U.S. Department of Homeland Security
500 C Street SW
Washington, DC 20472

FEMA

July 2007

Dear *Flood Insurance Manual* Subscribers:

As we move forward to improve the National Flood Insurance Program (NFIP), it is my goal to ensure that you have up-to-date information so you can assist your customers in securing the best flood insurance protection available for their individual needs. Revisions have been made to the NFIP *Flood Insurance Manual* that will become effective October 1, 2007. All of the changes are reflected on the enclosed amended pages, and related footers have been modified to reflect the October 1, 2007, effective date. The significant revisions include the following:

- Clarifies information about a tenant's improvements and betterments to a leased building and how a tenant may purchase additional coverage (GR Section);
- Explains the contract agent rule, under the terms of the contract between a WYO Company and a producer govern the producer's authority to accept risks on behalf of the company and, for accepted risks, the policy waiting period and effective date of coverage (GR Section); and
- For the Residential Condominium Building Association Policy, provides separate explanations of replacement cost provisions and coinsurance provisions, in place of the former combined explanation (CONDO Section).

Thank you for your continued support of the NFIP.

Sincerely,

David I. Maurstad
Federal Insurance Administrator
National Flood Insurance Program

Enclosure

Change Record Page
Effective Date: October 1, 2007

Updates to the Producer's Editions of the NFIP *Flood Insurance Manual* are distributed semiannually. Each change is highlighted by a vertical bar in the margin of the page. The effective date of each page is shown in the bottom right corner. Pages bearing the new effective date but no change bar simply indicate that text has shifted from one page to another.

Please keep this Change Record Page in your manual for reference.

Remove	Insert
i-iv	i-iv
GR 3-4, 7-8, 11-13	GR 3-4, 7-8, 11-13
APP 3-6	APP 3-6
RATE 15-16	RATE 15-16
CONDO 1-2, 7-8	CONDO 1-2, 7-8
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3. Scheduled Building Policy

The Scheduled Building Policy is available to cover 2 to 10 buildings. The policy requires a specific amount of insurance to be designated for each building. To qualify, all buildings must have the same ownership and the same location. The properties on which the buildings are located must be contiguous.

4. Group Flood Insurance

Group Flood Insurance is issued by the NFIP Direct Program in response to a Presidential disaster declaration. Disaster assistance applicants, in exchange for a modest premium, receive a minimum amount of building and/or contents coverage for a 3-year policy period. An applicant may cancel the group policy at any time and secure a regular Standard Flood Insurance Policy through the NFIP.

III. BUILDING PROPERTY ELIGIBILITY

A. Eligible Buildings

Insurance may be written only on a structure with two or more outside rigid walls and a fully secured roof that is affixed to a permanent site. Buildings must resist flotation, collapse, and lateral movement. At least 51 percent of the actual cash value of buildings, including machinery and equipment, which are a part of the buildings, must be above ground level, unless the lowest level is at or above the Base Flood Elevation (BFE) and is below ground by reason of earth having been used as insulation material in conjunction with energy-efficient building techniques.

1. Appurtenant Structures

The only appurtenant structure covered by the SFIP is a detached garage at the described location, which is covered under the Dwelling Form. Coverage is limited to no more than 10 percent of the limit of liability on the dwelling. Use of this insurance is at the policyholder's option but reduces the building limit of liability. The SFIP does not cover any detached garage used or held for use for residential (i.e., dwelling), business, or farming purposes.

2. Manufactured (Mobile) Homes/Travel Trailers

Eligible buildings also include:

- A *manufactured home* (a "manufactured home," also known as a mobile home, is a structure built on a permanent chassis, transported to its site in one or more sections, and affixed to a permanent foundation); or
- A *travel trailer* without wheels, built on a chassis and affixed to a permanent foundation, that is regulated under the community's floodplain management and building ordinances or laws.

NOTE: All references in this manual to manufactured (mobile) homes include travel trailers without wheels.

a. Manufactured (Mobile) Homes - New Policies Effective on or After October 1, 1982

To be insurable under the NFIP, a mobile home:

- Must be affixed to a permanent foundation. A permanent foundation for a manufactured (mobile) home may be poured masonry slab or foundation walls, or may be piers or block supports, either of which support the mobile home so that no weight is supported by the wheels and axles of the mobile home.
- Must be anchored if located in a Special Flood Hazard area. For flood insurance coverage, all new policies and subsequent renewals of those policies must be based upon the specific anchoring requirements identified below:

  A manufactured (mobile) home located within a Special Flood Hazard Area must be anchored to a permanent foundation to resist flotation, collapse, or lateral movement by providing over-the-top or frame ties to ground anchors; or in accordance with manufacturer's specifications; or in compliance with the community's floodplain management requirements.

b. Manufactured (Mobile) Homes - Continuously Insured Since September 30, 1982

All manufactured (mobile) homes on a foundation continuously insured since September 30, 1982, can be renewed under the previously existing requirements if affixed to a permanent foundation.

Manufactured (mobile) homes in compliance with the foundation and anchoring requirements at the time of placement may continue to be renewed under these requirements even though the requirements are more stringent at a later date.

To be adequately anchored, the manufactured (mobile) home is attached to the foundation support system, which in turn is established (stabilized) into the ground, sufficiently to resist flotation, collapse, and lateral movement caused by flood forces, including wind forces in coastal areas.

3. Silos and Grain Storage Buildings

4. Cisterns

5. Buildings Entirely Over Water - Constructed or Substantially Improved Before October 1, 1982

   Follow "submit for rate" instructions in the Rating section for insurance on Post-FIRM buildings located entirely in, on, or over water or seaward of mean high tide for these buildings. Pre-FIRM buildings constructed before October 1, 1982, are eligible for normal Pre-FIRM rates.

   If the building's start of construction occurred on or after October 1, 1982, the building is ineligible for coverage.

6. Buildings Partially Over Water

   Follow "submit for rate" instructions in the Rating section for buildings partially over water. However, Pre-FIRM buildings are eligible for normal Pre-FIRM rates.

7. Boathouses Located Partially Over Water

   The non-boathouse parts of a building into which boats are floated are eligible for coverage if the building is partly over land and also used for residential, commercial, or municipal purposes and is eligible for flood coverage. The area above the boathouse used for purposes unrelated to the boathouse use (e.g., residential occupancy) is insurable from the floor joists to the roof including walls. A common wall between the boathouse area and the other part of the building is insurable. The following items are not covered:

   a. The ceiling and roof over the boathouse portions of the building into which boats are floated.
   b. Floors, walkways, decking, etc., within the boathouse area, or outside the area, but pertaining to boathouse use.
   c. Exterior walls and doors of the boathouse area not common to the rest of the building.
   d. Interior walls and coverings within the boathouse area.
   e. Contents located within the boathouse area, including furnishings and equipment, relating to the operation and storage of boats and other boathouse uses.

   The Flood Insurance Application form with photographs, but without premium, must be submitted to the NFIP for premium determination. No coverage becomes effective until the NFIP approves the insurance application, determines the rate, and receives the premium. However, buildings in existence prior to October 1, 1982, may continue to be rated using the published rate.

8. Buildings in the Course of Construction

   Buildings in the course of construction that have yet to be walled and roofed are eligible for coverage except when construction has been halted for more than 90 days and/or if the lowest floor used for rating purposes is below the Base Flood Elevation (BFE). Materials or supplies intended for use in such construction, alteration, or repair are not insurable unless they are contained within an enclosed building on the premises or adjacent to the premises.

   To determine the eligibility of a residential condominium building under construction, see page CONDO 6 in this manual.

9. Severe Repetitive Loss Properties

   These must be processed by the NFIP Special Direct Facility. See the Severe Repetitive Loss section of this manual for information.

Contents and personal property contained in these buildings are ineligible for coverage.

For example, section 1316 of the National Flood Insurance Act of 1968 allows the states to declare a structure to be in violation of a law, regulation, or ordinance. **Flood insurance is not available for properties that are placed on the 1316 Property List.** Insurance availability is restored once the violation is corrected and the 1316 Declaration has been rescinded.

B. Container-Type Buildings

Gas and liquid tanks, chemical or reactor container tanks or enclosures, brick kilns, and similar units, and their contents are ineligible for coverage.

C. Buildings Entirely Over Water

Buildings newly constructed or substantially improved on or after October 1, 1982, and located entirely in, on, or over water or seaward of mean high tide are ineligible for coverage.

D. Buildings Partially Underground

If 50 percent or more of the building's actual cash value, including the machinery and equipment, which are part of the building, is below ground level, the building or units and their contents are ineligible for coverage unless the lowest level is at or above the BFE and is below ground by reason of earth having been used as insulation material in conjunction with energy efficient building techniques.

E. Basement/Elevated Building Enclosures

Certain specific property in basements and under elevated floors of buildings is excluded from coverage. See the policy contract for specific information.

VII. EXAMPLES OF INELIGIBLE RISKS

Some specific examples of ineligible risks are provided below. See the policy for a definitive listing of property not covered.

A. Building Coverage

1. Boat Repair Dock
2. Boat Storage Over Water
3. Boathouses (exceptions on page GR 4)
4. Camper
5. Cooperative Unit Within Cooperative Building
6. Decks (except for steps and landing; maximum landing area of 16 sq. ft.)
7. Drive-In Bank Teller Unit (located outside walls of building)
8. Fuel Pump
9. Gazebo (unless it qualifies as a building)
10. Greenhouse (unless it has at least two rigid walls and a roof)
11. Hot tub or spa (unless it is installed as a bathroom fixture)
12. Open Stadium
13. Pavilion (unless it qualifies as a building)
14. Pole Barn (unless it qualifies as a building)
15. Pumping Station (unless it qualifies as a building)
16. Storage Tank--Gasoline, Water, Chemicals, Sugar, etc.
17. Swimming Pool Bubble
18. Swimming Pool (indoor or outdoor)
19. Tennis Bubble
20. Tent
21. Time Sharing Unit Within Multi-Unit Building
22. Travel Trailer (unless converted to a permanent onsite building meeting the community's floodplain management permit requirements)
23. Water Treatment Plant (unless 51 percent of its actual cash value is above ground)

B. Contents Coverage

1. Automobiles--Including Dealer's Stock (assembled or not)
2. Bailee's Customer Goods--Including garment contractors, cleaners, shoe repair shops, processors of goods belonging to others, and similar risks
3. Contents Located in a Structure Not Eligible for Building Coverage
4. Contents Located in a Building Not Fully Walled and/or Contents Not Secured Against Flotation

5. Motorcycles--Including Dealer's Stock (assembled or not)

6. Motorized Equipment--Including Dealer's Stock (assembled or not)

C. Non-Residential Condominium Unit

The owner of a non-residential condominium unit cannot purchase a unit owner's policy. The association can purchase a condominium association policy to cover the entire building. Contents-only coverage may be purchased by the unit owner.

VIII. POLICY EFFECTIVE DATE

A. Evidence of Insurance

A copy of the Flood Insurance Application and premium payment, or a copy of the declarations page, is sufficient evidence of proof of purchase. The NFIP does not recognize binders or certificates of insurance.

B. Start of Waiting Period

There is a standard 30-day waiting period for new applications and for endorsements to increase coverage.

1. If the application or endorsement form and the premium payment are received at the NFIP *within 10 days* from the date of application or endorsement request, or if mailed by certified mail within 4 days from the date of application or endorsement request, then the waiting period will be calculated from the *application or endorsement date*. Use the application date or endorsement date plus 9 days to determine if the application or endorsement and premium payment were received within 10 days. When sent by certified mail, use the application date or endorsement date plus 3 days to determine if the application or endorsement and premium payment were mailed within 4 days.

2. If the application or endorsement form and the premium payment are received at the NFIP *after 10 days* from the date of application or endorsement request, or are not mailed by certified mail within 4 days from the date of application or endorsement request, then the waiting period will be calculated from the *date the NFIP receives the application or endorsement*.

As used in VIII.B.1. and 2. above, the term “certified mail” extends to not only the U.S. Postal Service but also certain third-party delivery services. Acceptable third-party delivery services include Federal Express (FedEx), United Parcel Service (UPS), and courier services and the like that provide proof of mailing. Third-party delivery is acceptable if the delivery service provides documentation of the actual mailing date and delivery date to the NFIP insurer. Bear in mind that third-party delivery services deliver to street addresses but cannot deliver to U.S. Postal Service post office boxes.

C. Effective Date

1. New Policy (other than 2, 3, or 4 below)--The effective date of a new policy will be 12:01 a.m., local time, on the 30th calendar day after the application date and the presentment of premium. (Example: a policy applied for on May 3 will become effective 12:01 a.m., local time, on June 2.) The effective date of coverage is subject to the waiting period rule listed under B.1 or B.2 above.

2. New Policy (in connection with making, increasing, extending, or renewing a loan, whether conventional or otherwise)--Flood insurance, which is initially purchased in connection with the making, increasing, extending, or renewal of a loan, shall be effective at the time of loan closing, provided that the policy is applied for and the presentment of premium is made at or prior to the loan closing. (Example: presentment of premium and application date--April 3, refinancing--April 3 at 3:00 p.m., policy effective date--April 3 at 3:00 p.m.) This rule applies to all buildings regardless of flood zone. The waiting period rule listed under B.1 or B.2 above does not apply.

3. New Policy (in connection with lender requirement)--The 30-day waiting period does not apply when flood insurance is required as a result of a lender determining that a loan on a building in a Special Flood Hazard Area (SFHA) that does not have flood insurance coverage should be protected by flood insurance. The coverage is effective upon the completion of an application and the presentment of payment of premium. (Example: presentment of premium and application date--April 3, policy effective date--April 3.) The waiting period rule listed under B.1 or B.2 must be used.

4. New Policy (when the initial purchase of flood insurance is in connection with the revision or updating of a Flood Hazard Boundary Map or Flood Insurance Rate

residential structures and residential structures with basements that satisfy FEMA's standards published in the Code of Federal Regulations [44 CFR 60.6 (b) or (c)].

ICC coverage is mandatory for all SFIPs, except that coverage is not available for:

1. Policies issued or renewed in the Emergency Program.
2. Condominium units, including townhouse/ rowhouse condominium units. (The condominium association is responsible for complying with mitigation requirements.)
3. Group Flood Insurance Policies.
4. Appurtenant structures, unless covered by a separate policy.

ICC coverage contains exclusions in addition to those highlighted here. See the policy for a list of exclusions.

To be eligible for claim payment under ICC, a structure must:

a. Be a repetitive loss structure as defined, for which NFIP paid a previous qualifying claim, in addition to the current claim. The state or community must have a cumulative, substantial damage provision or repetitive loss provision in its floodplain management law or ordinance being enforced against the structure; *OR*

b. Be a structure that has sustained substantial flood damage. The state or community must have a substantial damage provision in its floodplain management law or ordinance being enforced against the structure.

The ICC premium is not eligible for the deductible discount. First calculate the deductible discount, then add in the ICC premium for each policy year.

D. Reduction of Coverage Limits or Reformation

In the event that the premium payment received is not sufficient to purchase the amounts of insurance requested, the policy shall be deemed to provide only such insurance as can be purchased for the entire term of the policy for the amount of premium received.

Complete provisions for reduction of coverage limits or reformation are described in:

1. Dwelling Form, section VII, paragraph G.
2. General Property Form, section VII, paragraph G.
3. Residential Condominium Building Association Policy (RCBAP), section VIII, paragraph G.

E. Loss Assessments

The SFIP provides limited coverage for loss assessments against condominium unit owners for flood damage to common areas of any building owned by the condominium association. The RCBAP does not provide assessment coverage. The Dwelling Form provides assessment coverage only under the circumstances, and to the extents, described below.

1. No RCBAP
   - If the unit owner purchases building coverage under the Dwelling Form and there is no RCBAP, the Dwelling Form responds to a loss assessment against the unit owner for damages to common areas, up to the building coverage limit under the Dwelling Form.
   - If there is damage to building elements of the unit as well, the building coverage limit under the Dwelling Form may not be exceeded by the combined settlement of unit building damages, which would apply first, and the loss assessment.
2. RCBAP Insured to at Least 80 Percent of the Building Replacement Cost
   - If the unit owner purchases building coverage under the Dwelling Form and there is an RCBAP insured to at least 80 percent of the building replacement cost at the time of loss, 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.
   - If there is damage to building elements of the unit as well, the Dwelling Form pays to repair unit building elements after the RCBAP limits that apply to the unit have been exhausted. The coverage combination cannot exceed the building coverage limit under the Dwelling Form.
3. RCBAP Insured to Less than 80 Percent of the Building Replacement Cost
   - If the unit owner purchases building coverage under the Dwelling Form and

there is an RCBAP insured to less than 80 percent of the building replacement cost at the time of loss, the loss assessment coverage cannot be used to reimburse the association for its coinsurance penalty.

- The covered damages to the condominium association building must be greater than 80 percent of the building replacement cost at the time of loss before the loss assessment coverage becomes available under the Dwelling Form. Covered repairs to the unit, if applicable, would have priority over loss assessments.

For more information on this topic, see "D. Assessment Coverage" on page CONDO 7 and Section III. C. 3. of the Dwelling Form, "Condominium Loss Assessments," on page POL 8.

F. Improvements and Betterments and Tenant's Coverage

Under the Standard Flood Insurance Policy, coverage for improvements and betterments is provided for tenants who have purchased personal property coverage. The maximum amount payable for this coverage, which applies to fixtures, alterations, installations, or additions made or acquired solely at the tenant's expense and comprising part of an insured building, is 10 percent of the personal property limit of liability shown on the Declarations Page. Use of improvements and betterments coverage reduces the amount of coverage available for personal property.

A tenant may purchase higher limits of coverage for improvements and betterments under the building coverage if the lease agreement with the building owner:

- Requires that the tenant purchase insurance coverage for the tenant's improvements and betterments that are made or acquired; and
- States that the tenant is responsible for the repair of the building and/or improvements and betterments that become damaged.

Duplicate coverage is not permitted under the NFIP, so only one policy can be issued for building coverage, and the amount of building coverage cannot exceed the maximum allowable under the Act. The policy may be issued either in the name of the building owner or in the names of the building owner and the tenant.

X. SPECIAL RATING SITUATIONS

A. Tentative Rates

Tentative rates are applied when producers are unable to provide all required underwriting information necessary to rate the policy. Tentatively rated policies cannot be endorsed to increase coverage limits or renewed for another policy term until required actuarial rating information and full premium payment are received by the NFIP. If a loss occurs on a tentatively rated policy, the loss payment will be limited by the amount of coverage that the premium initially submitted will purchase (using the correct actuarial rating information), and not the amount requested by application.

B. Submit-For-Rate

Some risks, because of their unique underwriting characteristics, cannot be rated using this manual. Certain risks must be submitted to the NFIP Underwriting Unit to determine the appropriate rate. Refer to page GR 9 for the applicable waiting period.

Submit-for-rate policies must be rerated annually using the newest rates. If the NFIP Direct or WYO company does not have all the underwriting information, it must request the missing information from the insured in order to properly rate the risk.

Pre-FIRM risks may not be rated using the submit-for-rate process.

C. Provisional Rates

Rules applicable to provisionally rated policies are provided in the Provisional Rating section of this manual.

D. Buildings in More Than One Flood Zone

Buildings, not the land, located in more than one flood zone must be rated using the more hazardous zone.

This condition applies even though the portion of the building located in the more hazardous zone may not be covered under the SFIP, such as a deck.

XI. MISCELLANEOUS RULES

A. Policy Term

The policy term available is 1 year for both NFIP Direct business policies and policies written through WYO Companies.

B. Application Submission

Flood insurance applications and presentment of premium must be mailed promptly to the NFIP. The date of receipt of premium for the NFIP insurer is determined by either the date received at its offices or the date of certified mail.

In the context of submission of applications, endorsements, and premiums to the NFIP, the term "certified mail" has been broadened to include not only the U.S. Postal Service but also certain third-party delivery services. For details, see the paragraph following VIII.B.2. on page GR 8.

Producers are encouraged to submit flood insurance applications by certified mail. Certified mail ensures the earliest possible effective date if the application and premium are received by the NFIP insurer more than 10 days from the application date. The date of certification becomes the date of receipt at the NFIP.

C. Delivery of the Policy

The producer is responsible for delivering the declarations page and the policy contract of a new policy to the insured and, if appropriate, to the lender. Renewal policy documentation is sent directly to the insured.

D. Assignment

A property owner's flood insurance building policy may be assigned in writing to a purchaser of the insured property upon transfer of title without the written consent of the NFIP.

Policies on buildings in the course of construction and policies insuring contents only may not be assigned.

E. Producers' Commissions (Direct Business Only)

The earned commission may be paid only to property or casualty insurance producers duly licensed by a state insurance regulatory authority. It shall not be less than $10 and is computed for both new and renewal policies as follows: Based on the Total Prepaid Amount (less the Federal Policy Fee) for the policy term, the commission will be 15 percent of the first $2,000 of annualized premium and 5 percent on the excess of $2,000.

Calculated commissions for mid-term endorsements and cancellation transactions will be based upon the same commission percentage that was paid at the policy term's inception.

Commissions for all Scheduled Building Policies are computed as though each building and contents policy was separately written.

For calculation of commission on an RCBAP, see the CONDO section.

F. Contract Agent Rule

A "Contract Agent" is an employee of a WYO Company, or an agent under written contract with a WYO Company, empowered to act on the company's behalf and with authority to advise an applicant for flood insurance that the company will accept the risk. The effective date for a policy written through a Contract Agent has a waiting period that begins on the agent's or employee's receipt of the premium and completion of the application.

An agent under written contract to a WYO Company is not a Contract Agent if the WYO Company reserves the right to reject the risk. The effective date for a policy *not* written through a Contract Agent has a waiting period that begins on the WYO Company's receipt of the premium and completed application.

To establish a Contract Agent relationship acceptable to the NFIP, the WYO Company must include the stipulations above in its written contract with the agent or employee.

NOTE: The mailing address may or may not reflect the community where the property is located. Do not rely on the mailing address when determining community status and identification. Because of possible changes in the Flood Insurance Rate Map (FIRM), do not rely on information from a prior policy.

Enter the community identification number, map panel number, and revision suffix for the community where the property is located. When there is only one panel (i.e., a flat map), the community number will consist of only six digits. Use the FIRM in effect and that has been published at the time of presentment of premium and completion of application.

NOTE: Not all communities that have been assigned NFIP community numbers are participating in the National Flood Insurance Program. Policies may not be written in nonparticipating communities.

Community number and status may be obtained by calling the NFIP insurer, by consulting a local community official, or by checking the NFIP *Community Status Book* online (http://www.fema.gov/fema/csb.shtm).

Check YES if the property is located in a Special Flood Hazard Area; otherwise, check NO.

Enter the FIRM zone in the space provided. If the program type is Emergency, leave this area blank.

Check R if the community is in the Regular Program, or check E if the community is in the Emergency Program.

If the community program type is Regular and the building is Pre-FIRM construction, enter the FIRM zone, if known; otherwise, enter UNKNOWN and follow the Alternative Rating procedure explained in the Rating section of this manual. UNKNOWN cannot be used for manufactured homes or other buildings located in a community having flood Zones V or V1-V30 (VE).

Determine whether the community is located in a CBRS or OPA. See CBRS section for additional information.

J. Building

Complete all required information in this section.

- Building Occupancy

  Indicate the type of occupancy for the building (i.e., single family, 2-4 family, other residential, or non-residential).

- Basement or Enclosed Area Below an Elevated Building

  Indicate whether the building contains a basement (i.e., lowest floor is below ground on all sides). If an enclosure is the lowest floor for rating, use the "With Basement/ Enclosure" Rate Table to determine the rate.

  If the enclosure is not the lowest floor for rating, use the “Without Basement/ Enclosure” Rate Table and describe the building as “Without Basement/Enclosure.” In A zones, this means that the enclosure was designed with proper openings; in Post-FIRM V zones constructed before October 1, 1981, the enclosure is less than 300 square feet with breakaway walls and no machinery or equipment in the enclosure is below the BFE.

  The writing company may use the “Obstruction Type” description provided in the *Transaction Record Reporting and Processing (TRRP) Plan* to show the enclosure on the policy declarations page.

- Small Business Risk

  Indicate Yes or No.

- Number of Floors or Building Type

  Indicate the number of floors in the entire building, including the basement/enclosed area if applicable, in the appropriate space.

  If the building type is a townhouse/rowhouse being covered under an RCBAP, check "Townhouse/Rowhouse (RCBAP Lowrise Only)."

  If the building is a manufactured (mobile) home or travel trailer on a foundation, check "Manufactured (Mobile) Home on Foundation" regardless of the building’s size. Dimensions of manufactured (mobile) homes and travel trailers are used only for determining replacement cost eligibility, not for rating.

- Number of Occupancies (Units)

  For other than single family dwellings, indicate the number of units.

- Condo Coverage

  If condominium coverage is being purchased, indicate whether the coverage is for a condominium unit or the entire condominium building.

- Residential Condominium Building Association Policy

  For a Residential Condominium Building Association Policy (RCBAP), enter the total number of units (including non-residential) within the building and indicate whether the building is a high-rise or low-rise. The RCBAP covers only a residential condominium building in a Regular Program community.

- Estimated Replacement Cost

  Using normal company practice, estimate the replacement cost value and enter the value in the space provided. Include the cost of the building foundation when determining the replacement cost value.

- Insured's Principal Residence

  Indicate whether the building is the policyholder's principal residence.

- Building in Course of Construction

  Indicate whether the building is in the course of construction.

- Deductible and Deductible Buyback

  Enter the deductible amount for building and/or contents. Also indicate whether the applicant is "buying back" a $500 deductible. Refer to page RATE 12 to buy back a $500 deductible. (See deductible factors on pages RATE 13 and CONDO 22.)

- Elevated Building

  Indicate whether this is an elevated building. If it is, also indicate, in the next block, whether the area below the lowest elevated floor is free of obstruction or with obstruction.

  For all elevated buildings using elevation for rating, complete Part 2 on the back of the Flood Insurance Application after you have completed Part 1.

- Describe Building and Use

  For other than 1-4 family dwellings, describe the insured building and its use. This includes manufactured (mobile) homes and travel trailers, other residential structures, and non-residential buildings. For all manufactured (mobile) homes and travel trailers, complete Part 2 on the back of the Flood Insurance Application after you have completed Part 1.

- State Government Ownership of Property

  Check YES if the building is owned by state government; otherwise, check NO.

K. Contents

Check the box that describes the location of the contents to be insured. Describe any contents that are not personal property household contents.

If only building insurance is to be purchased, be sure to notify the applicant of the availability of contents insurance. It is recommended that the applicant initial the contents coverage section if no contents insurance is requested. This will make the applicant aware that the policy will not provide payment for contents losses.

L. Construction Data

1. Construction Date

   Check one of the five blocks in the first part of this section, and enter the appropriate date for the date of construction or building permit date. (For substantial improvement, see the "Substantial Improvement Exception" instructions that follow.)

   In the Emergency Program, provide the month/day/year of construction. If the month and day are unknown, enter July 1 (07/01) and enter the best information for the year of construction. The rest of the sections should be left blank.

   If the building was constructed or substantially improved on or before December 31, 1974, or before the effective date of the initial FIRM for the community, the building is considered Pre-FIRM construction. Otherwise, the building is considered Post-FIRM.

   If the building was substantially improved, enter the actual month, day, and year that substantial improvement started or the building permit date.

If the building was substantially damaged, enter the actual month, day, and year that substantial damage occurred. Substantial improvement includes buildings that have incurred “substantial damage” regardless of the actual repair work performed. The agent must obtain and submit a statement from a community official before the building can be considered substantially damaged.

If the policy is for a manufactured (mobile) home or travel trailer located outside a manufactured (mobile) home park or subdivision, enter the date of permanent placement of the manufactured (mobile) home. See the Rating section of this manual for rules for manufactured (mobile) homes located in manufactured (mobile) home parks and subdivisions.

Compare the date of construction or substantial improvement with the effective date of the initial FIRM to determine if the building was constructed Pre- or Post- the effective date of the initial FIRM.

- Substantial Improvement Exception

  For new applications, renewal applications, and endorsements when making a *rating correction concerning a substantial improvement* to a Pre-FIRM building where the improvement is an addition to the building and it meets the conditions of Pre-FIRM construction, found on pages RATE 15-16 of this manual, the producer should complete the Construction Data section of the Application as follows:

  a. Enter the date of construction for the Pre-FIRM part of the building (not the date of construction of the addition). This date will be shown as the construction date on the declarations page.

  b. Do not respond to the question IS BUILDING POST-FIRM CON-STRUCTION? Instead, complete the top part of this section as follows:

     "Substantial Improvement but continues to be Pre-FIRM."

  c. Supply the elevation data for the ADDITION.

  d. Complete the remainder of both parts of the Construction Data section in the usual manner.

  If a policyholder elects to use the normal Post-FIRM rating for substantial improvement, the producer must complete Part 2 of the Application as indicated.

2. Elevation Information

   Elevation information must be completed in the second part of the Construction Data section.

   - Post-FIRM Construction

     Check YES if the building is Post-FIRM construction or substantial improvement; otherwise, check NO.

   - Building Diagram Number and Lowest Adjacent Grade

     Provide the building diagram number and lowest adjacent grade from the Elevation Certificate (EC).

     NOTE: Elevation Certificates certified on or after January 1, 2007, must be submitted on the new EC form. The EC must meet all of the photograph requirements that are described on pages CERT 1-2 of this manual. *An EC submitted without the required photographs is not considered valid for rating.*

     The lowest adjacent grade is not required for buildings without estimated BFE located in AO and unnumbered A and V zones. Policies rated using the Floodproofing Certificate do not require either the lowest adjacent grade or the diagram number.

     In communities that participate in the NFIP’s Community Rating System (CRS), building elevation information may be available from the community office in charge of building permits or floodplain management.

- Elevation Information for Buildings in the Course of Construction

  When the building is in the course of construction, the elevation information provided by the surveyor on the EC must be based on the proposed architectural plans. The NFIP requires the agent to describe and rate the structure based on the proposed plans. Building photographs are not required.

  Buildings in the course of construction are to be rated the same as completed construction. A renewal application and a new EC with required building photographs must be submitted at renewal time. For example, if the building is elevated and the proposed plans show an enclosure, the building must be described as elevated with an enclosure. The only exception is when an EC was prepared in the course of construction, and the surveyor was able to provide all as-built elevation information required on the EC.

- Lowest Floor Elevation and Related Items

  Use the eight building diagrams on pages CERT 18-19 to determine the correct lowest floor. See pages LFG 1-7 for information about determining the lowest floor for rating. When entering elevation data, **drop hundredths of a foot** and show only tenths of a foot. For example, if the elevation difference is 10.49', enter 10.4'; do not round up to 10.5'.

- Wave Height Adjustment

  In Zones V, V1-V30, and VE, if NO is checked for the question about Effects of Wave Action, refer to page RATE 29 for guidelines for FIRMS with wave heights.

- Floodproofing

  If YES is checked for Floodproofed and the FIRM zone entered in the Community section of the Application is V, V1-V30, or VE, the Application must be submitted to the NFIP for underwriting and rating. For all other zones, refer to pages RATE 30-31 for elevation difference and rating guidelines.

- Elevation Certification

  Enter the elevation certification date for all new business applications.

M. Coverage and Rating

Check desired coverage against the "Amount of Insurance Available" table on page RATE 1. Then enter the limits, indicate the rates and rate type, and add additional charges/credits, i.e., deductible reduction/increase, ICC Premium, CRS Premium Discount, Probation Surcharge (if any), and Federal Policy Fee. Calculate the Total Prepaid Amount.

N. Signature

The producer must sign the Application and is responsible for the completeness and accuracy of the information provided on it. Enter the date of application (month/day/year). The waiting period is added to this date to determine the policy effective date of the policy listed in the Policy Term section. A check or money order for the Total Prepaid Amount, payable to the NFIP, must accompany the application.

A credit card payment by VISA, MasterCard, American Express, Discover, or Diners Club will also be acceptable if a disclaimer form, signed by the insured, is submitted with the Flood Insurance Application. The disclaimer will state that cancellation of a policy due to a billing dispute will be permitted only for a billing error or fraud. If the credit card information is taken over the telephone by the producer, the producer may sign the authorization form on behalf of the payor only after having read the disclaimer to the payor.

V. COMPLETING PART 2 OF THE FLOOD INSURANCE APPLICATION FORM

After completing Part 1 of the Flood Insurance Application, the producer must complete all relevant items in Part 2 of the Application for the following risks:

- Post-FIRM construction located in Zones A1-A30, AE, AH, AO, A, V1-V30, VE, and V.

- Pre-FIRM construction using optional Post-FIRM rating located in Zones A1-A30, AE, AH, AO, A, V1-V30, VE, and V.

Part 2 of the Application collects information about risk factors affecting the building, occupancy information, and elevation data

V. RATING STEPS

A. Determine the exact location of the building and/or contents to be insured. IF THE MAILING ADDRESS DIFFERS FROM THE PROPERTY ADDRESS, USE THE PROPERTY ADDRESS ONLY.

B. Determine if the building is located in an eligible community.

Not all communities participate in the NFIP. There is NO COVERAGE available in non-participating communities. If you are uncertain, call the NFIP insurer, consult a local community official, or check the NFIP *Community Status Book* online (http://www.fema.gov/fema/csb.shtm).

C. Determine the NFIP program phase (Emergency or Regular) and the community in which the property is located.

Some communities may be eligible for premium discounts under the Community Rating System (CRS). See the CRS Section for a list of eligible communities, the corresponding discounts, and an example showing how to apply the CRS discount.

D. Determine the location of the contents in the building.

E. Determine the date of construction as described below.

- Date of Construction—Buildings

  For flood insurance purposes, the date of construction for buildings under the NFIP must be determined in order to establish whether the building is Pre-FIRM or Post-FIRM construction.

  The start of construction or substantial improvement for insurance purposes means the date the building permit was issued, provided the actual start of construction, repair, reconstruction, or improvement was within 180 days of the permit date.

  For the Coastal Barrier Resources System, the start of construction or substantial improvement, for insurance purposes, must be determined in accordance with the documentation requirements set forth by the Coastal Barrier Resources Act (CBRA). (See the Coastal Barrier Resources System Section.)

- Date of Construction—Manufactured (Mobile) Homes/Travel Trailers

  The date of construction for a manufactured (mobile) home is different from a standard building and depends upon the location of the manufactured (mobile) home.

  For manufactured (mobile) homes located in manufactured (mobile) home parks or subdivisions, the date of construction is the date facilities were constructed for servicing the manufactured (mobile) home site, or the date of the permit, provided that construction began within 180 days of the permit date. This rule applies to all manufactured (mobile) homes even if the manufactured (mobile) home is rated and classified as single family.

  For manufactured (mobile) homes not located in manufactured (mobile) home parks or subdivisions, but located on individually owned lots or tracts of land, the date of construction is the date the manufactured (mobile) home was permanently affixed to the site or the permit date if affixed to the site within 180 days of the date of permit.

- Pre-FIRM Construction

  For the purpose of determining insurance rates, buildings for which 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, are considered Pre-FIRM construction. However, for insurance purposes, manufactured (mobile) homes that are located or placed in existing manufactured (mobile) home parks or subdivisions, or expansions to existing manufactured (mobile) home parks or subdivisions, are considered Pre-FIRM.

  All historic buildings are considered Pre-FIRM as long as the building meets the definition of a historic building. (See the Definitions Section.)

Pre-FIRM buildings that are substantially improved may continue being rated as Pre-FIRM if certain conditions are satisfied. Pre-FIRM rating is applicable ONLY when ALL of the following conditions are met:

- The building must be Pre-FIRM.

- The substantial improvement must be an ADDITION to the building. (This condition excludes substantial improvements made as interior remodeling or repair projects.)

- The ADDITION and extension must be next to and in contact with the existing building. (This condition does not apply to substantial improvements consisting of the construction of additional floors.)

- An Elevation Certificate must be submitted to the NFIP Underwriting Unit with the application or renewal. The Elevation Certificate must verify that the lowest floor elevation of the ADDITION is at or above the applicable base flood elevation in effect at the time the addition is started.

  NOTE: Elevation Certificates certified on or after January 1, 2007, must be submitted on the new Elevation Certificate form. The Elevation Certificate must meet all photo requirements described on pages CERT 1-2 of this manual. *An Elevation Certificate submitted without the required photographs is not considered valid for rating.*

If all of the above conditions are satisfied, the entire building is eligible for Pre-FIRM rates. (Except for some V-Zone risks and some manufactured [mobile] home risks, Post-FIRM rates provide less costly coverage and, therefore, the coverage may be rated using the lower Post-FIRM rates.)

If the above conditions are not satisfied, the entire building MUST be rated as Post-FIRM.

- Post-FIRM Construction

  For insurance rating purposes, buildings for which 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, are considered Post-FIRM construction. This would include all manufactured (mobile) homes located in either new manufactured (mobile) home parks or subdivisions or outside of existing manufactured (mobile) home parks or subdivisions.

VI. PREMIUM CALCULATION

A. Emergency Program

1. Determine Occupancy Type: Residential or Non-Residential.
2. Calculate premium using appropriate rates.
3. Apply appropriate deductible factor if an Optional Deductible is selected.
4. Add Federal Policy Fee.

B. Regular Program

1. Determine if the property to be insured is Pre-FIRM or Post-FIRM. A Pre-FIRM premium table for standard risk, single family property is located on page RATE 11.
2. Determine Zone.
3. Determine Occupancy: Single Family, 2-4 Family, Other Residential, Non-Residential, or Manufactured (Mobile) Home.
4. Determine Building Type (including basement or enclosure, if any): one floor, two floors, three or more floors, split level, or manufactured (mobile) home on foundation.
5. Determine if building has basement (or enclosed area below an elevated building): none, finished, or unfinished.
6. Determine Elevation Difference.
7. Calculate premium using the appropriate rates.
8. Apply appropriate deductible factor if an Optional Deductible is selected.

CONDOMINIUMS

Important Notice to Agents:

Boards of Directors of condominium associations typically are responsible under their by-laws for maintaining all forms of property insurance necessary to protect the common property of the association against all hazards to which that property is exposed for the insurable value/replacement cost of those common elements. This responsibility would typically include providing adequate flood insurance protection for all common property located in Special Flood Hazard Areas. Such by-law requirements could make the individual members of the boards of directors of such associations personally liable for insurance errors or omissions, including those relating to flood insurance.

I. METHODS OF INSURING CONDOMINIUMS

There are five methods of insuring condominiums under the National Flood Insurance Program (NFIP). Each method has its own eligibility requirements for condominium type.

A. Residential Condominium: Association Coverage on Building and Contents

A condominium association is the corporate entity responsible for the management and operation of a condominium. Membership is made up of the condominium unit owners. A condominium association may purchase insurance coverage on a residential building and its contents under the Residential Condominium Building Association Policy (RCBAP). The RCBAP covers only a residential condominium building in a Regular Program community. If the named insured is listed as other than a condominium association, the agent must provide legal documentation to confirm that the insured is a condominium association.

B. Residential Condominium: Unit Owner's Coverage on Building and Contents

A condominium unit in a townhouse, rowhouse, high-rise or low-rise building is considered to be a single family residence. An individual dwelling unit in a condominium building may be insured in any one of three ways:

- An individual unit and its contents may be separately insured under the Dwelling Form, in the name of the unit owner, at the limits of insurance for a single family dwelling.
- An individual unit may be separately insured under the Dwelling Form, if purchased by the association in the name of the "owner of record unit number (#) and (name of) Association as their interests may appear," up to the limits of insurance for a single family dwelling.
- An individual unit owned by the association may be separately insured under the Dwelling Form, if purchased by the condominium association. The single family limits of insurance apply.

A policy on a condominium unit will be issued naming the unit owner and the association, as their interests may appear. Coverage under a unit owner's policy applies first to the individually owned building elements and improvements to the unit and then to the damage of the building's common elements that are the unit owner's responsibility.

In the event of a loss, the claim payment to an individual unit owner may not exceed the maximum allowable in the Program.

C. Other Residential Condominium: Condominium Association Policy, Association Coverage on Building and Contents

The Condominium Association Program (CAP), under the General Property Form, is available to insure condominium buildings not eligible for the RCBAP. A CAP is written on the General Property Form in the name of the association. For policies after October 1, 1994, the CAP is to be used for all condominiums in the Emergency Program communities, and those condominiums in Regular Program communities that do not meet the requirement that 75 percent of the floor area of the building be residential. In all other cases, the Residential Condominium Building Association Policy must be sold. The CAP will cover building common elements as well as building elements (additions and alterations) within all units of the building.

In the event of a loss, building coverage under either association policy applies first to building common elements damage and then to damage to individually owned building elements, and the claim payment may not exceed the maximum allowable under the NFIP.

D. Nonresidential (Commercial) Condominium: Building and Contents

Nonresidential (commercial) condominium buildings and their commonly owned contents may be insured in the name of the Association under the General Property Form. The "Nonresidential" limits apply.

E. Nonresidential (Commercial) Condominium: Unit Owner's Coverage (Contents)

The owner of a nonresidential condominium unit may purchase only contents coverage for that unit. Building coverage may not be purchased in the name of the unit owner.

In the event of a loss, up to 10 percent of the stated amount of contents coverage can be applied to losses to condominium interior walls, floors, and ceilings. The 10 percent is not an additional amount of insurance.

improvements within the units, and contents owned in common. Contents owned by individual unit owners should be insured under an individual unit owner's Dwelling Form.

B. Coverage Limits

Building coverage purchased under the RCBAP will be on a Replacement Cost basis.

The maximum amount of *building* coverage that can be purchased on a high-rise or low-rise condominium is the Replacement Cost Value of the building or the total number of units in the condominium building times $250,000, whichever is less.

The maximum allowable *contents* coverage is the Actual Cash Value of the commonly owned contents up to a maximum of $100,000 per building.

Basic Limit Amount:

- The building basic limit amount of insurance for a detached building housing a single family unit owned by the condominium association is $50,000.
- For residential townhouse/rowhouse and low-rise condominiums, the building basic limit amount of insurance is $50,000 multiplied by the number of units in the building.
- For high-rise condominiums, the building basic amount of insurance is $150,000.
- The contents basic limit amount of insurance is $20,000.
- For condominium unit owners who have insured their personal property under the Dwelling Form or General Property Form, coverage extends to interior walls, floor, and ceiling (if not covered under the condominium association's insurance) up to 10 percent of the personal property limit of liability. Use of this coverage is at the option of the insured and reduces the personal property limit of liability.

C. Replacement Cost

As stated above in "B. Coverage Limits," the RCBAP's building coverage is on a Replacement Cost valuation basis. Replacement Cost Value means the cost to replace property with the same kind of material and construction without deduction for depreciation. A condominium unit owner's Dwelling Form policy provides Replacement Cost coverage on the building if eligibility requirements are met.

D. Coinsurance

The RCBAP's coinsurance penalty is applied to building coverage only. To the extent that the insured has not purchased insurance in an amount equal to the lesser of 80 percent or more of the full replacement cost of the building at the time of loss or the maximum amount of insurance under the NFIP, the insured will not be reimbursed fully for a loss. Building coverage purchased under individual Dwelling Forms cannot be added to RCBAP coverage in order to avoid the coinsurance penalty. The amount of loss in this case will be determined by using the following formula:

$$\frac{\textbf{Insurance Carried}}{\textbf{Insurance Required}} \textbf{ X Amount of Loss = Limit of Recovery}$$

Where the penalty applies, building loss under the RCBAP will be adjusted based on the Replacement Cost Coverage with a coinsurance penalty. Building loss under the Dwelling Form will be adjusted on an Actual Cash Value (ACV) basis if the Replacement Cost provision is not met. The cost of bringing the building into compliance with local codes (law and ordinance) is not included in the calculation of replacement cost.

E. Assessment Coverage

The RCBAP does not provide assessment coverage.

Assessment coverage is available only under the Dwelling Form subject to the conditions and exclusions found in Section III. Property Covered, Coverage C, paragraph 3 – Condominium Loss Assessments. The Dwelling Form will respond, up to the building coverage limit, to assessments against unit owners for damages to common areas of any building owned by the condominium association, even if the building is not insured, provided that: (1) each of the unit owners comprising the membership of the association is assessed by reason of the same cause; and (2) the assessment arises out of a direct physical loss by or from flood to the condominium building at the time of the loss. Assessment coverage has a maximum combined total limit of $250,000 per unit. This combined total limit covers loss to the unit and any assessment by the association.

Assessment coverage cannot be used to meet the 80-percent coinsurance provision of the RCBAP, and does not apply to ICC coverage or to coverage for closed basin lakes.

For more information on this topic, see "E. Loss Assessments" on page GR 11 and Section III. C.3. of the Dwelling Form, "Condominium Loss Assessments," on page POL 8.

V. DEDUCTIBLES AND FEES

A. Deductibles

The loss deductible shall apply separately to each building and personal property covered loss including any appurtenant structure loss. The Standard Deductible is $1,000 for a residential condominium building, located in a Regular Program Community in Special Flood Hazard Areas, i.e., Zones A, AO, AH, A1-A30, AE, AR, AR dual zones (AR/AE, AR/AH, AR/AO, AR/A1-A30, AR/A), V, V1-V30, or VE, where the rates available for buildings built before the effective date of the initial Flood Insurance Rate Map (FIRM), Pre-FIRM rates, are used to compute the premium.

For all policies rated other than those described above, e.g., those rated as Post-FIRM and those rated in Zones A99, B, C, D, or X, the Standard Deductible is $500.

Optional deductible amounts are available under the RCBAP.

B. Federal Policy Fee

The Federal Policy Fees for the RCBAP are:

1	unit	-	$ 30.00	per policy
2-4	units	-	$ 60.00	per policy
5-10	units	-	$150.00	per policy
11-20	units	-	$330.00	per policy
21 or	more	-	$630.00	per policy

VI. TENTATIVE RATES AND SCHEDULED BUILDINGS

Tentative Rates cannot be applied to the RCBAP. The Scheduled Building Policy is not available for the RCBAP.

VII. COMMISSIONS (DIRECT BUSINESS ONLY)

The commission, 15 percent, will be reduced to 5 percent on only that portion of the premium that exceeds the figure resulting from multiplying the total number of units times $2,000.

VIII. CANCELLATION OR ENDORSEMENT OF UNIT OWNERS' DWELLING POLICIES

Unit owner's Dwelling Policies may be cancelled mid-term for the reasons mentioned in the Cancellation/Nullification section of the manual. To cancel building coverage while retaining contents coverage on a unit owner's policy, submit a General Change Endorsement form. In the event of a cancellation:

- The commission on a unit owner's policy will be retained, in full, by the producer,
- The Federal Policy Fee and Probation Surcharge will be refunded on a pro rata basis, and
- The premium refund will be calculated on a pro rata basis.

An existing Dwelling Policy or RCBAP may be endorsed to increase amounts of coverage in accordance with Endorsement rules. They may not be endorsed mid-term to reduce coverage.

IX. APPLICATION FORM

The producer should complete the entire Flood Insurance Application according to the directions in the Application section of this manual and attach two new photographs of the building, one of which clearly shows the location of the lowest floor used for rating the risk.

A. Type of Building

For an RCBAP, the "Building" section of the Flood Insurance Application must indicate the total number of units in the building and whether the building is a high rise or low rise.

High-rise (vertical) condominium buildings are defined as containing at least five units, and having at least three floors. Note that an enclosure below an elevated floor building, even if it is the lowest floor for rating purposes, cannot be counted as a floor to classify the building as a high-rise condominium building.

Low-rise condominium buildings are defined as having less than five units and/or less than three floors. In addition, low-rise also includes all townhouses/rowhouses regardless of the number of floors or units, and all detached single family buildings.

For a Dwelling Form used to insure a condominium unit, or for a Condominium Association Policy, see the Application section of this manual.

B. Replacement Cost Value

For an RCBAP, use normal company practice to estimate the Replacement Cost Value (RCV) and enter the value in the "Building" section of the Application. Include the cost of the building foundation when determining the RCV. Attach the appropriate valuation to the Application.

Acceptable documentation of a building's RCV is a recent property inspection report that states the building's value on an RCV basis. The cost of the building's foundation must be included in determining the RCV. The cost of bringing the building into compliance with local codes (law and ordinance) is not to be included in the calculation of the building's replacement cost. To maintain

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