

## NFIP October 1, 2009 Program Changes

NFIP Program changes have historically been released in the month of May, and therefore the upcoming October changes are extensive due to the NFIP's late release. ***NFS StoneRiver is fully prepared to implement these changes and insureds should not experience any delays in the processing of their renewals post October 1<sup>st</sup>.*** The following document provides a summary of the NFIP October 1<sup>st</sup>, 2009 Changes.

### **Premiums will increase an average of 8%. The extent of the rate increase varies by zone:**

**V Zones** - (coastal high-velocity zones) larger rate increases are being implemented again this year as a result of the Heinz Center's Erosion Zone Study, which clearly indicates that current rates significantly underestimate the increasing hazard from steadily eroding coastlines. Premiums will increase **10%**.

**A Zones** - (non-velocity zones, which are primarily river line zones)

- **Post-FIRM A1-A30 and AE Zones:** Premiums will increase **10%**.
- **Pre-FIRM AE Zones:** Premiums will increase **10%** to slightly decrease the amount of subsidy in our Pre-FIRM rate.
- **AO, AH, AOB and AHB Zones** (shallow flooding zones): Premiums will increase **8%**.
- **Unnumbered A Zones** (remote A Zones where elevations have not been determined): Premiums will increase **10%**.
- **A99 Zones** (approved flood mitigation projects, e.g., levees still in the course of construction) and AR Zones: Premiums will increase **10%**.

**X Zones** – (zones outside the Special Flood Hazard Area):

- **Standard Risk Policy:** Premiums will increase **10%**
- **Preferred Risk Policy:** Premiums will remain unchanged

### **Elimination of \$500 deductible for all policies**

- Increase of the standard deductible from \$500 to \$1,000 for all Post FIRM properties
- Increase of the Preferred Risk deductible from \$500 to \$1,000 for all properties
- Increase to the standard deductibles from \$1,000 to \$2,000 for Pre FIRM Special Flood Hazard Area
- **Note - Existing policies impacted by the deductible changes will be adjusted at the policy renewal date automatically to \$1000. Insured Renewal Notices will include communication informing insured.**

### **Increases to the Basic policy limits**

- **Building Limits** - Single Family and 2-4 from \$50,000 to \$60,000; Other Residential/Non-Residential from \$130,000 to \$150,000; RCBAP Low Rise from \$50,000 to \$60,000; High Rise from \$150,000 to \$175,000
- **Contents Limits** - Increase in the basic contents limits: Residential from \$20,000 to \$25,000; Non Residential from \$130,000 to \$150,000; RCBAP from \$20,000 to \$25,000

### **Presentment of Premium date requirements**

The requirements have been defined and clarify what constitutes premium paid at time of closing (i.e. lender's check, title company's check, or settlement attorney's check) and reinforces timely submission to honor effective dates. Check dates will be compared to the company received date when premium payment is not part of the closing.

## Application / Form Changes

Changes have been made to the flood forms requesting additional information:

- **Building Construction Date Source** – applications will request what date the date of construction provided is based on. The agent will select one of the following: Building Permit Date, Original Construction Date, or Substantial Improvement Date.
- **Building use type** – applications will request what the building is used for and the agent will select from one of the following: Main House/Building, Detached Guest House, Detached Garage, Agricultural Building, Warehouse, Pool house/Club house/or Other Recreational Building, or Other. If “Other” is selected the agent will be asked to enter a building use description.
- **Expansion of foundation types** – applications will reflect two new foundation types: crawlspace and crawlspace - subgrade on all sides. The rates now allow Pre FIRM new business with crawlspace and subgrade crawlspace to receive lower rates than previously afforded when rated as basements or enclosures. As these foundation types have not been recorded until now, existing policyholders may qualify for a lower premium effective October 1, 2009 and forward if we are notified that the foundation type is crawlspace or crawlspace subgrade on all sides. Additional documentation may be required.
- **Addition of new building diagrams:** Diagram 1A is used for slab on-grade buildings, Diagram 1B is used for raised slab-on-grade or slab-on-stem-wall with fill, and Diagram 9 is for all buildings other than split level elevated on sub-grade crawlspace.

## Grandfathering additions

Applications requesting grandfathering will require the following:

- Grandfathered type – is the property grandfathered based on built in compliance or continuous coverage (if continuous coverage the prior policy number will be required);
- The current flood zone, base flood elevation, map panel and suffix will be required in addition to the grandfathered flood zone and base flood elevation.
- New business declarations effective October 1<sup>st</sup> and forward will indicate if the structure is Grandfathered.

## Miscellaneous Program Changes

Buildings in an Unnumbered A Zone with a basement, enclosure, or crawlspace may use Post-FIRM rates if the rates are more favorable to the insured. ***NFS StoneRiver's rating program will provide the most favorable rate based on the information entered.***

Tentative Rates are now permitted for properties located in zones: A, AO, AH, and V

FEMA has issued a new Elevation Certificate and Non Residential Floodproofing Certificate forms. Use of these new forms will be mandatory as of April 1, 2010.

Leased Federal Properties identified by the U.S. Army Corps of Engineers must be rated with actuarial rates for new and renewal policies. Properties that are currently insured will be identified and notification will be provided requesting the underwriting documentation required to rate the policy. If the underwriting information is not received the policy will be tentatively rated. Leased Federal Properties represent less than 1% of the policies in force. Elevation Certificates will be required for all Leased Federal Properties.

Updates have been made to the Community Rating System and Eligible Communities as well as the list of approved communities for residential floodproofing with the addition of the rescission date to address communities that have lost their floodproofing eligibility. This will enable a property owner to continue to receive the benefit of the rate based on floodproofing if the floodproofing occurred while the community was approved. Currently, the City of North Bend, Nebraska, is the only community that has lost approval for residential basement floodproofing rating credit.

**For more information regarding the NFIP October 1<sup>st</sup> Program Changes, [“Click Here”](#) to visit the NFIP BureauNet site.**