Equipment Discount Eligible			<ul style="list-style-type: none"> • Building Information 	<ul style="list-style-type: none"> • Rating Adjustment
Number of Floors			<ul style="list-style-type: none"> • Building Information 	<ul style="list-style-type: none"> • Rating Adjustment • Rating Correction
Policy Form		Exempt	<ul style="list-style-type: none"> • Policy Form 	<ul style="list-style-type: none"> • Rating Adjustment • Rating Correction • Or not an endorsement but instead a cancel/rewrite
Primary Residence Status	See the Primary Residence Status heading in Section 3: How to Write for additional information.		<ul style="list-style-type: none"> • Building Information 	<ul style="list-style-type: none"> • Rating Adjustment • Rating Correction
Property Address Correction		Exempt (if cancel/rewrite)	<ul style="list-style-type: none"> • Property Address (Correction) 	<ul style="list-style-type: none"> • Non-premium change if due to a U.S. Postal Service address (911) change • Or not an endorsement but instead a cancel/rewrite
Rate Category Change			<ul style="list-style-type: none"> • Rate Category 	<ul style="list-style-type: none"> • Rate Category Change
Replacement Cost Value			<ul style="list-style-type: none"> • Building Information 	<ul style="list-style-type: none"> • Rating Adjustment • Rating Correction
Statutory Discount	See the Statutory Discounts heading in Section 3: How to Write for additional information.		<ul style="list-style-type: none"> • Statutory Discounts 	<ul style="list-style-type: none"> • Rating Adjustment • Rating Correction
Substantially Improved		Exempt	<ul style="list-style-type: none"> • Building Information 	<ul style="list-style-type: none"> • Rating Correction • Rating Adjustment
Construction Completed	If using an EC, provide an updated EC and photos based on finished construction.	Exempt	<ul style="list-style-type: none"> • Construction Completed 	<ul style="list-style-type: none"> • Rating Adjustment

Table 7. Examples of Other Premium-Bearing Endorsements *continued*

Endorsement Scenario	Documentation Requirements	Exempt From 18% Cap On Annual Rate Increases	Endorsement Form Reason For Change Options (Select from the options below)	Endorsement Form Type Of Change Options (Select Premium Change and the option specified below)
Increasing Coverage		Exempt	<ul style="list-style-type: none"> Coverage/Deductible 	<ul style="list-style-type: none"> Coverage/Deductible Change
Decreasing the Deductible	See the Changing Deductibles heading in this section for additional information.	Exempt	<ul style="list-style-type: none"> Coverage/Deductible 	<ul style="list-style-type: none"> Coverage/Deductible Change

IV. Assignment of a Policy

The owner of an insured building may provide written consent to assign a flood insurance policy with building coverage to the purchaser of the building. Owners may not assign contents-only policies or policies on buildings under construction. The seller must sign the assignment endorsement on or before the closing date, and the new building owner has up to 30 days beyond the closing date (closing date plus 29 days) to submit the Endorsement Form to the insurer for processing.

If the building is a primary residence, the insurer must validate the primary residence status at the time of assignment for the assignee to be eligible for the primary residence status.

Note: A new owner may receive the same discounted premium as the previous owner. However, the annual increase cap (which is a component of the discounted premium) is based on the information provided by the new owner. The discounted premium does not include assessments, fees, or surcharges.

A. Assignment with Building Purchase

The owner and seller of an insured building may assign the flood policy to the purchaser of the insured building. The assignment becomes effective on the date of the ownership transfer.

B. Assignment without Building Purchase

The owner of an insured building may assign the flood policy to the new building owner, effective on the date of the ownership transfer. Examples include inheritance, gifting, divorce, estate, trust, or foreclosure (will require legal documentation).

Note: Policyholders cannot assign policies that cover buildings under construction or for contents only.

5. How to Renew

NOTE: This section applies to renewing NFIP policies that are already under the new pricing methodology.

This section provides information and guidance on how to renew an NFIP flood insurance policy.

I. General Information

See **Table 1** below for general policy renewal information.

Table 1. General Renewal Information

SUBJECT	GUIDANCE
Policy Terms	<ul style="list-style-type: none">• The Standard Flood Insurance Policy (SFIP) contract is for one year only.• All policies expire at 12:01 a.m. on the last day of the one-year policy term.• A new policy term and new contractual agreement between the policyholder and the insurer begins when an expiring policy renews.
Rating Plan	<ul style="list-style-type: none">• All policies renew using the rating plan and Community Rating System (CRS) discounts in effect on the policy renewal effective date.
Premium Payment	<ul style="list-style-type: none">• The insurer must receive the total amount due to renew the policy at the coverage amount offered on the renewal bill.• Paying the premium 30 days or more after the expiration date of the policy causes a lapse in coverage that may affect policy rating (see the Statutory Discounts heading in Section 3: How to Write).• All references to days are calendar days, not business days.
Severe Repetitive Loss (SRL) Properties	<ul style="list-style-type: none">• The NFIP Special Direct Facility, operated by NFIP Direct, processes the policy renewals for SRL properties (see Appendix F: SRL Properties for more information).

II. Renewal Process

A. Starting the Renewal Process

Before generating the Renewal Notice, the insurer must send the policy number, along with any changes to policy information, to FEMA. FEMA will provide the premium options for the policy renewal. The premium amount(s) may reflect updates to certain rating variables, such as the building replacement cost value (see Section 3: How to Write for information on rating variables). The insurer should request the renewal quote no sooner than 90 days before the policy expiration date.

All renewals will increase or decrease to their full-risk premium, subject to the statutory caps on annual increases.

1. Renewal Notice

The insurer must send a Renewal Notice to the payor listed on the policy declarations page at least 45 days before the policy expiration date. The insurer must also send

5. How to Renew

a copy of the Renewal Notice to all parties listed on the policy declarations page. The Renewal Notice copy should state “THIS IS NOT A BILL.” See detailed Renewal Notice requirements in Appendix I: Policyholder Communications.

2. Amounts of Insurance on the Renewal Notice

The insurer must submit required policy information so FEMA’s system can calculate the premium to renew the policy. The insurer may present the payor with two coverage options:

- **Option A – Renewing for the Same Amounts of Insurance:**
 - This option provides the current amounts of insurance and applicable deductibles.
- **Option B – Renewing for Higher Amounts of Insurance:**
 - This option provides an inflation option of 10 percent for building coverage and 5 percent for contents coverage with applicable deductibles.
 - The amount of insurance offered cannot exceed the maximum limits.
 - The minimum deductible may change based on the amount of insurance offered at renewal.

3. Final Notice

If the insurer does not receive the premium payment by the policy expiration date, it must send a Final Notice, on the policy expiration date, to all parties listed on the prior policy declarations page.

The Final Notice must include the same information printed on the Renewal Notice and state that coverage has expired. See detailed Final Notice requirements in Appendix I: Policyholder Communications.

Lender Protection

Coverage will continue for lenders listed on the declarations page for 30 days from the date the Final Notice was sent, as required under the Mortgage Clause of the SFIP (see Appendix A: Policy).

Therefore, the following requirements apply:

- The Final Notice to the lender must indicate that coverage will terminate if the premium is not received within this 30-day period.
- The insurer must be able to reproduce copies of the Final Notice to the mortgagee.
- The insurer must have processes in place to verify when the Final Notice was sent.

B. Renewal Notification Requirements

Table 2 below summarizes renewal notification requirements.

Table 2. Renewal Notification Requirements

Notice Type	Payor	All Other Parties Listed on the Declarations Page
Renewal Notice	Insurer sends the Renewal Notice for payment at least 45 days before the policy expiration date.	Insurer sends a copy of the Renewal Notice at least 45 days before the policy expiration date.

Table 2. Renewal Notification Requirements *continued*

Notice Type	Payor	All Other Parties Listed on the Declarations Page
Final Notice	Insurer sends the Final Notice on the policy expiration date.	Insurer sends a copy of the Final Notice on the policy expiration date.
Policy Declarations Page	Insurer sends the policy declarations page after receiving payment.	Insurer sends the policy declarations page after receiving payment.

C. Premium Payment

The payor may pay the premium by check, credit card, or electronically. The insurer must receive the premium within 30 days of the policy expiration date (includes policy expiration date plus 29 days).

Table 3. Premium Payment

METHOD	GUIDANCE
Check	The payor can pay by a check payable to the insurer.
Credit Card	The payor can make a payment by credit card, if the insurer accepts credit card payments.
Electronic Transfers	The insurer may use electronic transfers if its process includes authentication of signatures and dates of receipt of premium.
Certified Mail	The payor can submit a payment by certified mail, and the payment receipt date is the certified mail date. The term certified mail extends to certified mail sent via the U.S. Postal Service or reputable third-party delivery services that provide proof of the actual mailing and delivery date to the insurer.

1. Invalid Payment

A payment is invalid if there are non-sufficient funds (NSF) in the account, such as a successfully completed reversal (dispute) of an electronic payment, or the payment is non-negotiable for any other reason. The insurer may not use the receipt date of an invalid payment to determine the effective date of a policy renewal. Upon notification that the payment is invalid, the insurer must:

- Cancel or nullify the transaction associated with that payment; *and*
- Send notification of the cancellation or nullification to the policyholder, agent, and lender(s), if applicable.

If the insurer receives a new valid payment, it must process the transaction based on the new premium receipt date. The insurer must determine the effective date of the transaction based on the new payment receipt date, subject to the effective date rules.

Note: A new Flood Insurance Application Form is required if the renewal effective date is changed.

2. Insufficient Payment

An insufficient payment is when the insurer receives a payment less than the amount shown on the bill, resulting in an underpayment. The insurer must send an underpayment notice for the additional premium.

- If the insurer receives the additional premium within 30 days of the underpayment notice, the policy will renew at the original requested amount.
- If the insurer does not receive the additional premium within 30 days of the underpayment notice, then the insurer must reduce the coverage to the amount that the premium received will purchase.

For more information, see the [Reformation Due to Insufficient Premium or Rating Information](#) heading in Section 2: Before You Start.

D. Determine the Renewal Effective Date

The date the insurer receives the premium will determine the renewal effective date, except for payments sent by certified mail. See Table 3 for more information on certified mail and use **Table 4** to determine the renewal effective date.

Table 4. Determine the Renewal Effective Date

RECEIPT DATE	RENEWAL DATE	EXAMPLE
<i>Within 30 days of the policy expiration date</i>	The insurer renews the policy with the same effective date and policy number as the previous term without a lapse in coverage. ¹	If the policy expires on May 1 and the insurer receives payment before May 30, then the effective date of the policy is May 1.
<i>On or after 30 days following the policy expiration date</i>	Due to the lapse in coverage, the insurer cannot renew the expired policy. The insurer must receive a new Application Form with payment after validating the rate. The standard 30-day waiting period will apply; the lapse may affect policy rating.	If the policy expires on May 1 and the insurer receives payment on June 15, the insurer must require a new Application Form with the full annual premium and apply the 30-day waiting period.

Note: If the last day of the grace period falls on a Saturday, Sunday, or holiday, the deadline does not extend to the next business day.

Upon receipt of the total amount due, the insurer must send the policy declarations page to the policyholder and all parties listed on the policy.

III. Additional Information

A. Renewal by Application or Recertification Questionnaire

If the insurer does not have all the updated policy information required to calculate the renewal premium, it may not generate a Renewal Notice until it obtains the information through an Application Form or Recertification Questionnaire submitted by the agent.²

No less than 45 days before policy expiration, the insurer must notify any lender listed on the declarations page of the requirement for renewal by use of an Application Form

1. 44 CFR Part 61, Appendix A(1)-(3), VII.E.2
 2. 44 CFR Part 61, Appendix A(1)-(2), VII.E.4; 44 CFR Part 61, Appendix A(3), VII.E.3.c

5. How to Renew

or Recertification Questionnaire. On the expiration date, the insurer must send the Final Notice to the payor and all parties listed on the prior policy declarations page.

Examples of situations that may require an Application Form or Recertification Questionnaire include, but are not limited to:

- FEMA re-underwriting requirements resulting from an audit, quality review, or program changes.
- Substantial improvement of the building.
- New additions or extensions to the building (even when not a substantial improvement).
- The building was under construction during the previous policy term.
- Need for a rating correction discovered by the insurer during an internal quality review.
- An incorrect geolocation or flood zone (see related guidance under the [Exception When Reforming a Policy Due to an Incorrect Geolocation or Flood Zone](#) heading in Section 2: Before You Start).

B. Nonrenewal

The insurer may not renew a policy for an ineligible risk.

If a property becomes ineligible for coverage during a policy term, the insurer may not generate a Renewal Notice or renew the policy. Examples of such situations include, but are not limited to:

- The NFIP suspended the community in which the building is located.
- A state or local authority declared the property in violation of its floodplain management regulations (a Section 1316 property).
- A structure that no longer meets NFIP eligibility requirements (see the [Building Eligibility](#) heading in Section 2: Before You Start).

On the expiration date, the insurer must notify all parties listed on the prior policy declarations page of the non-renewal by sending a Final Notice.

If the insurer discovers that the property was not eligible for coverage at time of application, see [Reason Code 06](#) in Section 6: How to Cancel for additional guidance.

Note: A policy may not renew with provisional rates. FEMA highly recommends that the insurer endorse the policy to a rating engine rate within 60 days of the Application Form submission.

C. Coverage Changes During the Renewal Cycle

The Renewal Notice the insurer sent might not reflect endorsement requests received close to the expiration date (for example, a request to add or increase coverage received within 75 days of the policy expiration date). When an insurer receives a request for a coverage endorsement close to renewal, it should submit the policy number and the requested changes to FEMA. FEMA will provide updated quotes for the renewal coverage options.

1. Adding or Increasing Coverage at Renewal

If the insurer receives a request to add or increase coverage after sending a Renewal Notice and more than 30 days before the current policy expiration date:

- The insurer shall issue a revised Renewal Notice; *and*

5. How to Renew

- If the insurer receives the total amount due for the added or increased coverage before the end of the 30-day grace period following the policy expiration date, the added or increased coverage becomes effective at 12:01 a.m. on the policy renewal date.

If the insurer receives a request to add or increase coverage less than 30 days before the current policy expiration date, the following rules apply:

- If the endorsement request is to increase coverage to an amount less than Option B and the insurer receives the additional premium for the increased coverage before the end of the 30-day grace period following the policy expiration date, the increased coverage becomes effective at 12:01 a.m. on the policy renewal date.
- If the endorsement request is to add coverage or increase coverage to an amount greater than Option B, the insurer must issue the renewal policy without the added coverage or using the Option B coverage amounts, as applicable, and then endorse the policy with the requested coverage subject to the appropriate waiting period. See the [Adding or Increasing Coverage](#) heading in Section 4: How to Endorse for additional information.

Note: Any coverage increase, including Option B, is exempt from the annual increase cap.

2. Reducing Coverage on a Future Renewal Effective Date

If the insurer receives a request to reduce coverage on a policy that renewed with a future effective date and it receives the request before the effective date, the insurer may reduce coverage effective on the policy renewal date. See the [Reducing Coverage](#) heading in Section 4: How to Endorse for further guidance.

3. Other Premium-Bearing Endorsements at Renewal

If the insurer receives a request to update other premium-bearing changes at renewal, the insurer must send the policy number, along with any changes to policy information, to FEMA. FEMA will provide the new renewal premium due for the policy term. If the policy has renewed, see Section 4: How to Endorse for further guidance.

D. Transfer of Business at Renewal

A transfer of business occurs when either:

- A policyholder or agent moves any or all of their existing business from one insurer to another; *or*
- A WYO company moves all of its existing business to another WYO company or to the NFIP Direct.

For more information on transfer of business, including when this occurs at renewal, see the [Assignment and Transfer of Business](#) heading in Section 2: Before You Start.

6. How to Cancel

Under certain circumstances, NFIP insurers may cancel flood insurance policies through the remainder of a policy's term or for the entire term. NFIP insurers may also nullify or void a policy through the policy's entire term, where eligible. This section describes the procedures for canceling, nullifying, or voiding a policy and whether the policyholder is entitled to a full, partial, or no refund.

I. General Information

- To cancel or nullify (void) a policy, a completed cancellation/nullification or similar request with proper documentation must be submitted to the insurer.
- The receipt date of the cancellation or nullification request is the date the insurer receives the request with the proper documentation. If additional documentation is required by the insurer, it must be received within 60 days of the insurer's notification in order to retain the original receipt date. If received more than 60 days after the notification, then the receipt date will be the date the additional documentation was received.
- Unless otherwise specified within the reason code description, a policy may be canceled for up to 5 years prior to the receipt date of the cancellation request, if applicable. Insurers must include any lapse in coverage when determining the number of years allowed for a refund as a lapse in coverage does not extend the number of policy terms allowed.
- If there is an open claim on a policy, then the policy cannot be canceled.
- If there is a closed paid claim on a policy term, then that policy term cannot be canceled, except under reason codes 1, 2, 3, 4, 10, and 21 which allow cancellation after the loss date.
- If there is a claim closed without payment on a policy term, the policy term can be canceled.
- After processing a cancellation or nullification request, the insurer must provide the policyholder and all interested parties with a notice advising of the cancellation or nullification. Interested parties include any additional policyholders, additional lenders, loss payees, trustees, or disaster assistance agencies.

Note: A copy of the Flood Insurance Cancellation/Nullification Request Form is in Appendix B: Forms.

II. Valid Cancellation Reason Codes

The tables that follow provide the valid reason codes for canceling or nullifying an NFIP policy, with specific conditions applicable to each. **Table 1** shows how the valid reason codes are grouped by topic rather than numerical order.

Table 1: Valid Cancellation Reason Codes

TOPIC	REASON CODES
A. No Insurable Interest	01 – Building sold, removed, or destroyed 02 – Contents sold, removed, or destroyed 07 – Property closing did not occur

Table 1: Valid Cancellation Reason Codes *continued*

TOPIC	REASON CODES
B. Establish a Common Expiration Date	03 – Policy canceled and rewritten to establish a common expiration date with other insurance coverage for the same building
C. Duplicate Coverage	04 – Duplicate NFIP policies 10 – Condominium unit or association policy converting to RCBAP 26 – Duplicate policy from a source other than NFIP
D. Not Eligible for Coverage	06 – Property not eligible for coverage at time of application 27 – Property becomes ineligible for coverage during policy term 29 – Building physically altered and no longer eligible for NFIP coverage
E. Lender No Longer Requires Insurance	28 – Insurance no longer required by lender
F. Invalid Payment or Fraud	05 – Invalid payment 23 – Fraud or Misrepresentation 30 – Insufficient premium to retain coverage
G. Other Reason Codes	13 – Nullification prior to policy effective date 20 – SRL written with incorrect insurer 21 – Continuous lake flooding or closed basin lakes 22 – Cancel and rewrite due to administrative error

For specific guidance on each reason code please see the tables below.

Note: Over time FEMA has retired some reason codes.

A. No Insurable Interest

Reason Code 01	Building sold, removed, or destroyed ¹
Conditions	<p>The insurer may cancel the policy if the policyholder had an insurable interest in the insured property during the policy term, but no longer has an insurable interest. For example:</p> <ul style="list-style-type: none"> • The policyholder sold or transferred ownership of the insured building and no longer has an insurable interest in the insured building. • Relocation or destruction of the insured building. • The builder or developer requests to cancel a policy mid-term because ownership transferred to a newly-created condominium association and the association purchased a policy under its name. • The lienholder foreclosed on the building.
Cancellation Effective Date	The date the policyholder ceased to have an insurable interest in the building. Examples include the date of the sale of the building or the date the policyholder removed the building from the described location.

1. 44 CFR Part 61, Appendix A(1)-(3), VIII.D.2; 44 CFR § 62.5(b)

6. How To Cancel

Reason Code 01	Building sold, removed, or destroyed ¹
Policy Terms Eligible for Refund	The term the policyholder ceased to have an insurable interest and subsequent renewed policy terms but no more than 5 years prior to the date of the cancellation request.
Type of Refund	A pro-rata premium refund excluding the Federal Policy Fee and Probation Surcharge is applied to the policy term canceled. For any subsequent renewed terms eligible for refund, full premium refunds including surcharges and fees apply.
Required Documentation	Evidence of the sale, transfer, removal, or destruction of the building, such as: <ul style="list-style-type: none"> • Bill of sale; • Settlement statement; • Closing disclosure statement; • Proof of removal; • Proof of destruction; • Court documentation for foreclosed buildings; or • Legal documents showing the transfer of ownership upon the death of the policyholder.

Reason Code 02	Contents sold, removed, or destroyed ²
Conditions	The insurer may cancel a contents-only policy if the policyholder had an insurable interest in the insured property during the policy term, but no longer has an insurable interest. For example: <ul style="list-style-type: none"> • The policyholder sold or transferred ownership of the insured contents. • The contents were completely removed or relocated from the described location. • The contents were destroyed by any peril. • The policyholder is deceased.
Cancellation Effective Date	The date the policyholder ceased to have an insurable interest in the contents at the described location, or the removal date of the contents from the described location.
Policy Terms Eligible for Refund	The term the policyholder ceased to have an insurable interest and subsequent renewed policy terms but no more than 5 years prior to the date of the cancellation request.
Type of Refund	A pro-rata premium refund excluding the Federal Policy Fee and Probation Surcharge is applied to the policy term canceled. For any subsequent renewed terms eligible for refund, full premium refunds including surcharges and fees apply.
Required Documentation	Evidence of contents sold, removed, or destroyed such as: <ul style="list-style-type: none"> • Bill of sale; • Inventory record; • Proof of destruction; • In the case of residential contents, a signed statement from the policyholder or a policyholder's representative; or • Death of the policyholder.

2. 44 CFR Part 61, Appendix A(1)-(3), VIII.D.2; 44 CFR § 62.5(b)

6. How To Cancel

Reason Code 07	Property closing did not occur ³
Conditions	<p>The insurer may nullify (void) a policy when the policyholder never had an insurable interest in the property listed on the Flood Insurance Application Form because the property closing did not occur. This typically occurs when:</p> <ul style="list-style-type: none"> • The anticipated transfer of the property (typically, but not always, a loan closing) does not take place.
Cancellation Effective Date	The policy will be nullified from the beginning of the policy term.
Policy Terms Eligible for Refund	Current policy term.
Type of Refund	Full premium refund including fees and surcharges, less any claim payments made during the nullified policy term.
Required Documentation	A signed cancellation request or a signed statement from the policyholder that the closing did not occur. See the sample verification letter in Appendix I: Policyholder Communications.

B. Establish a Common Expiration Date

Reason Code 03	Policy canceled and rewritten to establish a common expiration date with other insurance coverage for the same building ⁴
Conditions	<p>The insurer may cancel and rewrite an NFIP policy with building coverage to establish a common expiration date with other insurance coverage if:</p> <ul style="list-style-type: none"> • The other insurance coverage is for building coverage on the same building insured by the existing NFIP policy being canceled and rewritten; • The agent submits a new Application Form and premium; • The insurer remains the same for the new NFIP policy with the same or higher amounts of coverage; <i>and</i> • The coverage for the new policy is effective before canceling the existing policy. <p>Note: The new policy is not subject to a waiting period. However, coverage beyond the limits of the canceled policy will be subject to a 30-day waiting period.</p>
Cancellation Effective Date	The cancellation effective date is the effective date of the new flood policy.
Policy Terms Eligible for Refund	Current policy term.
Type of Refund	Pro-rated premium refund calculated from the effective date of the new policy to the end date of the previous policy, including ICC premium, and Reserve Fund Assessment, but not the HFIAA Surcharge Federal Policy Fee or Probation Surcharge.
Required Documentation	<ul style="list-style-type: none"> • A copy of the new flood policy declarations page; <i>and</i> • A copy of the other insurance policy declarations page. <p>Note: These pages must show the building address and policy effective dates.</p>

3. 44 CFR Part 61, Appendix A(1)-(3), VIII.B.1.c

4. 44 CFR Part 61, Appendix A(1)-(3), VIII.C; 44 CFR § 62.5(d)

C. Duplicate Coverage

Reason Code 04	Duplicate NFIP policies ⁵
Conditions	<p>Duplicate Policies with Same Policyholder</p> <p>If the same policyholder has more than one policy covering the same building, contents, or both, then the insurer must cancel the policy with the later effective date. The policy with the earlier effective date will continue.</p> <p>However, if both policies have the same policy effective date, the policyholder may choose which policy will remain in effect.</p> <p>Notwithstanding the above, the insurer may cancel the policy with the earlier effective date for one of the following reasons:</p> <ul style="list-style-type: none"> • Cancellation of the earlier policy to establish a common expiration date with other insurance coverage for the same building (see Reason Code 03). • Cancellation of a Dwelling Form policy with only building coverage on a residential condominium unit that is also insured by a Residential Condominium Building Association Policy (RCBAP) on the building that was issued at the maximum limit for building coverage (see Reason Code 10). • The policy with the earlier effective date expired more than 30 days before the cancellation request. • The policy with the earlier effective date is a Group Flood Insurance Policy (GFIP) and the policy with the later effective date is a regular SFIP. <p>Duplicate Policies with Different Policyholders</p> <p>If different policyholders have more than one policy covering the same building, the building owner must choose which policy to keep and the building owner must be named as a policyholder. For example, if a tenant purchased building coverage, the insurer must either remove the building coverage from the policy, endorse the policy to add the building owner as a policyholder, or cancel the policy.</p>
Cancellation Effective Date	<p>Consistent with the guidance above, the cancellation effective date will be either:</p> <ul style="list-style-type: none"> • If the duplicate policies have the same effective date, then the effective date of the policy the insured chooses to cancel; or • If the duplicate policies have different effective dates, then the effective date of the later policy. <p>Note: If the premiums for the two policies differ, the insurer must verify that the rating of the policy that will remain in effect is correct.</p>
Policy Terms Eligible for Refund	<p>The policy term the duplicate coverage began and subsequent renewed policy terms but no more than 5 years prior to the date of the cancellation request.</p>
Type of Refund	<p>If a duplicate policy with same effective date or later effective date is canceled, then a full premium refund including surcharges and fees applies to the policy term canceled and any subsequent renewed terms.</p> <ul style="list-style-type: none"> • If an exception to allow cancellation of the earlier policy applies, then a pro-rata premium refund excluding the Federal Policy Fee and Probation Surcharge is applied to the policy term canceled. For any subsequent renewed terms eligible for refund, full premium refunds including

5. 44 CFR Part 61, Appendix A(1)-(3), VIII.D.3; 44 CFR § 62.5(e)

6. How To Cancel

Reason Code 04	Duplicate NFIP policies ⁵
Type of Refund <i>continued</i>	<p>surcharges and fees apply. When the policy with the earlier effective date expired more than 30 days before the cancellation request:</p> <ul style="list-style-type: none"> - If the earlier policy was a Dwelling Form policy with only building coverage on a condominium unit canceled due to a duplicate RCBAP issued at the maximum limit for building coverage, then the refund provisions of Reason Code 10 apply. - If the earlier policy is canceled to establish a common expiration date with other insurance coverage for the same building, then the refund provisions of Reason Code 03 apply. - No refund of premium, surcharges, or fees applies to a canceled GFIP.
Required Documentation	Copies of the duplicate policies' declarations pages.
Reason Code 10	Condominium unit or association policy converting to RCBAP ⁶
Conditions	<p>An insurer may cancel a Dwelling Form policy for a residential condominium unit (whether the unit owner is a policyholder or the condominium association) if:</p> <ul style="list-style-type: none"> • The Dwelling Form policy has only building coverage and is replaced by an RCBAP; <i>and</i> • The combined limits of the Dwelling Form policy and the RCBAP exceed either: <ul style="list-style-type: none"> - The maximum amount of building coverage available for the individual unit; <i>or</i> - The building replacement cost value of the unit.
Cancellation Effective Date	The cancellation effective date is the effective date of the RCBAP.
Policy Terms Eligible for Refund	The term the RCBAP coverage became effective in and subsequent renewed policy terms but no more than 5 years prior to the date of the cancellation request.
Type of Refund	A pro-rata premium refund excluding the Federal Policy Fee and Probation Surcharge is applied to the policy term canceled. For any subsequent renewed terms eligible for refund, full premium refunds including surcharges and fees apply.
Required Documentation	<ul style="list-style-type: none"> • A copy of the RCBAP declarations page; <i>and</i> • Documentation showing the replacement cost value of the unit, if applicable.

6. 44 CFR Part 61, Appendix A(1)-(3), VIII.C & VIII.D.3; 44 CFR § 62.5(e)(2)(v)

6. How To Cancel

Reason Code 26	Duplicate policy from source other than NFIP ⁷
Conditions	<p>An NFIP insurer may cancel a policy if:</p> <ul style="list-style-type: none"> • The policy was replaced by a non-NFIP flood insurance policy; <i>and</i> • The policyholder did not intend to purchase or renew the NFIP policy because they purchased a duplicate non-NFIP flood insurance policy; <i>and</i> • The request was submitted within 60 days of the NFIP policy becoming effective. <p>The NFIP will presume that a policyholder did not intend to renew their policy if they purchased a duplicate non-NFIP policy on or before the NFIP policy's purchase or renewal date.</p> <p>If the policyholder requested to cancel or not renew the NFIP policy before the NFIP policy effective date, see Reason Code 13 "Nullification prior to the effective date."</p> <p>Note: FEMA must review and approve all other requests under this reason code that do not meet the above conditions. These requests with supporting documentation can be emailed to NFIPUnderwritingmailbox@fema.dhs.gov with an explanation of the circumstances.</p>
Cancellation Effective Date	The effective date of the NFIP policy (nullified).
Policy Terms Eligible for Refund	Current policy term.
Type of Refund	Full premium refund, including fees and surcharges.
Required Documentation	Evidence of a valid duplicate non-NFIP flood insurance policy, such as a declarations page or copy of the Application Form and paid receipt

D. Not Eligible for Coverage

Reason Code 06	Property not eligible for coverage ⁸
Conditions	<p>An insurer issues a policy for an ineligible property. See the Standard Flood Insurance Policy (SFIP) and Eligibility for NFIP Coverage heading in Section 2: Before You Start for guidance on properties not eligible for coverage.</p> <p>Examples of a property not eligible at the time of application include:</p> <ul style="list-style-type: none"> • Structures that do not meet the definition of a building. • Contents not located in an eligible building. • Policies issued under an incorrect community number for buildings not located in an NFIP participating community. • Buildings located in a Coastal Barrier Resources System (CBRS). • Buildings declared in violation of local floodplain management requirements pursuant to section 1316 of the NFIA before purchase of the flood insurance policy.
Cancellation Effective Date	The insurer must nullify (void) the policy from its initial effective date.

7. 44 CFR Part 61, Appendix A(1)-(3), VIII.C

8. 44 CFR Part 61, Appendix A(1)-(3), VIII.B.1&2; 44 CFR § 62.5(a)(1)

6. How To Cancel

Reason Code 06	Property not eligible for coverage ⁸
Policy Terms Eligible for Refund	All policy terms since the date of commencement of the policy, but no more than 5 years prior to the date of receipt of verifiable evidence that the property was ineligible for coverage at the time of the initial application.
Type of Refund	<p>A full premium refund including fees and surcharges, less the amount of any claims paid during the nullified policy terms.</p> <p>If the policy has any paid claims and the policyholder does not return the claim payment(s), the insurer must verify the loss history of the property with FEMA (NFIPUnderwritingMailbox@fema.dhs.gov) before issuing refunds for more than two policy terms:</p> <ul style="list-style-type: none"> • If the premium refund is greater than the amount of any paid claims, the net refund paid to the policyholder is the difference between the premium refund and the amount of the paid claims. • If the premium refund is less than the amount of any paid claims, the insurer must reimburse FEMA for the difference between the premium refund amount and the paid claims.
Required Documentation	<p>A cancellation request that identifies the basis for ineligibility and the date the property became ineligible, with supporting documentation.</p> <p>Examples of supporting documentation that may demonstrate ineligibility include:</p> <ul style="list-style-type: none"> • Property tax records • A Section 1316 declaration (floodplain management violation) • Coastal Barrier Resources Act (CBRA) determination • Photographs
Reason Code 27	Property becomes ineligible for coverage during policy term ⁹
Conditions	<p>A property eligible for coverage at time of application becomes ineligible during the policy term. See the Standard Flood Insurance Policy (SFIP) and Eligibility for NFIP Coverage heading in Section 2: Before You Start for guidance on properties not eligible for coverage.</p> <p>Examples of a property eligible at the time of application but later ineligible include:</p> <ul style="list-style-type: none"> • Buildings declared in violation of local floodplain management requirements pursuant to section 1316 of the NFIA prior to renewal of the flood insurance policy. • Buildings located in an NFIP participating community suspended after the issuance of the flood policy. • Annexation of the property to a non-participating community after issuance of the flood policy. <p>Note: This reason code does not cover a building physically altered such that it is no longer eligible for NFIP coverage. See Reason Code 29.</p>
Cancellation Effective Date	The insurer may not renew the policy. If the policy has renewed, the insurer must nullify (void) the policy from the first renewal date after the property became ineligible.

9. 44 CFR § 62.5(a)(2)

6. How To Cancel

Reason Code 27		Property becomes ineligible for coverage during policy term⁹
Policy Terms Eligible for Refund	All policy terms since the first renewal date after the property became ineligible, but no more than 5 years before the date of receipt of verifiable evidence that the property was eligible for coverage at the time of the initial application, but later became ineligible for coverage.	
Type of Refund	<p>A full premium refund including fees and surcharges, less the amount of any claims paid during the nullified policy terms.</p> <p>If the policy has any paid claims and the policyholder does not return the claim payment(s), the insurer must verify the loss history of the property with FEMA by sending the request to NFIPUnderwritingMailbox@fema.dhs.gov before issuing refunds for more than two policy terms:</p> <ul style="list-style-type: none"> • If the premium refund is greater than the amount of any paid claims, the net refund paid to the policyholder is the difference between the premium refund and the amount of the paid claims. • If the premium refund is less than the amount of any paid claims, the insurer must reimburse FEMA for the difference between the premium refund amount and the paid claims. 	
Required Documentation	<p>Identification of the basis for ineligibility and the date the property became ineligible, with supporting documentation.</p> <p>Examples of supporting documentation that may demonstrate ineligibility include:</p> <ul style="list-style-type: none"> • Property tax records • A Section 1316 declaration (floodplain management violation) • Coastal Barrier Resources Act (CBRA) determination • Photographs 	
Reason Code 29		Building physically altered and no longer eligible for NFIP coverage¹⁰
Conditions	A policy insuring a building or its contents, or both, where the building has been physically altered in such a manner that the building and its contents are no longer eligible for flood insurance coverage. (For example, the policyholder removes a mobile home from a permanent foundation and places it on wheels.)	
Cancellation Effective Date	The date the building became ineligible for coverage.	
Policy Terms Eligible for Refund	Current policy term.	
Type of Refund	A pro-rata premium refund excluding the HFIAA Surcharge, Federal Policy Fee and Probation Surcharge.	
Required Documentation	Documentation verifying the building's ineligibility for NFIP coverage, such as photographs.	

10. 44 CFR Part 61, Appendix A(1)-(3), VIII.D.4; 44 CFR § 62.5(f)(3)

E. Lender No Longer Requires Insurance

Reason Code 28	Insurance no longer required by lender ¹¹
Conditions	<p>The policyholder was subject to a requirement by a lender, loss payee, or other federal agency to obtain and maintain flood insurance pursuant to statute, regulation, or contract, but there is no longer such a requirement.</p> <p>Examples of such situations include but are not limited to:</p> <ul style="list-style-type: none"> • Required for a loan closing, but it was later discovered that the building was not located in an SFHA at the time of closing. • Required because a building was located in an SFHA but FEMA issued a map revision, Letter of Determination Review (LODR), Letter of Map Revision (LOMR), or Letter of Map Amendment (LOMA) that removed the building from the SFHA. • Required because a building was located in an SFHA but FEMA issued a LODR indicating the building is not located in an SFHA. • Determined that flood insurance is no longer required for a structure on a residential property that is detached from the primary residential structure and not itself a residence. • Required as part of a loan closing and the borrower has paid off the mortgage loan. <p>Note: Lenders have discretion to impose flood insurance requirements beyond the mandatory purchase requirement. For example, they may require flood insurance outside of SFHAs. Therefore, insurers may use this cancellation reason even for properties not located in SFHAs, if the lender no longer requires the policy.</p>
Cancellation Effective Date	The date the insurer receives the request.
Policy Terms Eligible for Refund	Current policy term.
Type of Refund	A pro-rata premium refund excluding the HFIAA Surcharge, Federal Policy Fee and Probation Surcharge applies to the policy term canceled. For any subsequent renewed terms eligible for refund, full premium refunds including surcharges and fees apply.
Required Documentation	In lieu of a signed cancellation request, a signed statement from the policyholder that the lender no longer requires a flood policy. See the sample verification letter regarding the requirement to maintain flood insurance coverage in Appendix I: Policyholder Communications.

F. Invalid Payment or Fraud

Reason Code 05	Invalid payment ¹²
Conditions	<p>Valid reasons to nullify (void) the policy for an invalid payment include:</p> <ul style="list-style-type: none"> • A policyholder's check payment to the agent or insurer is returned for non-sufficient funds or rejected. • A policyholder's electronic payment to the agent or insurer is rejected or disputed. <p>Note: Reason Code 05 is not valid if an agent advances insurance agency funds without first receiving payment from the policyholder.</p>

11. 44 CFR Part 61, Appendix A(1)-(3), VIII.C; 44 CFR § 62.5(c)

12. 44 CFR Part 61, Appendix A(1)-(3), VIII.B.1.d

6. How To Cancel

Reason Code 05 Invalid payment¹²	
Cancellation Effective Date	The policy is nullified as of the effective date of the policy.
Policy Terms Eligible for Refund	Current policy term. However, if a claim was paid for a policy that is void, the policyholder must return the claim payment to FEMA, or the insurer must offset the amount of the claim payment from the premiums to be refunded, before the insurer will process the refund.
Type of Refund	<p>When invalid payment is presented to the agent:</p> <ul style="list-style-type: none"> The insurer must provide a full refund to the agent, including all fees and surcharges, for returned or rejected policyholder payments to the agent. <p>When invalid payment is presented to the insurer:</p> <ul style="list-style-type: none"> There is no refund for returned or rejected payments paid by the policyholder directly to the insurer.
Required Documentation	The notice of returned or rejected payment.

Reason Code 23 Fraud or Misrepresentation¹³	
Conditions	<ul style="list-style-type: none"> NFIP insurers must cancel a policy for fraud committed by the policyholder or the agent. NFIP insurers may cancel a policy for misrepresentation of a material fact by the policyholder or agent.
Cancellation Effective Date	The date of the fraudulent act or material misrepresentation of fact.
Policy Terms Eligible for Refund	N/A
Type of Refund	<ul style="list-style-type: none"> The policyholder is not eligible for a refund of any premiums, fees, or surcharges. If the agent did not commit or participate in the fraud or misrepresentation, there is no reduction to the insurer's expense allowance.
Required Documentation	Notification from FEMA that the situation qualifies for cancellation under this reason code.

Reason Code 30 Insufficient premium to retain coverage¹⁴	
Conditions	<p>Consistent with the reformation procedures described under the Reformation Due to Insufficient Premium or Rating Information heading in Section 2: Before You Start, an insurer may cancel a policy if:</p> <ul style="list-style-type: none"> The premium the insurer received for the policy, after deducting the costs of all applicable fees and surcharges, is insufficient to buy any amount of coverage; <i>and</i>

13. 44 CFR Part 61, Appendix A(1)-(3), VIII.A; 44 CFR § 62.5(f)(1)

14. 44 CFR Part 61, Appendix A(1)-(3), VIII.D.1

6. How To Cancel

Reason Code 30	Insufficient premium to retain coverage ¹⁴
Conditions <i>continued</i>	<ul style="list-style-type: none"> The policyholder does not pay the additional amount of premium owed to increase coverage to the originally requested amount or to a lesser amount within 30 days of the underpayment notice. <p>Note: This cancellation code does not apply in the case of an incorrect geolocation or flood zone, due to the exception to general reformation rules described in Section 2: Before You Start. For the portion of the policy term before the date the insurer discovered the incorrect geolocation or flood zone (the “date of discovery”), the policyholder receives the originally requested coverage amount without paying additional premium (or providing additional rating information, if insufficient). Therefore, the insurer cannot cancel the policy.</p>
Cancellation Effective Date	The policy effective date.
Policy Terms Eligible for Refund	The term when the insurer discovered the premium was insufficient and, if the policy renewed before reformation occurred, the subsequent renewal term.
Type of Refund	A full premium refund, including fees and surcharges, will apply to the current policy term and subsequent renewal terms if the policy renewed. However, if a claim was paid before discovery of the insufficient premium, the insurer must contact FEMA for additional underwriting and claims guidance.
Required Documentation	A copy of the underpayment letter sent due to reformation of the policy, along with documentation showing the original amount of coverage and premium paid.

G. Other Reason Codes

Reason Code 13	Nullification prior to policy effective date ¹⁵
Conditions	<ul style="list-style-type: none"> The policyholder paid the premium for a policy renewal or a new policy; <i>and</i> Before the effective date of the new or renewal policy, the policyholder decided they do not want the policy to go into effect; <i>and</i> The property is not subject to a requirement to obtain and maintain flood insurance pursuant to any statute, regulation, or contract.
Cancellation Effective Date	The policy is nullified from the effective date of the policy term.
Policy Terms Eligible for Refund	Nullified policy term.
Type of Refund	Full premium refund, including fees and surcharges. However, if a claim was paid for the policy, the policyholder must return the claim payment to FEMA, or the insurer must offset the amount of the claim payment from the premiums to be refunded, before the insurer will process the refund.
Required Documentation	A signed statement from the policyholder to nullify the new or renewal policy and that the lender no longer requires flood insurance. See sample verification letter regarding the requirement to maintain flood insurance coverage in Appendix I: Policyholder Communications.

15. 44 CFR Part 61, Appendix A(1)-(3), VIII.B.1.e; 44 CFR § 62.5(a)(3)

6. How To Cancel

Reason Code 20	SRL written with incorrect insurer¹⁶
Conditions	A WYO company issues or renews a policy that FEMA requires to be serviced by the NFIP Direct's Special Direct Facility (SDF) because the policy covers a Severe Repetitive Loss (SRL) property.
Cancellation Effective Date	The cancellation effective date will be the effective date of the policy term when the property was designated as SRL.
Policy Terms Eligible for Refund	Current policy term.
Type of Refund	Full premium refund including fees and surcharges is sent to the SDF.
Required Documentation	Property address is identified as an SRL property on the FEMA Repetitive Loss list.

Reason Code 21	Continuous lake flooding or closed basin lakes
Conditions	<ul style="list-style-type: none"> • FEMA notification of a continuous lake flooding or closed basin lakes property. • The cancellation can be for only one term of a policy.
Cancellation Effective Date	Must be day after the date of loss.
Policy Terms Eligible for Refund	N/A
Type of Refund	No premium refund allowed.
Required Documentation	FEMA notification of a continuous lake flooding or closed basin lakes property.

Reason Code 22	Cancel and rewrite due to administrative error¹⁷
Conditions	<p>Provided there are no paid or pending claims for the applicable policy term(s), the insurer may cancel and rewrite a policy to correct an administrative error, including but not limited to:</p> <ul style="list-style-type: none"> • An incorrect policy effective date; • System constraints that prevent a legitimate correction; • A rating correction; or • Incorrect use of the Dwelling Form when the RCBAP Form was appropriate, or vice versa.
Cancellation Effective Date	The cancellation date and the rewritten policy's effective date must be the effective date of the policy term when the administrative error first occurred.
Policy Terms Eligible for Refund	In determining the number of policy years for refund eligibility, do not include terms that expired before a lapse in coverage.
Type of Refund	Full premium refund including fees and surcharges. The insurer will apply the refund to the newly rewritten policy and refund any excess premium, fees, surcharges, or assessments paid.
Required Documentation	Documentation of the administrative error.

16. 44 CFR § 62.5(f)(2)

17. 44 CFR § 62.5(f)(2)

III. Processing a Cancellation or Nullification Request

A. Signatures

The insurer may accept electronic submissions if their business process includes signature authentication and records receipt dates. Please see the [Electronic Signatures](#) heading in Section 2: Before You Start for more information.

1. Policyholder's Signature

In general, all policyholders must sign and date a cancellation or nullification request, except:

- All requests using reason codes 5, 6, 21, 22, 23, 27 and 30.
- Requests using reason code 1, if the building was foreclosed on and the lender is entitled to the refund.
- Requests using reason code 29, if the covered building that was eligible for coverage became ineligible midterm due to physical alteration of the building.
- Request using reason code 4, where the insurer created a duplicate policy.

2. Agent Signature

Agents must sign and date the cancellation or nullification request for all cancellation reason codes, except 6, 21, 22, 23, 27 and 30.

B. Premium Refunds

Insurers must process the return premium on policy terms for which they are the insurer of record.

If the premium refund is for more than two policy terms and the insurer is unable to process the additional terms within their system, then the insurer may submit the request and documentation for the additional terms to FEMA for processing. The documentation must include:

- A policy cancellation request and the premium refund calculation for each policy term.
- The insurer's statistical records or declarations pages for each policy term and evidence of premium payments.
- A completed Prior Term Refund (PTR) Worksheet.

Insurers may send requests and documentation to FEMA by email to: NFIPUnderwritingMailbox@fema.dhs.gov.

FEMA notifies the insurers of the premium refunded and the Expense Allowance due to the NFIP. The insurers must maintain this documentation as part of their underwriting files. FEMA will return rejected refund requests.

C. Cancellation Processing Outcomes

Reason Code	Signature Required Policyholder Agent, or Both	Premium Refund (Including ICC and Reserve Fund Assessment)		HFIAA Surcharge			Probation Surcharge		Federal Policy Fee		Producer Commission (Direct Business Only)		
		Full Refund	Pro-Rated	Full Refund	Pro-Rated	No Refund	Full Refund	No Refund	Full Refund	No Refund	Full Deduction	Pro-Rated	Retained
A. No Insurable Interest													
1	*		×		×			×		×		×	
2	Both		×		×			×		×		×	
7	Both	×		×			×		×		×		
B. Establish Common Expiration Date													
3	Both		×			×		×		×		×	
C. Duplicate Coverage													
4	*		×*		×*			×*		×*		×*	
10	Both		×		×			×		×		×	
26	Both	×		×			×		×		×		
D. Not Eligible for Coverage													
6	*	×		×			×		×		×		
27	*	×		×			×		×		×		
29	*		×			×		×		×		×	
E. Lender No Longer Requires Insurance													
28	Both		×			×		×		×		×	
F. Insufficient Premium or Fraud													
5	Agent	×		×			×		×		×		
23	*	NO REFUND OF PREMIUM, FEDERAL POLICY FEE, RESERVE FUND ASSESSMENT, OR HFIAA SURCHARGE ALLOWED											×
30	*	×		×			×		×		×		
G. Other Reason Codes													
13	Both	×		×			×		×		×		
20	Both	×		×			×		×		×		
21	*	NO REFUND OF PREMIUM, FEDERAL POLICY FEE, RESERVE FUND ASSESSMENT, OR HFIAA SURCHARGE ALLOWED											×
22	*	×		×			×		×		×		

* See the [Signatures](#) heading above.

×* See [Reason Code 04](#) description for when a full refund may apply.

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