

Dwelling Form

FEDERAL EMERGENCY MANAGEMENT AGENCY
NATIONAL FLOOD INSURANCE PROGRAM

STANDARD FLOOD INSURANCE POLICY

DWELLING FORM

PLEASE READ THE POLICY CAREFULLY. THE FLOOD INSURANCE PROVIDED IS SUBJECT TO LIMITATIONS, RESTRICTIONS, AND EXCLUSIONS.

THIS POLICY COVERS ONLY:

1. A NON-CONDOMINIUM RESIDENTIAL BUILDING DESIGNED FOR PRINCIPAL USE AS A DWELLING PLACE FOR ONE TO FOUR FAMILIES, OR
2. A SINGLE-FAMILY DWELLING UNIT IN A CONDOMINIUM BUILDING.

I. AGREEMENT

The Federal Emergency Management Agency (FEMA) provides flood insurance under the terms of the National Flood Insurance Act of 1968 and its amendments, and Title 44 of the Code of Federal Regulations (CFR).

We will pay you for **direct physical loss by or from flood** to your insured property if you:

1. Have paid the correct premium ;

2. Comply with all terms and conditions of this **policy**; and

3. Have furnished accurate information and statements.

We have the right to review the information you give us at any time and to revise your **policy** based on our review.

II. DEFINITIONS

A. In this **policy**, "you" and "your" refer to the insured(s) shown on the **Declarations Page** of this **policy** and your spouse, if a resident of the same household. "Insured(s)" includes: Any mortgagee and loss payee named in the **Application** and **Declarations Page**, as well as any other mortgagee or loss payee determined to exist at the time of loss in the order of precedence. "We," "us," and "our" refer to the insurer.

Some definitions are complex because they are provided as they appear in the law or regulations, or result from court cases. The precise definitions are intended to protect you.

Flood, as used in this flood insurance **policy**, means:

1. A general and temporary condition of partial or complete inundation of two or more acres of normally dry land area or of two or more properties (at least one of which is your property) from:
 - a. Overflow of inland or tidal waters;
 - b. Unusual and rapid accumulation or runoff of surface waters from any source;
 - c. **Mudflow**.

2. Collapse or subsidence of land along the shore of a lake or similar body of water as a result of erosion or undermining caused by waves or currents of water exceeding anticipated cyclical levels that result in a **flood** as defined in **A.1.a.** above.

B. The following are the other key definitions that we use in this **policy**:

1. **Act.** The National Flood Insurance Act of 1968 and any amendments to it.
2. **Actual Cash Value.** The cost to replace an insured item of property at the time of loss, less the value of its physical depreciation.
3. **Application.** The statement made and signed by you or your agent in applying for this **policy**. The **application** gives information we use to determine the eligibility of the risk, the kind of **policy** to be issued, and the correct premium payment. The **application** is part of this flood insurance **policy**. For us to issue you a **policy**, the correct premium payment must accompany the **application**.
4. **Base Flood.** A **flood** having a one percent chance of being equaled or exceeded in any given year.

DWELLING FORM

COMMENTARY

LIMITATIONS, RESTRICTIONS, AND EXCLUSIONS

The Dwelling Form covers only:

- A 1- to 4-family dwelling not under the condominium form of ownership
- A single-family dwelling unit in a condominium building

I. AGREEMENT

The insuring agreement states the following:

- The Standard Flood Insurance Policy (SFIP) is based upon the National Flood Insurance Act of 1968 and all amendments, and Title 44 of the Code of Federal Regulations (CFR).
- The insured must pay the correct premium to get the requested amount of coverage.
- The insured or the insured's representative must submit accurate information.

II. DEFINITIONS

Flood. Requires surface water inundation of normally dry land from any source, including mudflow (see mudflow definition). Two acres or two or more properties must be inundated.

Actual Cash Value. Replacement cost value of the property minus depreciation (does not include antique value).

Application. Part of this policy; the application paragraph states that the insured must pay the correct premium.

5. **Basement.** Any area of the **building**, including any sunken room or sunken portion of a room, having its floor below ground level (subgrade) on all sides.

6. **Building.**

- a. A structure with two or more outside rigid walls and a fully secured roof, that is affixed to a permanent site;
- b. 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
- c. 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.

Building does not mean a gas or liquid storage tank or a recreational vehicle, park trailer, or other similar vehicle, except as described in **B.6.c.** above.

7. **Cancellation.** The ending of the insurance coverage provided by this **policy** before the expiration date.

8. **Condominium.** That form of ownership of real property in which each **unit** owner has an undivided interest in common elements.

9. **Condominium Association.** The entity made up of the **unit** owners responsible for the maintenance and operation of:

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

where membership in the entity is a required condition of **unit** ownership.

10. **Declarations Page.** A computer-generated summary of information you provided in the **application** for insurance. The **Declarations Page** also describes the term of the **policy**, limits of coverage, and displays the premium and our name. The **Declarations Page** is a part of this flood insurance **policy**.

11. **Described Location.** The location where the insured **building(s)** or personal property are found. The **described location** is shown on the **Declarations Page**.

12. **Direct Physical Loss By or From Flood.** Loss or damage to insured property, directly caused by a **flood**. There must be evidence of physical changes to the property.

13. **Dwelling.** A **building** designed for use as a residence for no more than four families or a single-family **unit**

in a **building** under a **condominium** form of ownership.

14. **Elevated Building.** A **building** that has no **basement** and that has its lowest elevated floor raised above ground level by foundation walls, shear walls, posts, piers, pilings, or columns.

15. **Emergency Program.** The initial phase of a community's participation in the **National Flood Insurance Program**. During this phase, only limited amounts of insurance are available under the **Act**.

16. **Expense Constant.** A flat charge you must pay on each new or renewal **policy** to defray the expenses of the Federal Government related to flood insurance.

17. **Federal Policy Fee.** A flat charge you must pay on each new or renewal **policy** to defray certain administrative expenses incurred in carrying out the **National Flood Insurance Program**. This fee covers expenses not covered by the **expense constant**.

18. **Improvements.** Fixtures, alterations, installations, or additions comprising a part of the insured **dwelling** or the apartment in which you reside.

19. **Mudflow.** A river of liquid and flowing mud on the surfaces of normally dry land areas, as when earth is carried by a current of water. Other earth movements, such as landslide, slope failure, or a saturated soil mass moving by liquidity down a slope, are not **mudflows**.

20. **National Flood Insurance Program (NFIP).** The program of flood insurance coverage and floodplain management administered under the **Act** and applicable Federal regulations in Title 44 of the Code of Federal Regulations, Subchapter B.

21. **Policy.** The entire written contract between you and us. It includes:

- a. This printed form;
- b. The **application** and **Declarations Page**;
- c. Any endorsement(s) that may be issued; and
- d. Any renewal certificate indicating that coverage has been instituted for a new **policy** and new **policy** term.

Only one **dwelling**, which you specifically described in the **application**, may be insured under this **policy**.

22. **Pollutants.** Substances that include, but are not limited to, any solid, liquid, gaseous, or thermal irritant or contaminant, including smoke, vapor, soot, fumes, acids, alkalis, chemicals, and waste. "Waste" includes, but is not limited to, materials to be recycled, reconditioned, or reclaimed.

II. DEFINITIONS (continued)

Basement. Any area that is below the natural grade on all sides.

Building. A building must have at least two rigid walls and a roof. Liquid storage tanks and bubbles are not covered. Grain bins and silos are covered. Travel trailers without wheels and affixed to a permanent foundation are covered if regulated by local law.

Condominium. Ownership of real property in which each unit owner has an interest in the common elements.

Condominium Association. This policy does not cover homeowner associations. The adjuster must check the by-laws if there is a question.

Declarations Page. A summary of information provided by the policyholder on the insurance application. The adjuster must verify the accuracy of the building description, as this may affect coverage.

Described Location. Shown on the Declarations Page.

Direct Physical Loss By or From Flood. Floodwaters must touch the insured property with the exception of seepage/hydrostatic pressure.

Elevated Building. This definition requires space between ground level and the lowest floor.

Mudflow. A surface river of liquid and flowing mud. Other earth movements such as landslide, slope failure, or saturated soil moving by liquidity are not mudflows. (The word “mudslide” no longer is used in the SFIP.)

Pollutants. Testing for or monitoring of pollutants is not covered unless required by law.

- 23. Post-FIRM Building.** A **building** for which construction or substantial improvement occurred after December 31, 1974, or on or after the effective date of an initial Flood Insurance Rate Map (FIRM), whichever is later.
- 24. Probation Premium.** A flat charge you must pay on each new or renewal **policy** issued covering property in a community that the NFIP has placed on probation under the provisions of 44 CFR 59.24.
- 25. Regular Program.** The final phase of a community's participation in the **National Flood Insurance Program**. In this phase, a Flood Insurance Rate Map is in effect and full limits of coverage are available under the **Act**.

- 26. Special Flood Hazard Area.** An area having special **flood**, or **mudflow**, and/or **flood**-related erosion hazards, and shown on a Flood Hazard Boundary Map or Flood Insurance Rate Map as Zone A, AO, A1-A30, AE, A99, AH, AR, AR/A, AR/AE, AR/AH, AR/AO, AR/A1-A30, V1-V30, VE, or V.
- 27. Unit.** A single-family **unit** you own in a **condominium building**.
- 28. Valued Policy.** A **policy** in which the insured and the insurer agree on the value of the property insured, that value being payable in the event of a total loss. The Standard Flood Insurance Policy is not a **valued policy**.

III. PROPERTY COVERED

A. COVERAGE A - BUILDING PROPERTY

We insure against **direct physical loss by or from flood** to:

1. The **dwelling** at the **described location**, or for a period of 45 days at another location as set forth in **III.C.2.b.**, Property Removed to Safety.
2. Additions and extensions attached to and in contact with the **dwelling** by means of a rigid exterior wall, a solid load-bearing interior wall, a stairway, an elevated walkway, or a roof. At your option, additions and extensions connected by any of these methods may be separately insured. Additions and extensions attached to and in contact with the **building** by means of a common interior wall that is not a solid load-bearing wall are always considered part of the **dwelling** and cannot be separately insured.
3. A detached garage at the **described location**. Coverage is limited to no more than 10 percent of the limit of liability on the **dwelling**. Use of this insurance is at your option but reduces the **building** limit of liability. We do not cover any detached garage used or held for use for residential (i.e., **dwelling**), business, or farming purposes.
4. Materials and supplies to be used for construction, alteration, or repair of the **dwelling** or a detached garage while the materials and supplies are stored in a fully enclosed **building** at the **described location** or on an adjacent property.
5. A **building** under construction, alteration, or repair at the **described location**.
 - a. If the structure is not yet walled or roofed as described in the definition for **building** (see **II.B.6.a.**) then coverage applies:

- (1) Only while such work is in progress; or
 - (2) If such work is halted, only for a period of up to 90 continuous days thereafter.
- b. However, coverage does not apply until the **building** is walled and roofed if the lowest floor, including the **basement** floor, of a non-elevated **building** or the lowest elevated floor of an **elevated building** is:
- (1) Below the **base flood** elevation in Zones AH, AE, A1-A30, AR, AR/AE, AR/AH, AR/A1-A30, AR/A, AR/AO; or
 - (2) Below the **base flood** elevation adjusted to include the effect of wave action in Zones VE or V1-V30.

The lowest floor levels are based on the bottom of the lowest horizontal structural member of the floor in Zones VE or V1-V30 and the top of the floor in Zones AH, AE, A1-A30, AR, AR/AE, AR/AH, AR/A1-A30, AR/A, AR/AO.

6. A manufactured home or a travel trailer as described in the Definitions section (see **II.B.6.b.** and **II.B.6.c.**).
- If the manufactured home or travel trailer is in a **special flood hazard area**, it must be anchored in the following manner at the time of the loss:
- a. By over-the-top or frame ties to ground anchors; or
 - b. In accordance with the manufacturer's specifications; or
 - c. In compliance with the community's floodplain management requirements;

II. DEFINITIONS (continued)

Post-FIRM Building. Start of construction or substantial improvement after December 31, 1974, or on or after the publication of the initial Flood Insurance Rate Map (FIRM), whichever is later.

Special Flood Hazard Area (SFHA). All zones listed are SFHAs. However, the Post-FIRM coverage limitations apply only to Zones A1-A30, AE, AH, AR, AR/A, AR/AE, AR/AH, AR/A1-A30, V1-V30, and VE.

Valued Policy. The SFIP is not a valued policy, in any state.

III. PROPERTY COVERED

COVERAGE A – BUILDING PROPERTY

This policy covers only one- to four-family dwellings.

Additions that are attached to and in contact with the risk by a rigid exterior wall, a solid load-bearing interior wall, a stairway, an elevated walkway, or a roof are covered.

A solid load-bearing interior wall cannot have any openings and must not provide access from one building or room into another (partial walls). If access is available through a doorway or opening, then the structure must be insured as one building. Other provisions are:

- At the insured's option, the additions and extensions may be insured separately.
- A common interior wall that is not solid or load bearing necessitates one policy.

Garages. Coverage is limited to no more than 10 percent of liability on the dwelling. Any reimbursement for damage to garages would reduce the coverage. If any part of the garage is used for anything other than storage or parking, coverage for the garage is nullified.

For example, a garage that has been converted and contains a separate room such as a play room, home workshop, workout room, laundry room, or bathroom does not meet the definition of a garage. There is no coverage unless the insured has purchased a separate policy for the garage. Coverage for detached carports has been eliminated.

Materials and Supplies. Those used to alter, repair, or construct the insured building or a detached garage must be in a fully enclosed building at the property address or an adjacent property.

Building Under Construction. The deductible is doubled (see Dwelling Form VI. Deductibles, second paragraph of provision A.) and, if there is no work on the building for a period of 90 continuous days, coverage ceases until such time as work is resumed. Coverage is provided for those items that will become part of the finished building. For example, rebar, footings, and concrete walls that will become part of the finished building are covered. There is no coverage for the forms used to retain the concrete. There is no coverage for a building under construction before it is walled and roofed when the building is Post-FIRM and the basement floor or lowest elevated floor is below Base Flood Elevation in any of Zones AH, AE, A1-A30, AR, AR/AE, AR/AH, AR/A1-A30, AR/A, or AR/AO, or below Base Flood Elevation adjusted for wave action in any of Zones VE or V1-V30.

unless it has been continuously insured by the **NFIP** at the same **described location** since September 30, 1982.

7. The following items of property which are covered under Coverage **A** only:

- a. Awnings and canopies;
- b. Blinds;
- c. Built-in dishwashers;
- d. Built-in microwave ovens;
- e. Carpet permanently installed over unfinished flooring;
- f. Central air conditioners;
- g. Elevator equipment;
- h. Fire sprinkler systems;
- i. Walk-in freezers;
- j. Furnaces and radiators;
- k. Garbage disposal units;
- l. Hot water heaters, including solar water heaters;
- m. Light fixtures;
- n. Outdoor antennas and aerials fastened to **buildings**;
- o. Permanently installed cupboards, bookcases, cabinets, paneling, and wallpaper;
- p. Plumbing fixtures;
- q. Pumps and machinery for operating pumps;
- r. Ranges, cooking stoves, and ovens;
- s. Refrigerators; and
- t. Wall mirrors, permanently installed.

8. Items of property in a **building** enclosure below the lowest elevated floor of an **elevated post-FIRM building** located in Zones 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. Coverage is limited to the following:

- a. Any of the following items, if installed in their functioning locations and, if necessary for operation, connected to a power source:
 - (1) Central air conditioners;
 - (2) Cisterns and the water in them;
 - (3) Drywall for walls and ceilings in a **basement** and the cost of labor to nail it, unfinished and unfloated and not taped, to the framing;
 - (4) Electrical junction and circuit breaker boxes;
 - (5) Electrical outlets and switches;
 - (6) Elevators, dumbwaiters, and related equipment, except for related equipment installed below the **base flood** elevation after September 30, 1987;
 - (7) Fuel tanks and the fuel in them;
 - (8) Furnaces and hot water heaters;
 - (9) Heat pumps;
 - (10) Nonflammable insulation in a **basement**;
 - (11) Pumps and tanks used in solar energy systems;
 - (12) Stairways and staircases attached to the **building**, not separated from it by elevated walkways;
 - (13) Sump pumps;

(14) Water softeners and the chemicals in them, water filters, and faucets installed as an integral part of the plumbing system;

(15) Well water tanks and pumps;

(16) Required utility connections for any item in this list; and

(17) Footings, foundations, posts, pilings, piers, or other foundation walls and anchorage systems required to support a **building**.

b. Clean-up.

B. COVERAGE B - PERSONAL PROPERTY

1. If you have purchased personal property coverage, we insure against **direct physical loss by or from flood** to personal property inside a **building** at the **described location**, if:

a. The property is owned by you or your household family members; and

b. At your option, the property is owned by guests or servants.

Personal property is also covered for a period of 45 days at another location as set forth in **III.C.2.b.**, Property Removed to Safety.

Personal property in a **building** that is not fully enclosed must be secured to prevent flotation out of the **building**. If the personal property does float out during a **flood**, it will be conclusively presumed that it was not reasonably secured. In that case there is no coverage for such property.

2. Coverage for personal property includes the following property, subject to **B.1.** above, which is covered under Coverage **B** only:

- a. Air conditioning units, portable or window type;
- b. Carpets, not permanently installed, over unfinished flooring;
- c. Carpets over finished flooring;
- d. Clothes washers and dryers;
- e. "Cook-out" grills;
- f. Food freezers, other than walk-in, and food in any freezer; and
- g. Portable microwave ovens and portable dishwashers.

3. Coverage for items of property in a **building** enclosure below the lowest elevated floor of an **elevated post-FIRM building** located in Zones 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, is limited to the following items, if installed in their functioning locations and, if necessary for operation, connected to a power source:

- a. Air conditioning units, portable or window type;
- b. Clothes washers and dryers; and
- c. Food freezers, other than walk-in, and food in any freezer.

III. PROPERTY COVERED (continued)

COVERAGE A – BUILDING PROPERTY (continued)

The items listed in Dwelling Form III.A.7. are considered building property; they cannot be paid under contents coverage unless III.B.4. applies. Other building items are not excluded, but the items listed are those that will be covered only as part of the building.

The items listed in Dwelling Form III.A.8., when installed beneath the lowest elevated floor of an elevated Post-FIRM building or in a basement, are considered building property; they cannot be paid under contents coverage.

COVERAGE B – PERSONAL PROPERTY

Contents coverage must be purchased separately, and a separate deductible is applied.

Contents must be owned by the insured or family members of the insured's household, or at the insured's option, within the limits of liability of the policy, by the insured's guests or servants.

Contents are covered while stored in the dwelling or in another fully enclosed building at the property address. Flotation of contents out of a building that has fewer than four rigid walls is not covered.

The items listed in Dwelling Form III.B.2., General Property Form III.B.3., and RCBAP III.B.2. are considered personal property and cannot be paid under building coverage.

The items listed in Dwelling Form III.B.3., when installed beneath the lowest elevated floor of an elevated Post-FIRM building or in a basement, are considered personal property items. They cannot be paid under building coverage. Also see General Property Form III.B.4. and RCBAP III.B.3.

4. If you are a tenant and have insured personal property under Coverage **B** in this **policy**, we will cover such property, including your cooking stove or range and refrigerator. The **policy** will also cover **improvements** made or acquired solely at your expense in the **dwelling** or apartment in which you reside, but for not more than 10 percent of the limit of liability shown for personal property on the **Declarations Page**. Use of this insurance is at your option but reduces the personal property limit of liability.
5. If you are the owner of a **unit** and have insured personal property under Coverage **B** in this **policy**, we will also cover your interior walls, floor, and ceiling (not otherwise covered under a flood insurance **policy** purchased by your **condominium association**) for not more than 10 percent of the limit of liability shown for personal property on the **Declarations Page**. Use of this insurance is at your option but reduces the personal property limit of liability.
6. **Special Limits.** We will pay no more than \$2,500 for any one loss to one or more of the following kinds of personal property:
 - a. Artwork, photographs, collectibles, or memorabilia, including but not limited to, porcelain or other figures, and sports cards;
 - b. Rare books or autographed items;
 - c. Jewelry, watches, precious and semiprecious stones, or articles of gold, silver, or platinum;
 - d. Furs or any article containing fur which represents its principal value; or
 - e. Personal property used in any business.
7. We will pay only for the functional value of antiques.

C. COVERAGE C - OTHER COVERAGES

1. Debris Removal

- a. We will pay the expense to remove non-owned debris on or in insured property and owned debris anywhere.
- b. If you or a member of your household perform the removal work, the value of your work will be based on the Federal minimum wage.
- c. This coverage does not increase the Coverage **A** or Coverage **B** limit of liability.

2. Loss Avoidance Measures

a. Sandbags, Supplies, and Labor

- (1) We will pay up to \$1,000 for costs you incur to protect the insured **building** from a **flood** or imminent danger of **flood**, for the following:
 - (a) Your reasonable expenses to buy:
 - (i) Sandbags, including sand to fill them;
 - (ii) Fill for temporary levees;
 - (iii) Pumps; and
 - (iv) Plastic sheeting and lumber used in connection with these items.
 - (b) The value of work, at the Federal minimum wage, that you or a member of your household perform.
- (2) This coverage for Sandbags, Supplies, and Labor applies only if damage to insured property by or from **flood** is imminent, and the threat of **flood** damage is apparent enough to lead a person of common prudence to anticipate **flood** damage. One of the following must also occur:
 - (a) A general and temporary condition of flooding in the area near the **described location** must occur, even if the **flood** does not reach the insured **building**; or
 - (b) A legally authorized official must issue an evacuation order or other civil order for the community in which the insured **building** is located calling for measures to preserve life and property from the peril of **flood**.

This coverage does not increase the Coverage **A** or Coverage **B** limit of liability.

b. Property Removed to Safety

- (1) We will pay up to \$1,000 for the reasonable expenses you incur to move insured property to a place other than the **described location** that contains the property in order to protect it from **flood** or the imminent danger of **flood**.

III. PROPERTY COVERED (continued)

COVERAGE B – PERSONAL PROPERTY (continued)

Tenants. Paragraph 4. states that, if the insured is a tenant and has personal property coverage (Coverage B), the coverage extends to the insured's cooking stove, range, and refrigerator. Also, improvements made or acquired solely at the insured's expense are covered for up to 10 percent of the limit of liability for personal property. The 10 percent limit of liability for improvements does not include cooking stoves, ranges, or refrigerators.

Condominium Unit Owners. Paragraph 5. states that the 10 percent coverage for building items cannot be applied and no coverage is available if the condominium policy or a combination of coverages pays the statutory limit.

Special Limits. A total of \$2,500 is the maximum payment allowed for artwork, rare books, jewelry, furs, or any article containing fur, which represents its principal value, as well as personal property used in any business. This maximum payment also extends to the following:

- Photographs
- Collectibles
- Memorabilia
- Porcelain or other figures and sports cards
- Autographed items
- Watches
- Precious and semiprecious stones
- Articles of gold, silver, or platinum

This coverage is limited to personal property owned by the named insured, household family members, servants, and guests and to other personal property for which the insured is liable.

Antiques. Coverage is provided only for the functional value of antiques.

COVERAGE C – OTHER COVERAGES

Debris Removal. Insured property means property we insure—i.e., the described building and covered contents. The described premises includes the lot, which is not covered.

Coverage extends to insured property anywhere and to non-owned debris from beyond the insured premises or on or in the insured property. Non-covered items such as contents in a basement are excluded from debris removal coverage.

Loss Mitigation. Expenses are covered up to \$1,000 per measure; no deductible applies. Loss mitigation measures are described below.

a. Sandbags, Supplies, and Labor

- Sandbags, including sand
- Fill for temporary levees
- Pumps
- Plastic sheeting and lumber used in connection with these items
- Labor (Members of family can be paid for labor at the federal minimum wage.)

This coverage applies only under Coverage A – Building Property.

b. Property Removed to Safety. A maximum of \$1,000 can be paid to move insured property to another place other than the described location above ground or outside the SFHA to preserve it from flood. Read Dwelling Form III.C.2.b. Property Removed to Safety.

Reasonable expenses include the value of work, at the Federal minimum wage, that you or a member of your household perform.

- (2) If you move insured property to a location other than the **described location** that contains the property, in order to protect it from **flood** or the imminent danger of **flood**, we will cover such property while at that location for a period of 45 consecutive days from the date you begin to move it there. The personal property that is moved must be placed in a fully enclosed **building** or otherwise reasonably protected from the elements.

Any property removed, including a moveable home described in **II.B.6.b.** and **c.**, must be placed above ground level or outside of the **special flood hazard area**.

This coverage does not increase the Coverage **A** or Coverage **B** limit of liability.

3. Condominium Loss Assessments

- a. If this **policy** insures a **unit**, we will pay, up to the Coverage **A** limit of liability, your share of loss assessments charged against you by the **condominium association** in accordance with the **condominium association's** articles of association, declarations and your deed.

The assessment must be made as a result of **direct physical loss by or from flood** during the **policy** term, to the **building's** common elements.

- b. We will not pay any loss assessment charged against you:
- (1) And the **condominium association** by any governmental body;
 - (2) That results from a deductible under the insurance purchased by the **condominium association** insuring common elements;
 - (3) That results from a loss to personal property, including contents of a **condominium building**;
 - (4) That results from a loss sustained by the **condominium association** that was not reimbursed under a flood insurance **policy** written in the name of the association under the **Act** because the **building** was not, at the time of loss, insured for an amount equal to the lesser of:

- (a) 80 percent or more of its full replacement cost; or

- (b) The maximum amount of insurance permitted under the **Act**;

- (5) To the extent that payment under this **policy** for a **condominium building** loss, in combination with payments under any other **NFIP policies** for the same **building** loss, exceeds the maximum amount of insurance permitted under the **Act** for that kind of **building**; or

- (6) To the extent that payment under this **policy** for a **condominium building** loss, in combination with any recovery available to you as a tenant in common under any **NFIP condominium association policies** for the same **building** loss, exceeds the amount of insurance permitted under the **Act** for a single-family dwelling.

Loss assessment coverage does not increase the Coverage **A** limit of liability.

D. COVERAGE D - INCREASED COST OF COMPLIANCE

1. General

This **policy** pays you to comply with a State or local floodplain management law or ordinance affecting repair or reconstruction of a structure suffering **flood** damage. Compliance activities eligible for payment are: elevation, floodproofing, relocation, or demolition (or any combination of these activities) of your structure. Eligible floodproofing activities are limited to:

- a. Nonresidential structures.
- b. Residential structures with **basements** that satisfy FEMA's standards published in the Code of Federal Regulations [44 CFR 60.6 (b) or (c)].

2. Limit of Liability

We will pay you up to \$30,000 under this Coverage **D** - Increased Cost of Compliance, which only applies to **policies** with **building** coverage (Coverage **A**). Our payment of claims under Coverage **D** is in addition to the amount of coverage which you selected on the **application** and which appears on the **Declarations Page**. But the maximum you can collect under this **policy** for both Coverage **A** - Building Property and Coverage **D** - Increased Cost of Compliance cannot exceed the maximum permitted under the **Act**. We do not charge a separate deductible for a claim under Coverage **D**.

III. PROPERTY COVERED (continued)

COVERAGE C – OTHER COVERAGES (continued)

If the property removed is a manufactured (mobile) home or travel trailer, coverage extends to it for 45 days, even if it is not on a foundation. This coverage can be used for building, contents, or both; but the total of building and contents payments cannot exceed \$1,000.

Other provisions regarding property removed to safety are:

- Contents must be placed in a fully enclosed building or otherwise reasonably protected and moved temporarily away from the peril of flood.
- Property must be removed to a location other than the described location. Property moved from one place to another at the described location is not covered.
- Coverage extends for 45 days at another place.
- No deductible applies.

Removed property is covered for damage by flood only. Any property removed, including a moveable home described in Dwelling Form II.B.6.b. and c., must be placed above ground level at a location other than the described location or outside of the SFHA. See General Property Form III.C.2.b. and RCBAP III.C.2.b.

Condominium Loss Assessment: If no Residential Condominium Building Association Policy (RCBAP) is in force on the building, then the Dwelling Form will respond to covered loss assessments. The Dwelling Form will not respond to assessments if there is an RCBAP that is not insured to 80 percent of the RCV or the maximum insurable value of the building, whichever is less. See 3.b.(4)(a) and (b).

COVERAGE D – INCREASED COST OF COMPLIANCE

The limit of liability for Increased Cost of Compliance (ICC) coverage was raised to \$30,000 on May 1, 2003. Any flood loss incurred prior to May 2003 will be adjusted according to the previous limit of \$20,000.

ICC coverage is used for floodproofing, demolition, elevation, or relocation of the structure, or a combination of these. It is an additional amount of insurance above building limits of liability, but we cannot pay more than the law allows (\$250,000 dwelling and \$500,000 commercial).

For further information about ICC coverage, see Section VI. of this manual. Subsection VI.D.3. specifically addresses assignment of Coverage D by the policyholder to the community.

3. Eligibility

- a. A structure covered under Coverage **A** - Building Property sustaining a loss caused by a **flood** as defined by this **policy** must:

(1) Be a "repetitive loss structure." A repetitive loss structure is one that meets the following conditions:

- (a) The structure is covered by a contract of flood insurance issued under the **NFIP**.
- (b) The structure has suffered **flood** damage on two occasions during a 10-year period which ends on the date of the second loss.
- (c) The cost to repair the **flood** damage, on average, equaled or exceeded 25 percent of the market value of the structure at the time of each flood loss.
- (d) In addition to the current claim, the **NFIP** must have paid the previous qualifying claim, and 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

(2) Be a structure that has had **flood** damage in which the cost to repair equals or exceeds 50 percent of the market value of the structure at the time of the **flood**. The State or community must have a substantial damage provision in its floodplain management law or ordinance being enforced against the structure.

- b. This Coverage **D** pays you to comply with State or local floodplain management laws or ordinances that meet the minimum standards of the **National Flood Insurance Program** found in the Code of Federal Regulations at 44 CFR 60.3. We pay for compliance activities that exceed those standards under these conditions:

(1) 3.a.(1) above.

(2) Elevation or floodproofing in any risk zone to preliminary or advisory **base flood** elevations provided by FEMA which the State or local government has adopted and is enforcing for **flood**-damaged structures in such areas. (This includes compliance activities in B, C, X, or D zones which are being changed to zones with **base flood** elevations. This also includes compliance activities in zones where **base flood**

elevations are being increased, and a **flood**-damaged structure must comply with the higher advisory **base flood** elevation.) Increased Cost of Compliance coverage does not apply to situations in B, C, X, or D zones where the community has derived its own elevations and is enforcing elevation or floodproofing requirements for **flood**-damaged structures to elevations derived solely by the community.

(3) Elevation or floodproofing above the **base flood** elevation to meet State or local "freeboard" requirements, i.e., that a structure must be elevated above the **base flood** elevation.

c. Under the minimum **NFIP** criteria at 44 CFR 60.3 (b)(4), States and communities must require the elevation or floodproofing of structures in unnumbered A zones to the **base flood** elevation where elevation data is obtained from a Federal, State, or other source. Such compliance activities are also eligible for Coverage **D**.

d. This coverage will also pay for the incremental cost, after demolition or relocation, of elevating or floodproofing a structure during its rebuilding at the same or another site to meet State or local floodplain management laws or ordinances, subject to Exclusion **D.5.g.** below.

e. This coverage will also pay to bring a **flood**-damaged structure into compliance with State or local floodplain management laws or ordinances even if the structure had received a variance before the present loss from the applicable floodplain management requirements.

4. Conditions

a. When a structure covered under Coverage **A** - Building Property sustains a loss caused by a **flood**, our payment for the loss under this Coverage **D** will be for the increased cost to elevate, floodproof, relocate, or demolish (or any combination of these activities) caused by the enforcement of current State or local floodplain management ordinances or laws. Our payment for eligible demolition activities will be for the cost to demolish and clear the site of the **building** debris or a portion thereof caused by the enforcement of current State or local floodplain management ordinances or laws. Eligible activities for the cost of clearing the site will include those necessary to discontinue utility service to the site and ensure proper abandonment of on-site utilities.

b. When the **building** is repaired or rebuilt, it must be intended for the same occupancy as the present **building** unless otherwise required by current floodplain management ordinances or laws.

III. PROPERTY COVERED (continued)

COVERAGE D – INCREASED COST OF COMPLIANCE (continued)

Structures that are in an SFHA and are declared by the local community to be substantially flood-damaged by 50 percent of their market value are eligible. An ICC claim must not be opened until the local official has declared in writing that the structure is substantially damaged.

On ICC claims for structures in B, C, X, D, unnumbered A and V, and A99 zones, the adjuster needs to obtain a written statement explaining why the local official is requiring an ICC activity.

For communities that have cumulative damage language in their ordinance, the building must have sustained two losses in 10 years, averaging 25 percent. The adjuster must verify that the community has such language in the ordinance. The adjuster must also verify that NFIP claim payments were issued to the insured for both qualifying losses.

5. Exclusions

Under this Coverage **D** - Increased Cost of Compliance, we will not pay for:

- a. The cost to comply with any floodplain management law or ordinance in communities participating in the **Emergency Program**.
- b. The cost associated with enforcement of any ordinance or law that requires any insured or others to test for, monitor, clean up, remove, contain, treat, detoxify or neutralize, or in any way respond to, or assess the effects of **pollutants**.
- c. The loss in value to any insured **building** or other structure due to the requirements of any ordinance or law.
- d. The loss in residual value of the undamaged portion of a **building** demolished as a consequence of enforcement of any State or local floodplain management law or ordinance.
- e. Any Increased Cost of Compliance under this Coverage **D**:
 - (1) Until the **building** is elevated, floodproofed, demolished, or relocated on the same or to another premises; and
 - (2) Unless the **building** is elevated, floodproofed, demolished, or relocated as soon as reasonably possible after the loss, not to exceed 2 years (see **3.b.**).
- f. Any code upgrade requirements, e.g., plumbing or electrical wiring, not specifically related to the State or local floodplain management law or ordinance.
- g. Any compliance activities needed to bring additions or **improvements** made after the loss occurred into compliance with State or local floodplain management laws or ordinances.
- h. Loss due to any ordinance or law that you were required to comply with before the current loss.
- i. Any rebuilding activity to standards that do not meet the **NFIP's** minimum requirements. This includes any situation where you have received from the State or community a variance in connection with the current **flood** loss to rebuild the property to an elevation below the **base flood** elevation.
- j. Increased Cost of Compliance for a garage or carport.
- k. Any structure insured under an **NFIP** Group Flood Insurance Policy.
- l. Assessments made by a **condominium association** on individual **condominium unit** owners to pay increased costs of repairing commonly owned **buildings** after a **flood** in compliance with State or local floodplain management ordinances or laws.

6. Other Provisions

- a. Increased Cost of Compliance coverage will not be included in the calculation to determine whether coverage meets the 80 percent insurance-to-value requirement for replacement cost coverage as set forth in **VII. General Conditions, V. Loss Settlement**.
- b. All other conditions and provisions of this **policy** apply.

IV. PROPERTY NOT COVERED

We do not cover any of the following property:

- 1. Personal property not inside the fully enclosed **building**;
- 2. A **building**, and personal property in it, located entirely in, on, or over water or seaward of mean high tide if it was constructed or substantially improved after September 30, 1982;
- 3. Open structures, including a **building** used as a boathouse or any structure or **building** into which boats are floated, and personal property located in, on, or over water;
- 4. Recreational vehicles other than travel trailers described in **II.B.6.c.**, whether affixed to a permanent foundation or on wheels;
- 5. Self-propelled vehicles or machines, including their parts and equipment. However, we do cover self-propelled vehicles or machines not licensed for use on public roads that are:
 - a. Used mainly to service the **described location**, or
 - b. Designed and used to assist handicapped persons,while the vehicles or machines are inside a **building** at the **described location**;
- 6. Land, land values, lawns, trees, shrubs, plants, growing crops, or animals;
- 7. Accounts, bills, coins, currency, deeds, evidences of debt, medals, money, scrip, stored value cards, postage stamps, securities, bullion, manuscripts, or other valuable papers;

III. PROPERTY COVERED (continued)

COVERAGE D – INCREASED COST OF COMPLIANCE (continued)

Under ICC, even if a local ordinance or law requires the testing, monitoring, clean-up, removal, containment, treatment, detoxification, or neutralization of pollutants, there is no coverage.

The 2-year limit for completing an ICC claim begins on the date of the declaration by the local community official that the insured structure has been substantially damaged by flood. This means that the 2-year period referenced in paragraph 5.e.(2) begins on that date.

The two conditions in Paragraph 5.e. refer to the total payment of an ICC claim. Partial payments of ICC claims are permitted. Partial payments may be issued before completion of the mitigation activity but cannot exceed 50 percent of the estimated reimbursable cost of the mitigation activity.

The adjuster must complete the Adjuster Preliminary Damage Assessment form on a daily basis as needed and fax it to the NFIP Bureau and Statistical Agent's Claims Department at 1-800-457-4232.

IV. PROPERTY NOT COVERED

Building or Personal Property Entirely in, on, or over Water or Seaward of Mean High Tide.

No coverage is provided if the building was constructed or substantially improved after September 30, 1982.

Recreational Vehicles. Excluded from coverage except travel trailers defined in Dwelling Form II.B.6.c.

Self-Propelled Vehicles or Machines. Excluded except those used to service the described location or designed and used to assist handicapped persons. The vehicles or machines must be located inside the building at the described location.

Land, Land Values, Lawns, Trees, Shrubs, Plants, Growing Crops, or Animals. Animals are specifically excluded from coverage by the provision in Dwelling Form IV.6 (also General Property Form IV.6 and Residential Condominium Building Association Policy IV.6). This exclusion applies to live bait, such as worms or minnows, sold in fishing tackle shops.

8. Underground structures and equipment, including wells, septic tanks, and septic systems;
9. Those portions of walks, walkways, decks, driveways, patios, and other surfaces, all whether protected by a roof or not, located outside the perimeter, exterior walls of the insured **building** or the **building** in which the insured **unit** is located;
10. Containers, including related equipment, such as, but not limited to, tanks containing gases or liquids;
11. **Buildings** or **units** and all their contents if more than 49 percent of the **actual cash value** of the **building** or **unit** is below ground, unless the lowest level is at or above the **base flood** elevation and is below ground by reason of earth having been used as insulation material in conjunction with energy efficient building techniques;
12. Fences, retaining walls, seawalls, bulkheads, wharves, piers, bridges, and docks;
13. Aircraft or watercraft, or their furnishings and equipment;
14. Hot tubs and spas that are not bathroom fixtures, and swimming pools, and their equipment such as, but not limited to, heaters, filters, pumps, and pipes, wherever located;
15. Property not eligible for flood insurance pursuant to the provisions of the Coastal Barrier Resources Act and the Coastal Barrier Improvement Act and amendments to these acts;
16. Personal property you own in common with other **unit** owners comprising the membership of a **condominium association**.

V. EXCLUSIONS

- A. We only provide coverage for **direct physical loss by or from flood**, which means that we do not pay you for:
 1. Loss of revenue or profits;
 2. Loss of access to the insured property or **described location**;
 3. Loss of use of the insured property or **described location**;
 4. Loss from interruption of business or production;
 5. Any additional living expenses incurred while the insured **building** is being repaired or is unable to be occupied for any reason;
 6. The cost of complying with any ordinance or law requiring or regulating the construction, demolition, remodeling, renovation, or repair of property, including removal of any resulting debris. This exclusion does not apply to any eligible activities that we describe in Coverage **D** - Increased Cost of Compliance; or
 7. Any other economic loss.
- B. We do not insure a loss directly or indirectly caused by a **flood** that is already in progress at the time and date:
 1. The **policy** term begins; or
 2. Coverage is added at your request.
- C. We do not insure for loss to property caused directly by earth movement even if the earth movement is caused by **flood**. Some examples of earth movement that we do not cover are:
 1. Earthquake;
 2. Landslide;
 3. Land subsidence;
 4. Sinkholes;
 5. Destabilization or movement of land that results from accumulation of water in subsurface land area; or
 6. Gradual erosion.

We do, however, pay for losses from **mudflow** and land subsidence as a result of erosion that are specifically covered under our definition of **flood** (see **II.A.1.c.** and **II.A.2.**).
- D. We do not insure for direct physical loss caused directly or indirectly by any of the following:
 1. The pressure or weight of ice;
 2. Freezing or thawing;
 3. Rain, snow, sleet, hail, or water spray;
 4. Water, moisture, mildew, or mold damage that results primarily from any condition:
 - a. Substantially confined to the **dwelling**; or
 - b. That is within your control, including but not limited to:
 - (1) Design, structural, or mechanical defects;

IV. PROPERTY NOT COVERED (continued)

Containers. Fuel tanks and well water tanks are not covered outside a basement, elevated building enclosure, or the insured building. Tanks containing other liquids or gases are not covered.

Swimming Pools, Hot Tubs, and Spas. These and their equipment are not covered, except that spas and hot tubs are covered if they are bathroom fixtures.

Coastal Barrier Resources Act (CBRA). It is the adjuster's responsibility not to recommend payment for buildings and their contents made ineligible by CBRA legislation, as it is against the law to insure such buildings. These should be referred to Underwriting for a coverage determination.

V. EXCLUSIONS

Loss of Revenue or Profit, Loss of Access, Loss of Use, Business Interruption, and Additional Living Expenses. We will not pay for these. Coverage is not provided for the cost of complying with any ordinance or law except those described in D. Coverage D – Increased Cost of Compliance.

Loss in Progress. Not covered (Paragraph B.).

Single Peril. Paragraph C. makes it clear that this is a single-peril policy. Earth movement caused by flood is excluded. This includes but is not limited to earthquake, landslide, land subsidence, sinkholes, destabilization, or movement of land resulting from the accumulation of water in subsurface land areas, and gradual erosion.

Land subsidence is covered if it is caused by erosion as specified in the definition of flood (see Dwelling Form II.A.2.).

Water, Moisture, Mildew, or Mold Damage. Not covered when caused by a condition substantially confined to the building, or within the insured's control, which includes design, structural, or mechanical defects; failure, stoppage, or breakage of water or sewer lines, drains, pumps, fixtures, or equipment; or the insured's failure to adequately inspect and maintain the property after the flood waters recede. (For additional information about mold damage, see Subsection VIII.C'. of this manual.)

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