I. COMMUNITY ELIGIBILITY

A. Participating (Eligible) Communities

Flood insurance may be written only in those communities that have been designated as participating in the National Flood Insurance Program (NFIP) by the Federal Emergency Management Agency (FEMA).

B. Emergency Program

The Emergency Program is the initial phase of a community's participation in the NFIP. Limited amounts of coverage are available.

C. Regular Program

The Regular Program is the final phase of a community's participation in the NFIP. In this phase, a Flood Insurance Rate Map (FIRM) is in effect and full limits of coverage are available.

D. Maps

Maps of participating communities indicate the degree of flood hazard so that full-risk premium rates can be assigned for insurance coverage on properties at risk. Additional information is provided in the Flood Maps section of this manual.

1. Flood Hazard Boundary Map (FHBM) – Usually the initial map of a community. Some communities entering the Regular Program will continue to use an FHBM renamed a FIRM if there is a minimum flood hazard.

2. Flood Insurance Rate Map (FIRM) – The official map of the community containing detailed full-risk risk premium zones.

3. Rescission – Participating communities in the Emergency Program remain in the Emergency Program if an FHBM is rescinded.

E. Probation

Probation, imposed by the FEMA Regional Director, occurs as a result of noncompliance with NFIP floodplain management criteria. A community is placed on probation for 1 year (may be extended), during which time a $50 surcharge is applied to all NFIP policies, excluding the Group Flood Insurance Policy (GFIP), issued on or after the Probation Surcharge effective date. Probation is terminated if deficiencies are corrected. However, if a community does not take remedial or corrective measures while on probation, it can be suspended.

F. Suspension

Flood insurance may not be sold or renewed in communities that are suspended from the NFIP. Under the NFIP rules and regulations, any policies issued or renewed in error on or after the suspension date must be cancelled. Once the community is reinstated, a new application and premium, subject to the applicable waiting period, must be submitted to obtain new coverage.

G. Non-Participating (Ineligible) Communities

When FEMA provides a non-participating community with an FHBM or a FIRM delineating its floodprone areas, the community is allowed 1 year in which to join the NFIP. If the community chooses not to participate in the NFIP, flood insurance is not available.

H. Coastal Barrier Resources Act

Flood insurance may not be available for buildings and/or contents located in Coastal Barrier Resources System (CBRS) and Otherwise Protected Areas (OPAs). See the CBRS section in this manual for more information.

I. Federal Land

Buildings and/or contents located on land owned by the Federal Government are eligible for flood insurance if the Federal agency having control of the land has met floodplain management requirements. All Federal land is recorded under the local community number even if that local community does not have jurisdiction.

Certain buildings on Leased Federal Property must be full-risk rated. This includes buildings that the Administrator determines are located on the river-facing side of any dike, levee, or other riverine flood-control structure, or seaward of any seawall or other coastal flood-control structure. See the Leased Federal Property section in this manual for more information.

II. POLICIES AND PRODUCTS AVAILABLE

A. Standard Flood Insurance Policy

The Standard Flood Insurance Policy (SFIP) consists of the Dwelling Form, the General Property Form, and the Residential Condominium Building Association Policy (RCBAP) Form. The 3 SFIP forms are located in the Policy section of this manual.

The table on the next page shows how agents/producers can use the 3 SFIP forms to insure a variety of residential and non-residential building and contents risks.

Matching Standard Flood Insurance Policy Forms with Specific Risks

SFIP FORM	ELIGIBILITY
Dwelling Form Issued to homeowner, residential renter, or owner of residential building containing 1 to 4 units.	In NFIP Regular Program community or Emergency Program community, provides building and/or contents coverage for: • Single-family, non-condominium residence with incidental occupancy limited to less than 50% of the total floor area; • 2–4 family, non-condominium building with incidental occupancy limited to less than 25% of the total floor area; • Dwelling unit in residential condominium building; • Residential townhouse/rowhouse; • Personal contents in a non-residential building.
General Property Form Issued to owner of **residential** building with 5 or more units.	In NFIP Regular Program community or Emergency Program community, provides building and/or contents coverage for these and similar "other residential" risks: • Apartment building; • Residential cooperative building; • Dormitory; • Assisted-living facility; • Hotels, motels, tourist homes, and rooming houses that have more than 4 units where the normal guest occupancy is 6 months or more.
Issued to owner or lessee of **non-residential business or other non-residential** building or unit.	In NFIP Regular Program community or Emergency Program community, provides building coverage and/or contents coverage for these and similar non-residential risks: • Hotel or motel with normal guest occupancy of less than 6 months; • Licensed bed-and-breakfast inn; • Retail shop, restaurant, or other business; • Mercantile building; • Grain bin, silo, or other farm building; • Agricultural or industrial processing facility; • Factory; • Warehouse; • Poolhouse, clubhouse, or other recreational building; • House of worship; • School; • Nursing home; • Non-residential condominium; • Condominium building with less than 75% of its total floor area in residential use; • Detached garage; • Tool shed; • Stock, inventory, or other commercial contents.
Residential Condominium Building Association Policy (RCBAP) Issued to residential condominium association on behalf of association and unit owners.	In NFIP Regular Program community only, provides building coverage and, if desired, coverage of commonly owned contents for residential condominium building with 75% or more of its total floor area in residential use.

B. Insurance Products

The following products are available under the SFIP:

1. Preferred Risk Policy (PRP)

   The PRP is available for properties located in B, C, X, AR, or A99 zones. Information about coverage options and eligibility requirements for the PRP is provided in the PRP section of this manual.

2. Newly-Mapped-Rated Policy

   The Newly Mapped procedure applies to properties previously in B, C, X, D, AR, or A99 zones that have been newly mapped into a Special Flood Hazard Area (SFHA).

3. Mortgage Portfolio Protection Program (MPPP)

   The Mortgage Portfolio Protection Program (MPPP) offers a force-placed policy available only through a Write Your Own (WYO) Company. Additional information is provided in the MPPP section of this manual.

4. 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.

5. Group Flood Insurance

   Group Flood Insurance is issued under 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. The Group Flood Insurance Policy cannot be canceled. However, an applicant may purchase a regular SFIP through the NFIP. When this is done, the group flood certificate for the property owner is void, and premium will not be refunded.

III. BUILDING PROPERTY ELIGIBILITY

A. Eligible Buildings

Insurance may be written only on a structure with 2 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% of the Actual Cash Value (ACV) 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% 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.

   Appurtenant structure coverage does not apply to any detached garage used or held for use for residential (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 1 or more sections, and affixed to a permanent foundation); *and*

   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 (SFHA). 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 an SFHA 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 procedures in the Rating section if the building is located entirely in, on, or over water or seaward of mean high tide. If the building is Pre-FIRM, the Submit-for-Rate procedure may be used to determine optional full-risk rates; otherwise, Pre-FIRM buildings remain eligible for Pre-FIRM subsidized rates.

If the building was constructed or substantially improved on or after October 1, 1982, the building is ineligible for coverage.

Exception: If a building was originally constructed on land or partially over water, and later becomes entirely over water because of erosion, it is eligible for coverage only if the building has had continuous coverage:

- from the period beginning at least 1 year prior to the building being located entirely over water, regardless of any changes in the ownership of the building; *or*
- from the date of construction if less than 1 year.

Acceptable documentation of a building's continued eligibility for coverage must include the following:

- A letter from the community official stating that the building originally was constructed on land or only partially over water; *and*
- Photographs of the building over land, if available; *and*
- The approximate date when the building became located entirely over water; *and*
- Proof of continuous flood insurance coverage from the period beginning 1 year prior to the building being located entirely over water, or from the date of construction if less than 1 year.

6. Buildings Partially Over Water

Follow Submit-for-Rate procedures in the Rating section if the building is partially over water. If the building is Pre-FIRM, the Submit-for-Rate procedure may be used to determine optional full-risk rates; otherwise, Pre-FIRM buildings remain eligible for Pre-FIRM subsidized 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; *and*

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 constructed prior to October 1, 1982, may continue to be rated using the published rate.

8. Buildings in the Course of Construction

   NFIP rules allow for the issuance of an SFIP to cover a building in the course of construction before it is walled and roofed. These rules provide lenders with an option to require flood insurance coverage at the time that the development loan is made to comply with the mandatory purchase requirement outlined in the Flood Disaster Protection Act of 1973, as amended. The policy is issued and rated based on the construction designs and intended use of the building.

   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 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 the Condominiums section of this manual.

9. Severe Repetitive Loss Properties

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

B. Single Building

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

1. Separated from other buildings by intervening clear space; *or*

2. Separated into divisions by solid, vertical, load-bearing walls; each division may be insured as a separate building.

   a. These walls must divide the building from its lowest level to its highest ceiling and have no openings.

   b. If there is access through the division wall by a doorway or other opening, the structure must be insured as 1 building unless it meets all of the following criteria:

      - It is a separately titled building contiguous to the ground; *and*
      - It has a separate legal description; *and*
      - It is regarded as a separate property for other real estate purposes, meaning that it has most of its own utilities and may be deeded, conveyed, and taxed separately.

Additions and Extensions

The NFIP insures additions and extensions attached to and in contact with the building by means of a rigid exterior wall, a solid load-bearing interior wall, a stairway, an elevated walkway, or a roof. At the insured's 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 building and cannot be separately insured.

When insuring additions and extensions separately, an application must be submitted with required rating information specific to the addition or extension. The application must clearly describe the addition or extension being insured. If contents coverage is desired within the addition or extension, it must be requested on the application. When insuring a building with multiple attached additions and extensions, the applicant must choose between purchasing one policy or separate policies for the building and each addition and extension.

C. Walls

1. Breakaway Walls

   For an enclosure's wall to qualify as breakaway, it must meet *all* of the following criteria:

   a. Above ground level; *and*

   b. Below the elevated floor of an elevated structure; *and*

   c. Non-structurally supporting (non-load-bearing walls); *and*

   d. Designed to fail under certain wave force conditions; *and*

   e. Designed so that, as a result of failure, it causes no damage to the elevated portions of the elevated building and/or its supporting foundation system.

2. Shear Walls

   Shear walls are used for structural support, but are not structurally joined or enclosed at the ends (except by breakaway walls). Shear walls used as the method of elevating a building are normally parallel (or nearly parallel) to the expected flow of floodwaters.

3. Solid (Perimeter) Foundation Walls

   Solid (perimeter) foundation walls are used as a means of elevating the building in A Zones and must contain proper openings to allow for the unimpeded flow of floodwaters more than 1 foot deep.

Solid (perimeter) foundation walls are not an acceptable means of elevating buildings in V/VE Zones.

D. Determination of Building Occupancy

The following terms should be used to determine the appropriate occupancy classification:

1. Single-Family Dwelling

   This is either:

   a. A residential single-family building in which the total floor area devoted to non-residential uses is less than 50% of the building's total floor area, *or*

   b. A single-family residential unit within a 2–4 family building, other-residential building, business, or non-residential building, in which commercial uses within the unit are limited to less than 50% of the unit's total floor area.

   This includes a residential townhouse/rowhouse, which is a multi-floor unit divided from similar units by solid, vertical, load-bearing walls, having no openings in the walls between units and with no horizontal divisions between any of the units.

   NOTE: Commercial uses within the unit are offices, private schools, studios, or small service operations within a residential building.

2. 2–4 Family Building

   This is a residential building, including an apartment building, containing 2–4 residential spaces and in which commercial uses are limited to less than 25% of the building's total floor area. This category includes apartment buildings and condominium buildings. This excludes hotels and motels with normal room rentals for less than 6 months.

3. Other Residential Building

   This is a residential building that is designed for use as a residential space for 5 or more families or a mixed-use building in which the total floor area devoted to non-residential uses is less than 25% of the total floor area within the building. This category includes condominium and apartment buildings as well as hotels, motels, tourist homes, and rooming houses where the normal occupancy of a guest is 6 months or more. Additional examples of other residential buildings include dormitories and assisted-living facilities.

4. Non-Residential Business

   A building in which the named insured is a commercial enterprise primarily carried out to generate income and the coverage is for:

   a. A building designed as a non-habitational building;

   b. A mixed-use building in which the total floor area devoted to residential uses is

      i. 50% or less of the total floor area within the building if the residential building is a single family property; *or*

      ii. 75% or less of the total floor area within the building for all other residential properties; *or*

   c. A building designed for use as office or retail space, wholesale space, hospitality space, or for similar uses.

5. Other Non-Residential

   This is a subcategory of non-residential buildings; a non-habitational building that does not qualify as a business building or mixed-use building that does not qualify as a residential building. This category includes, but is not limited to, churches, schools, farm buildings (including grain bins and silos), garages, poolhouses, clubhouses and recreational buildings. A small business cannot use this category.

E. Primary Residence Determination

FEMA defines a primary residence as a single family building, condominium unit, apartment unit, or unit within a cooperative building that will be lived in by the policyholder or the policyholder's spouse for more than 50% of the 365 calendar days following the current policy effective date or 50% or less of the 365 calendar days following the current policy effective date if the policyholder has only one residence and does not lease that residence to another party or use it as rental or income property at any time during the policy term.

Where the policyholder and the policyholder's spouse identify different primary residences, they must submit the appropriate documentation for each person's primary residence. A policyholder and policyholder's spouse may have no more than one primary residence per person.

Policyholders with primary residences could include the following, as long as they meet the conditions above:

1. Active-duty military personnel who are deployed for 50% or more of the policy year in compliance with military orders;

2. Policyholders displaced from a primary residence and living in a temporary residence due to a federally declared disaster or a loss event on the primary residence claimed on any line of insurance for 50% or more of the policy year; *or*

3. Policyholders who are absent from a primary residence for reasons such as routine business travel, hospitalizations, and/or vacation for 50% or more of the policy year.

Acceptable documentation for a primary residence status requires one of the following: Homestead Tax Credit Form for Primary Residence, driver's license, automobile registration, proof of insurance for a vehicle, voter's registration, or documents showing where children attend school.

If documentation of a primary residence is not available, the insurer must obtain a signed and dated statement from the applicant with the text below:

<Insured Property Address>

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

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

If a Trust is named on the policy, and a beneficiary of the Trust is using the building as a primary residence, the beneficiary of the Trust must provide the standard documentation of primary residence outlined above. In addition, the insurer must obtain documentation that the person using the home as a primary residence is a beneficiary of the Trust named as the insured.

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

NOTE: If the dwelling does not meet the definition of a "principal residence" in the SFIP, then any claim for building damages will be paid using Actual Cash Value (ACV). For loss settlement, the definition of principal residence in the SFIP will be used.

IV. CONTENTS ELIGIBILITY

A. Eligible Contents

Contents must be located in a fully enclosed building. However, under the Dwelling Form, in a building that is not fully enclosed, contents must be secured to prevent flotation out of the building.

B. Vehicles and Equipment

The NFIP covers self-propelled vehicles or machines, provided they are not licensed for use on public roads and are:

1. Used mainly to service the described location; *or*
2. Designed and used to assist handicapped persons while the vehicles or machines are inside a building at the described location.

Parts and equipment as open stock – not part of a specific vehicle or motorized equipment – are eligible for coverage.

C. Silos, Grain Storage Buildings, and Cisterns

Contents located in silos, grain storage buildings, and cisterns are insurable.

D. Commercial Contents Coverage

Commercial contents in a residential property must be insured on the General Property Form.

V. OTHER EXAMPLES OF ELIGIBLE RISKS

Examples of eligible risks are provided below. For information on amounts of insurance available, refer to the Rating section in this manual.

A. Cooperative Building – Entire Building in Name of Cooperative

Cooperative buildings are owned and managed by a corporation, and their ownership differs from the condominium form of ownership. Residents within cooperative buildings buy shares of the corporation, rather than the real estate (building, land, or both building and land). Cooperative buildings where at least 75% of the area is used for residential purposes are considered residential occupancies. Since they are not in the condominium form of ownership, they cannot be insured under the RCBAP.

B. Units Within a Cooperative Building

Shareholders/tenants residing in cooperative buildings may not purchase building coverage for their units. The residents of a unit within a cooperative building may purchase contents coverage under the Dwelling Form.

Ten percent of the contents coverage may be applied to betterments and improvements at the time of loss.

C. Timeshare Building – Entire Building in Name of Corporation

Timeshare buildings *not* in the condominium form of ownership where at least 75% of the area of the building is used for residential purposes are considered as residential occupancies under the NFIP.

Timeshare buildings in the *condominium* form of ownership are eligible for coverage and must be insured under the RCBAP. These buildings are subject to the same eligibility, rating, and coverage requirements as other condominiums, including the requirement that 75% of the area of the building be used for residential purposes.

D. Buildings Within a Non-Condominium Homeowners Association

When a homeowners association's (HOA) by-laws require the HOA to purchase flood insurance building coverage for its members, the policy must be written in the name of the building owner. The HOA may be listed as an additional insured.

E. Condominium Buildings

Refer to the Condominiums section of this manual.

VI. INELIGIBLE PROPERTY

A. Section 1316 Properties

Coverage may not be available for buildings that are constructed or altered in such a way as to place them in violation of State or local floodplain management laws, regulations, or ordinances. Contents and personal property contained in these buildings are ineligible for coverage.

Section 1316 of the National Flood Insurance Act of 1968 allows 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% or more of the building's ACV, 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

See the SFIP for specific coverage information.

F. CBRS and OPAs

Certain properties in a CBRS and/or OPA are ineligible for flood insurance. For more information, refer to the CBRS section of this manual.

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 listed 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 2 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. Timeshare Unit within Multi-Unit Building
22. Travel Trailer (unless converted to a permanent on-site building meeting the community's floodplain management permit requirements)
23. Water Treatment Plant (unless at least 51% of its ACV 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 within a residential or a non-residential condominium building cannot purchase building coverage. Contents-only coverage may be purchased by the unit owner.

VIII. POLICY EFFECTIVE DATE

There is a standard 30-day waiting period for new applications and for endorsements to increase coverage, with some exceptions as described in subsection C. Effective Date.

NOTE: If a flood that is already in progress began before the effective date of the policy, even if the actual damage occurs after the policy effective date, the loss is not covered.

A. Receipt Date (in the Determination of the Effective Date)

The effective date is determined based in part upon the receipt date as follows:

1. If the Application or endorsement form and the premium payment are received by the insurer 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 effective date will be calculated from the application or endorsement date. Use the application date or endorsement date plus 9 days to determine whether 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 whether 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 by the insurer after 10 days from the date of application or endorsement request, then the effective date will be calculated from the date the insurer receives the Application or endorsement and premium payment. Or, if the Application or endorsement request and the premium payment are not mailed by certified mail within 4 days from the date of application or endorsement, then use the following to determine the effective date:

   a. If received within 10 days from the Application date or endorsement request, follow the receipt date instructions in VIII.A.1.

   b. If received after 10 days from the Application date or endorsement request, then the effective date will be calculated from the date the insurer receives the Application or endorsement and premium payment.

As used in VIII.A.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 reputable commercial delivery services, 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 insurer. Bear in mind that third-party delivery services deliver to street addresses but cannot deliver to U.S. Postal Service post office boxes.

3. The insurer cannot use the receipt date of an invalid payment to determine the effective date of a policy transaction (application, endorsement, or renewal).

   A payment is considered invalid if there are non-sufficient funds (NSF) in the account, a reversal (dispute) is successfully completed on an electronic payment, or the payment is non-negotiable for any other reason.

   Upon notification that the payment is invalid, the insurer must cancel/nullify the transaction associated with that payment. The insurer will send notification to the policyholder, agent, and lender(s), if applicable, of the cancellation/nullification of the transaction. If the insurer receives a new payment, the insurer must process the transaction based on the new premium receipt date. The effective date of the transaction is based on the new payment receipt date, subject to the effective date rules.

NOTE: A new application or endorsement request is not required for this transaction as long as the insurer still has the original request.

B. Presentment of Premium Date Requirements for Loan Closing

FEMA requires WYO Companies and the NFIP Servicing Agent to record the presentment of premium date, the closing date, and the premium payor (insured, lender, title company, settlement attorney, etc.).

Presentment of premium is defined as:

1. The date of the check or credit card payment by the applicant or the applicant's representative if the premium payment is not part of a loan closing.
2. The date of the closing, if the premium payment is part of a loan closing.

For a loan closing, premium payment from the escrow account (lender's check), title company, or settlement attorney is considered made at closing, if the premium is received by the writing company within 30 days of the closing date.

NOTE: An agency check may be used if settlement paperwork or a photocopy of the original check from the lender, title company, or settlement attorney is provided as documentation.

If the premium payment is not part of the closing, the closing date is the effective date only if the application date is on or before the closing and the Application and premium payment are received by the writing company within 10 days of the closing date.

C. Effective Date – New Policy

1. Standard 30-Day Waiting Period

   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. This includes new policies obtained when a lender determines that flood insurance is required for an existing loan on a building that does not have flood insurance. (Example: a policy applied for on May 3 will become effective 12:01 a.m., local time, on June 2.) The rules provided in subsection A. Receipt Date must be used.

2. No Waiting Period (Loan Transaction)

   Flood insurance that 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 at or before closing. Use the rules below to determine the effective date.

   a. Premium payment from the escrow account (lender's check), title company, or settlement attorney is considered made at closing if the check is received by the writing company within 30 days of the closing date (closing date plus 29 days) and the Application is dated on or before the closing date. If received after 30 days, the effective date is the receipt date regardless of the flood zone.
   b. If premium payment is from other than the escrow account (lender's check), title company, or settlement attorney, and the Application is dated on or before the loan closing date, the effective date is the closing date if the Application and premium are received within 10 days of the closing date (closing date plus 9 days). If received after 10 days, the effective date is the receipt date regardless of the flood zone.

   (*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.)

   The insurer may rely on an agent's/producer's representation on the Application that the loan exception applies unless there is a loss during the first 30 days of the policy period. In that case, the insurer must obtain documentation of the loan transaction, such as settlement papers, to verify the effective date of the policy before adjusting the loss.

3. 1-Day Waiting Period (Map Revision)

   Flood insurance initially purchased during the 13-month period beginning on the effective date of a map revision shall be effective 12:01 a.m., local time, the day after the date of application and the presentment of premium. The rules provided in subsection A. Receipt Date must be used.

   The 1-day waiting period rule applies only where the FHBM or FIRM is revised to show the building to be in an SFHA when it had not been in an SFHA. (*Example*: FIRM revised – January 1, 2009; policy applied for and presentment of premium – August 3, 2009; policy effective date – August 4, 2009.) The 1-day waiting period rule applies for all buildings, including those owned by condominium associations.

   The insurer may rely on an agent's/producer's representation on the Application that the map revision effective date exception applies unless there is a loss during the first 30 days of the policy period. In that case, the insurer must obtain documentation, such as a copy of the previous and current map or other documentation confirming the map revision or update, to verify the effective date of the policy before adjusting the loss.

The 1-day waiting period applies only to the initial purchase of flood insurance, which includes coverage already in effect on the map revision date. The 1-day waiting period rule does not apply to renewals or transfers of business effective after the initial purchase of flood insurance.

4. No Waiting Period (in Connection with the Purchase of an RCBAP)

When a condominium association is purchasing an RCBAP, the 30-day waiting period does not apply if the condominium association is required to obtain flood insurance as part of the security for a loan under the name of the condominium association. The coverage is effective upon completion of an Application and presentment of premium. The rules provided in subsection A. Receipt Date must be used unless the premium payment was made from the escrow account (lender's check), title company, or settlement attorney.

The insurer may rely on an agent's/producer's representation on the Application that the loan exception applies unless there is a loss during the first 30 days of the policy period. In that case, the insurer must obtain documentation of the loan transaction, such as settlement papers, to verify the effective date of the policy before adjusting the loss.

5. Submit-for-Rate Submission

With 2 exceptions, the effective date of a new policy will be 12:01 a.m., local time, on the 30th calendar day after the presentment of premium.

The 2 exceptions are as follows:

a. There is no waiting period if the initial purchase of flood insurance on an Application requiring the Submit-for-Rate procedure is in connection with making, increasing, extending, or renewing a loan, provided that the policy is applied for and the presentment of premium is made at or prior to the loan closing. The rules provided in subsection A. Receipt Date must be used unless the premium payment was made from the escrow account (lender's check), title company, or settlement attorney.

   The insurer may rely on an agent's/producer's representation on the Application that the loan exception applies unless there is a loss during the first 30 days of the policy period. In that case, the insurer must obtain documentation, such as settlement papers, to verify the effective date of the policy before adjusting the loss.

b. During the 13-month period beginning on the effective date of a map revision, the effective date of a new policy shall be 12:01 a.m., local time, following the day after the date the increased amount of coverage is applied for and the presentment of additional premium is made. This rule applies only on an initial purchase of flood insurance where the FHBM or FIRM is revised to show the building to be in an SFHA when it had not been in an SFHA. The rules provided in subsection A. Receipt Date must be used.

   The insurer may rely on an agent's/producer's representation on the Application that the map revision effective date exception applies unless there is a loss during the first 30 days of the policy period. In that case, the insurer must obtain documentation, such as a copy of the previous and current map or other documentation confirming the map revision or update, to verify the effective date of the policy before adjusting the loss.

6. Contents Only

Unless the contents are part of the security for a loan, the 30-day waiting period applies to the purchase of contents-only coverage.

7. Community's Initial Entry or Conversion from Emergency to Regular Program

Process according to rules C.1 through C.7 above and D.1–D.3 and F.1–F.2 below.

D. Effective Date – Endorsement

1. Standard 30-Day Waiting Period

The effective date for new coverage or an increase in limits on a policy in force shall be 12:01 a.m., local time, on the 30th calendar day following the date of endorsement and the presentment of additional premium, or on such later date set by the insured to conform with the reason for the change. The rules provided in subsection A. Receipt Date must be used.

2. No Waiting Period (Loan Transaction)

The 30-day waiting period does not apply when the additional amount of flood insurance is required in connection with the making, increasing, extending, or renewing of a loan, such as a second mortgage, home equity loan, or refinancing. The increased amount of flood coverage shall be effective at the time of loan closing, provided that the increased amount of coverage is applied for at or before closing. The rules provided in subsection B. Presentment of Premium Date must be used.

The insurer may rely on an agent's/producer's representation on the endorsement that the loan exception applies unless there is a loss during the first 30 days after the endorsement effective date. In that case, the insurer must obtain documentation of the loan transaction, such as settlement papers, before adjusting the loss.

3. 1-Day Waiting Period (Map Revision)

The first increase in coverage requested during the 13-month period beginning on the effective date of a map revision shall be effective 12:01 a.m., local time, the day after the endorsement date and presentment of the additional premium. This rule applies only where the FHBM or FIRM is revised to show the building to be in an SFHA when it had not been in an SFHA. The rules provided in subsection A. Receipt Date must be used.

E. Effective Date – Renewal

1. Inflation Increase Option

The 30-day waiting period does not apply when an additional amount of insurance is requested at renewal time that is no more than the amount of increase recommended by the insurer on the renewal bill to keep pace with inflation.

If a revised renewal offer results from an endorsement that increases coverage more than the previously offered inflation increase option and becomes effective at least 30 days before renewal, the revised limits will apply at policy renewal. The revised renewal offer must be generated at least 30 days before the policy renewal in order for these revised limits to take effect at renewal.

In either situation, the increased amount of coverage will be effective at 12:01 a.m. on the date of policy renewal provided the premium for the increased coverage is received before the expiration of the grace period.

2. Higher PRP and Newly-Mapped-Rated Policy Coverage Limits

The 30-day waiting period does not apply to a renewal offer to the insured for the next-higher limits available under the PRP and the Newly-Mapped-rated policy.

3. Deductible Reduction

The deductible amount may be reduced at the time of renewal. In order for the deductible reduction to take effect on the renewal date, the request and full premium must be received at least 30 days prior to the renewal effective date, except when the deductible reduction is part of the renewal offer and the renewal offer reflecting the deductible reduction was made at least 30 days prior to the renewal date.

F. Effective Date – Change/Correction

1. Post-Wildfire Conditions

The 30-day waiting period does not apply if a property has been affected by flooding from Federal land that was caused by post-wildfire conditions. If the specific property suffers a loss and a claim is submitted, the insurer should evaluate whether the conditions warrant the exception of the 30-day waiting period. The following requirements must be met: the community where the property is located has been determined to be at an elevated risk of flood and a wildfire containment date has been issued; the adjuster determines that the flood causing the loss was affected by flooding from Federal land and caused by intense post-wildfire conditions; and the policy was purchased no later than 60 days after the fire containment date.

2. Rewrite of a Standard-Rated Policy to a PRP/Newly-Mapped-Rated Policy

The 30-day waiting period does not apply when an insured decides to rewrite the existing policy at the time of renewal from a standard-rated policy to a PRP/Newly-Mapped-rated policy, provided that the selected PRP/Newly-Mapped-rated policy coverage limit amount is no higher than the next-highest PRP/Newly-Mapped-rated policy amount above that which was carried on the standard-rated policy using the highest of building and contents coverage. If the standard-rated policy has only contents coverage and is rewritten as a contents-only PRP/Newly-Mapped-rated policy, the 30-day waiting period does not apply.

When converting a standard-rated policy to a PRP/Newly-Mapped-rated policy, the 30-day waiting period will not apply if the standard-rated policy has only building coverage and is rewritten as a PRP/Newly-Mapped-rated policy that includes contents coverage.

In addition, if the structure is no longer eligible under the PRP/Newly-Mapped-rated policy or the insured decides to rewrite the existing PRP/Newly-Mapped-rated policy at renewal time to a standard-rated policy, the 30-day waiting period does not apply provided the coverage limit amount is no more than the previous PRP/Newly-Mapped-rated policy coverage amount or the next-higher PRP/Newly-Mapped-rated policy amount above that.

IX. COVERAGE

A. Limits of Coverage

Coverage may be purchased subject to the limits available under the Program phase in which the community is participating. Duplicate policies are not allowed. Refer to the Rating section of this manual for additional information regarding coverage limits.

B. Deductibles

Deductibles apply separately to building coverage and to contents coverage. See the Rating section of this manual for deductible options and factors.

C. Coverage D – Increased Cost of Compliance (ICC) Coverage

The ICC limit of liability is $30,000. The SFIP pays for complying 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 the insured structure. Eligible floodproofing activities are limited to non-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:

- Be a repetitive loss structure as defined, for which the 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*
- 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

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

If the rating information received is not sufficient to determine the correct premium amount, a claim may not be paid until complete rating information is received.

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

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

In all cases the property must be insured using the correct policy form before any claim payment may be made.

Three exceptions to the SFIP provisions apply when insufficient premium or incomplete rating information is discovered after a loss.

The first exception is that the required additional premium billed to the insured is for the current policy term only, instead of the current and, if applicable, one prior policy term.

The 2 exceptions below apply only to the discovery of a misrating that is the result of an incorrect flood zone or BFE.

1. Any additional premium due will be calculated prospectively from the date of discovery; and

2. The automatic reduction in policy limits is effective the date of discovery.

These 2 exceptions revise the requirement that the additional premium due and the reduction in policy limits go back to the effective date of the policy. Policyholders can now keep the originally requested limits at the time of a claim arising before the date of discovery without paying any additional premium. Policyholders will then have 30 days to pay the additional premium that is due for the remainder of the policy term, to restore the originally requested limits without a waiting period. If additional information is needed, policyholders will have 60 days to obtain the additional information, and then 30 days to pay the additional premium due for the remainder of the term, to restore the originally requested limits without a waiting period. In addition, payment of the claim will not be delayed because of additional information needed to calculate the correct payment.

However, all claim payments will be based on the coverage limitations provided in accordance with the correct flood zone for the building location and not on the zone shown on the flood policy if it is in error.

For example, if a policy for a Post-FIRM, elevated building is written incorrectly in a non-SFHA (e.g., Zone X), and at the time of the loss the property is determined to be located in an SFHA (e.g., Zone AE), then the claim is paid in accordance with the coverage limitations applicable to the SFHA.

When coverage is issued using an incorrect SFIP form, that policy must be cancelled and reissued using the correct SFIP form. The coverage amounts on the correct SFIP form must equal the coverage amounts on the cancelled SFIP form; however, they cannot exceed the maximum coverage amounts that are available on the correct SFIP form. If additional premium is due, the insurer must send an additional premium notice. Premium must be received within 30 days of the date of the additional premium notice or the coverage will be reduced to what can be purchased with the premium already submitted. Requests to increase coverage above the existing coverage amounts are subject to the endorsement effective date rules. If the incorrect policy form is discovered after a claim any additional premium due can be deducted from the claim settlement.

E. Loss Assessments

The Dwelling Form 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 and General Property Forms do not provide assessment coverage. The Dwelling Form provides assessment coverage only under the circumstances, and to the extents, described below.

1. No RCBAP
   a. 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.
   b. 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% of the Building Replacement Cost
   a. If the unit owner purchases building coverage under the Dwelling Form and there is an RCBAP insured to at least 80% 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% of the association's building replacement cost.
   b. The loss assessment coverage under the Dwelling Form will not cover the association's policy deductible purchased by the condominium association.
   c. 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 maximum coverage limits available for a single-family dwelling.

3. RCBAP Insured to Less Than 80% of the Building Replacement Cost

   The RCBAP is primary, and the Dwelling Form is considered excess after the RCBAP limits are exhausted. However, the Dwelling Form will respond to a loss assessment resulting from the coinsurance penalty under the RCBAP even if the RCBAP limits have not been exhausted. The coverage combination cannot exceed the maximum coverage limits available for a single-family dwelling.

   For more information on this topic, see "E. Assessment Coverage" in the Condominiums section.

F. Tenant's Coverage

1. Building Coverage

   The building owner must be named on the policy. If building coverage is purchased by a tenant due to a lease agreement, the tenant may also be named on the policy. Coverage for contents owned by the tenant must be written on a separate policy in the name of the tenant only. Duplicate coverage is not permitted under the NFIP except as explained under G. Duplicate Policies.

2. Contents Coverage

   Under the Dwelling Form and General Property Form, tenants may purchase contents coverage, which includes coverage for improvements and betterments.

   The maximum amount payable for improvements and betterments in the building occupied by the insured is 10% of the contents limit of liability shown on the declarations page. Under the Dwelling Form and the General Property Form, such property includes improvements such as fixtures, alterations, installations, and additions that become part of the building. Under both forms, such property must be acquired or made solely at the tenant's expense. Use of this option reduces the policy limits of insurance available for contents. This policy is issued in the tenant's name only.

G. Duplicate Policies

The SFIP prohibits duplicate building coverage. If there is more than one policy with building coverage covering the same building, all but one of the policies must be canceled or endorsed to remove building coverage. The SFIP duplicate policy provisions will apply. For additional guidance, refer to the Endorsement and Cancellation sections of this manual.

NOTE: An RCBAP and a condominium unit owner Dwelling Form policy are not considered to be duplicate policies under the NFIP. However, when there is a claim, no more than $250,000 may be paid in combined coverage for a single unit under the Dwelling Form policy and the RCBAP.

H. Coverage for Building Items Under the Condominium Unit-Owners' Contents Coverage

Under the Dwelling Form and General Property Form, coverage for additions and alterations to condominium units is provided for condominium unit owners who have purchased personal property coverage. The maximum amount payable for this coverage is 10% of the personal property limit of liability shown on the declarations page. This coverage will apply to additions or alterations made by a unit owner to the interior walls, floor, and ceiling of a condominium unit (not otherwise covered under a flood insurance policy purchased by the condominium association). Use of this coverage reduces the amount of insurance available for personal property.

X. SPECIAL RATING SITUATIONS

A. Tentative Rates

Tentative rates are applied when agents/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 full-risk rating information and full premium payment are received by the insurer. If a loss occurs on a tentatively rated policy, the loss payment will be limited by the lower of the amount of coverage that the premium initially submitted will purchase (using the correct full-risk rating information), or the amount requested by application. For more information, see the Tentative Rates subsection in the Rating section of this manual.

B. Submit-for-Rate

Some risks, because of their unique underwriting characteristics, cannot be rated using this manual and must be submitted to the insurer. The insurer must obtain all information necessary to properly rate and issue the policy. Policies for Submit-for-Rate risks are re-rated annually. For additional information, refer to the Submit-for-Rate subsection in the Rating section of this manual.

The policy effective date for a Submit-for-Rate risk is determined based on the date of application and receipt of premium, in the same manner as all other policies. See New Policy (Submit-for-Rate submission) in the Effective Date subsection of this section for the applicable waiting period information.

C. Provisional Rates

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

D. Buildings in More Than 1 Flood Zone/BFE

Buildings, not the land, located in more than 1 flood zone/BFE must be rated using the more hazardous zone/BFE.

This condition applies even though the portion of the building located in the more hazardous flood risk zone/BFE may not be covered under the SFIP, such as a deck attached to a building. (*Example*: The building must be rated using the more hazardous flood risk zone/BFE if any portion of the attached deck foundation extends into the more hazardous flood risk zone/BFE. If the attached deck overhangs the more hazardous flood risk zone/BFE, but its foundation system does not extend into more hazardous flood risk zone/BFE, then the building must be rated using the flood risk zone/BFE where the building foundation is located.)

E. Different BFEs Reported

When the BFE shown on a Flood Zone Determination is different than that shown on the Elevation Certificate, and the zone and the map information (community number, panel number, and suffix) are the same on both documents, the BFE shown on the Elevation Certificate must be used to rate the policy. In all cases, the zone and BFE must be from the FIRM in effect on the application date or renewal effective date unless grandfathering.

F. Flood Zone Discrepancies

When presented with 2 different flood zones, use the more hazardous flood zone for rating unless the building qualifies for grandfathering (see XIV.D. in the Rating section of this manual). The map information (community number, panel number, and suffix) and BFE must come from the same source as the zone used to rate the policy.

NOTE: The NFIP rules allow the continued use of the flood zone and/or BFE that was in effect at the time of application or renewal even when a map revision that changes the zone and/or BFE occurs after the policy effective date.

XI. MISCELLANEOUS

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 premium payments must be made promptly to the insurer. The date of receipt of premium by the insurer is determined by either the date received at its office or the date of certified mail. In the context of submission of applications, endorsements, and premiums to the insurer, the term “certified mail” includes the U.S. Postal Service and certain third-party delivery services. For details, see subsection A. Receipt Date of this section.

Agents/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 insurer more than 10 days from the application date. The date of certification becomes the date of receipt by the insurer.

C. Delivery of the Policy

The policy contract must be sent to the insured on new business or when changes are made to the policy form. The policy declarations page must be sent to the insured, agent/producer, and, if applicable, lender.

D. 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 for new policies. The NFIP does not recognize binders. However, for informational purposes only, the NFIP recognizes certificates or evidences of flood insurance, and similar forms, provided for renewal policies if the following information is included:

1. Policy Form/Type (GP, DP, RCBAP*, PRP)
2. Policy Term
3. Policy Number
4. Insured’s Name and Mailing Address
5. Property Location
6. Current Flood Risk Zone
7. Rated Flood Risk Zone (zone used for rating, including when grandfathering or issuing coverage under the Newly Mapped procedure)
8. Grandfathered: Y/N
9. Mortgagee Name and Address
10. Coverage Limits and Deductibles
11. Annual Premium

* For an RCBAP, include the number of units and Replacement Cost Value (RCV) of the building.

E. Assignment

A building owner’s flood insurance building policy may be assigned to a purchaser of the insured building with the written consent of the seller. The seller must sign the assignment endorsement on or before the closing date. If applicable, primary residency must be validated at the time of assignment. Failure to submit primary residency documentation will result in non-primary residence charges effective the assignment date.

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

F. Transfer of Business

When an agent/producer moves any or all of their existing books of business from one insurer to another, this is considered a transfer of business. The new insurer must collect all underwriting information required at the time of the transfer in order to verify the correct rating and issuance of the policy. A declarations page usually does not provide all the required underwriting information.

The insurer must also obtain, either from the insured or the agent, the documentation required to verify the following:

- For all properties, primary/non-primary residence status
- For PRP transfers, documented eligibility for the PRP, including verification of the flood zone.
- For Newly Mapped properties, documentation of both the current and previous flood zones.
- For RCBAPs, all information needed to issue and rate the policy, including photos and RCV documentation.

The new insurer may use the elevation information on the declarations page issued by the previous insurer only when both the Lowest Floor Elevation (LFE) and the Base Flood Elevation (BFE) are provided. The elevation information on the previous declarations page must be validated when there is a discrepancy in the building description, such as, but not limited to, instances where the Application indicates a basement or an enclosure, and the previous declarations page does not, or where the Application describes a non-elevated building and the previous declarations page describes an elevated building.

Effective on or after April 1, 2015, all elevation-rated policies being transferred require photographs. The photographs on file with the previous insurer may be submitted to the new insurer and used to issue coverage if there have been no structural changes that affect the building's rating.

NOTE: A transfer of business does not include conversions of an insurer's entire book of business from one insurer or third-party administrator to another. When an insurer acquires another insurer's book of business, all underwriting files must be transferred in their entirety to the new insurer.

G. Agents'/Producers' Commissions (NFIP Direct Business Only)

The earned commission may be paid only to property or casualty insurance agents/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 Amount Due (less the Reserve Fund Assessment, Probation Surcharge, HFIAA Surcharge, and Federal Policy Fee) for the policy term, the commission will be 15% of the first $2,000 of annualized premium and 5% 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 policy were separately written.

For calculation of commission on an RCBAP, see the Condominiums section of this manual.

H. Contract Agent Rule

A "Contract Agent" is an employee of a WYO Company, or an agent/producer 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/producer's or employee's receipt of the premium and completion of the Application.

An agent/producer under written contract to a WYO Company is not a Contract Agent if the WYO Company reserves the right to reject the risk.

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/producer or employee.

I. Rebating of Agents'/Producers' Commissions (NFIP Direct and WYO Companies)

Insurance rebating is a practice whereby insurance agents/producers return a portion of their commission as an incentive to applicants to purchase flood insurance.

Insurers shall not allow any form of rebating or other form of compensation to applicants from commissions on new or renewal NFIP policies written with an effective date of October 1, 2012, or later.