

DEFINITIONS

This list of terms is intended to include those that have specific meaning to the National Flood Insurance Program (NFIP). In a few instances, standard industry terms have been added for additional focus and emphasis.

Act. The National Flood Insurance Act of 1968 and any amendments to it.

Actual Cash Value (ACV). The cost to replace an insured item of property at the time of loss, less the value of its physical depreciation.

Alternative Rating. A rating method used when a building is Pre-FIRM, the Flood Insurance Rate Map (FIRM) zone is unknown, and the community in which the building is located has no V Zones. May also be used for renewal of policies in communities that have converted from the Emergency Program to the Regular Program during a policy's term.

Anchored. Adequately secured to prevent flotation, collapse, or lateral movement.

Application. The statement made and signed by the prospective policyholder or the agent/producer in applying for an NFIP flood insurance policy. The Application gives information used to determine the eligibility of the risk, the kind of policy to be issued, and the correct premium payment. The Application is part of the flood insurance policy. For a policy to be issued, the correct premium payment must accompany the Application.

Appurtenant Structure. A detached garage servicing a 1–4 family dwelling.

Assignment. The transfer by a policyholder of his/her legal right or interest in a policy contract to a third party. In the NFIP, written assignment of a policy is permissible upon transfer of title, without the consent of the FEMA, except in the case where a residential (household) contents-only policy is involved or a policy was issued to cover a building in the course of construction.

Base Flood. A flood having a 1% chance of being equaled or exceeded in any given year.

Base Flood Depth (BFD). The depth shown on the Flood Insurance Rate Map (FIRM) for Zone AO that indicates the depth of water above highest adjacent grade resulting from a flood that has a 1% chance of equaling or exceeding that level in any given year.

Base Flood Elevation (BFE). The elevation of surface water resulting from a flood that has a 1% chance of equaling or exceeding that level in any given year. The BFE is shown on the Flood Insurance Rate Map (FIRM) for zones AE, AH, A1–A30, AR, AR/A, AR/AE, AR/A1–A30, AR/AH, AR/AO, V1–V30, and VE.

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.

Binder or Certificate of Insurance. A temporary agreement between company, agent/producer, and insured that the policy is in effect. The NFIP does not recognize binders. However, for informational purposes only, the NFIP recognizes Certificates of Insurance and similar forms for renewal policies.

Blanket Insurance. A single amount of insurance applying to more than 1 building and/or contents. Blanket insurance is not permitted under the NFIP.

Breakaway Wall. A wall that is not part of the structural support of a building and is intended through its design and construction to collapse under specific lateral loading forces, without causing damage to the elevated portion of the building or supporting foundation system.

Building.

- A structure with 2 or more outside rigid walls and a fully secured roof, that is affixed to a permanent site; *or*
- 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); *or*
- A travel trailer without wheels, built on a chassis and affixed to a permanent foundation, that is regulated under the community's floodplain management and building ordinances or laws.

“Building” does not mean a gas or liquid storage tank or a recreational vehicle, a park trailer, or other similar vehicle, except as described above.

Building in the Course of Construction. A walled and roofed building (see the General Rules section for exception) that is principally above ground and affixed to a permanent site. It does not include building materials or supplies intended for use in construction, alteration, or repair unless such materials or supplies are within an enclosed building on the premises.

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

1. A building designed as a non-habitational building;
2. A mixed-use building in which the total floor area devoted to residential uses is

- a. 50% or less of the total floor area within the building if the residential building is a single family property; or
 - b. 75% or less of the total floor area within the building for all other residential properties; or
3. A building designed for use as office or retail space, wholesale space, hospitality space, or for similar uses.

Business Property. Either a business building or the contents within a business building, or both.

Cancellation. The termination of the insurance coverage provided by a policy before the expiration date.

Cistern. Covered cisterns and the water in them are defined as an integral part of an insurable building, meaning under the building or above ground and physically attached to a side of the building with 1 of the walls of the building and cistern being common to each other.

Closed Basin Lake. A natural lake from which water leaves primarily through evaporation and whose surface area exceeds or has exceeded 1 square mile at any time in the recorded past. NFIP-insured buildings that are subject to continuous lake flooding from a closed basin lake are covered under the provisions of Standard Flood Insurance Policy (SFIP).

Coastal Barrier. A naturally occurring island, sandbar, or other strip of land, including coastal mainland, that protects the coast from severe wave wash.

Coastal Barrier Improvement Act of 1990 (CBIA). Enacted on November 16, 1990, the Act greatly expanded the identified land in the Coastal Barrier Resources System (CBRS) established pursuant to the Coastal Barrier Resources Act (CBRA) of 1982.

Coastal Barrier Resources Act of 1982 (CBRA). For the purposes of the NFIP, the CBRA of 1982 designated certain portions of the Gulf Coast and East Coast as undeveloped coastal barriers. These areas are shown on appropriate flood insurance map panels and have certain coverage restrictions.

Coastal Barrier Resources System (CBRS). Communities, coastal barriers, and Otherwise Protected Areas (OPAs) identified by the legislation defined above.

Coastal High Hazard Areas. Special Flood Hazard Areas (SFHAs) along the coasts that have additional hazards due to wind and wave action. These areas are identified on Flood Insurance Rate Maps (FIRMs) as zones V, V1–V30, and VE.

Coinsurance. A penalty imposed on the loss payment unless the amount of insurance carried on the damaged building is at least 80% of its replacement cost or the maximum amount of insurance available for that building under the NFIP, whichever is less. Co-insurance applies only to building coverage under the Residential Condominium Building Association Policy (RCBAP).

Community. A political entity that has the authority to adopt and enforce floodplain ordinances for the area under its jurisdiction.

Community Number. A 6-digit designation identifying each NFIP community. The first 2 numbers are the state code. The next 4 are the FEMA-assigned community number. An alphabetical suffix is added to a community number to identify revisions in the Flood Insurance Rate Map (FIRM) for that community.

Community Rating System (CRS). A program developed by FEMA to provide incentives for those communities in the Regular Program that have gone beyond the minimum floodplain management requirements to develop extra measures to provide protection from flooding.

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

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

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

Condominium Building. A type of building in the form of ownership in which each unit owner has an undivided interest in common elements of the building.

Contract Agent. An employee of a Write Your Own (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.

Countywide Map. A Flood Insurance Rate Map (FIRM) that shows flooding information for the entire geographic area of a county, including the incorporated communities within the county.

Crawlspace. An under-floor space that has its interior floor area (finished or not) no more than 5 feet below the top of the next-higher floor. Crawlspaces generally have solid foundation walls. See Diagram 8 in the Elevation Certificate Instructions.

Cumulative Damage Building. Any building that has incurred flood-related damage as a result of two or more flooding events in which the cumulative amounts of payments equals or exceeds the fair market value of such building, as determined through use of the following procedure. To determine whether a building has been cumulatively damaged, a loss percentage will be calculated, for each loss, equal to the claim payment amount for that loss divided by the fair market value of such building on the day before each loss. If the sum of the loss percentages for more than one loss equals or exceeds 100%, then the property will be deemed a cumulative damage building.

Cumulative Damage Property. Either a cumulative damage building or the contents within a cumulative damage building, or both.

Date of Construction. The date that the building permit was issued, provided the actual start of construction, repair, reconstruction, or improvement was within 180 days of the permit date.

Declarations Page. A computer-generated summary of information provided by the prospective policyholder in the application for flood insurance. The declarations page also describes the term of the policy and the limits of coverage and displays the premium and the insurer's name. The declarations page is a part of the flood insurance policy.

Deductible. The fixed amount of an insured loss that is the responsibility of the insured and that is incurred before any amounts are paid for the insured loss under the insurance policy.

Described Location. The location where the insured building or personal property is found. The described location is shown on the declarations page.

Diagram Number. Any of the numbers used in the instructions to the NFIP Elevation Certificate to identify the diagrams of the main types of buildings.

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.

Doublewide Manufactured (Mobile) Home. A manufactured (mobile) home that, when assembled as a nonmovable, permanent building, is at least 16 feet wide and has an area within its perimeter walls of at least 600 square feet.

Dwelling. A building designed for use as a residence for no more than 4 families or a single-family unit in a building under the condominium form of ownership.

Dwelling Form. See "Standard Flood Insurance Policy (SFIP) – Dwelling Form."

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

Emergency Program. The initial phase of a community's participation in the National Flood Insurance Program, as prescribed by Section 1306 of the Act.

Enclosure. That portion of an elevated building below the lowest elevated floor that is either partially or fully shut in by rigid walls.

Erosion. The collapse, undermining, or subsidence of land along the shore of a lake or other body of water. Erosion is a covered peril if it is caused by waves or currents of water exceeding their cyclical levels which result in flooding.

Fair Market Value. The price that the seller is willing to accept and the buyer is to pay on the open market and in an arm's length transaction.

Federal Emergency Management Agency (FEMA). The Federal agency under which the NFIP is administered. In March 2003, FEMA became part of the newly created U.S. Department of Homeland Security.

Federal Policy Fee. A flat charge that the policyholder must pay on each new or renewal policy to defray certain administrative expenses incurred in carrying out the NFIP.

Financial Assistance/Subsidy Arrangement. The arrangement between an insurance company and FEMA to initiate the company's participation in the Write Your Own (WYO) Program. It establishes the duties of the company and the government.

Finished (Habitable) Area. An enclosed area having more than 20 linear feet of finished interior walls (paneling, etc.) or used for any purpose other than solely for parking of vehicles, building access, or storage.

Flood.

- A general and temporary condition of partial or complete inundation of 2 or more acres of normally dry land area or of 2 or more properties (at least 1 of which is the policyholder's property) from:
 - Overflow of inland or tidal waters;
 - Unusual and rapid accumulation or runoff of surface waters from any source; or
 - Mudflow; or
- 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 above.

Flood Hazard Boundary Map (FHBM). Official map of a community issued by FEMA, where the boundaries of the flood, mudflow, and related erosion areas having special hazards have been designated.

Flood In Progress. A flood that is in progress on the earlier of either:

1. The date the community in which the insured property is located first experiences a flood as defined in this policy; or
2. The date and time of an event initiating a flood that directly or indirectly affects areas downstream or in a floodway and ultimately results in the damage to the insured property. Events that may initiate such a flooding event include, but are not limited to, the following:
 - a. A spillway is opened;
 - b. A levee is breached;
 - c. Water is released from a dam; and
 - d. Water escapes from the banks of a waterway (stream, river, creek, etc).
3. The applicability of this exclusion will be evaluated upon the assertion by a policyholder of the right to be paid for a loss under this policy.

Flood Insurance Claims Office (FICO). An NFIP claims processing office set up in a catastrophe area when a sufficient number of flood claims result from a single event.

Flood Insurance Rate Map (FIRM). Official map of a community on which FEMA has delineated the Special Flood Hazard Areas (SFHAs), the Base Flood Elevations (BFEs), and the risk premium zones applicable to the community.

Flood Response Office (FRO). The FRO provides a local presence in an affected area and supports the Write Your Own (WYO) Companies, the NFIP Servicing Agent, and various Federal, state, and local officials in providing answers to claims coverage questions, forms for claims handling, and survey and statistical input. One of the key requirements of personnel at the FRO is to coordinate and conduct re-inspections of WYO and NFIP Direct losses. The FRO also tracks adjuster performance and provides such information to interested WYO Companies and the NFIP Servicing Agent.

Floodplain. Any land area susceptible to being inundated by floodwaters from any source.

Floodplain Management. The operation of an overall program of corrective and preventive measures for

reducing flood damage, including but not limited to emergency preparedness plans, flood-control works, and floodplain management regulations.

Floodproofing. Any combination of structural and nonstructural additions, changes, or adjustments to structures, which reduce or eliminate risk of flood damage to real estate or improved real property, water and sanitation facilities, or structures with their contents.

Foundation Walls. Masonry walls, poured concrete walls, or precast concrete walls, regardless of height, that extend above grade and support the loads of a building.

Freeboard. An additional amount of height above the Base Flood Elevation (BFE) used as a factor of safety (e.g., 2 feet above the Base Flood) in determining the level at which a building's lowest floor must be elevated or floodproofed to be in accordance with state or community floodplain management regulations.

Full-Risk Premium Rate. A rate charged to a group of policies that results in aggregate premiums sufficient to pay anticipated losses and expenses for that group.

General Property Form. See "Standard Flood Insurance Policy (SFIP) – General Property Form."

Grade Elevation. The lowest or highest finished ground level that is immediately adjacent to the walls of the building. Use natural (pre-construction), ground level, if available, for Zone AO and Zone A (without BFE).

Grandfathering. An exemption based on circumstances previously existing.

- Under NFIP statutory grandfathering, buildings located in Emergency Program communities and Pre-FIRM buildings in the Regular Program are eligible for subsidized flood insurance rates.
- Under NFIP administrative grandfathering, Post-FIRM buildings in the Regular Program built in compliance with the floodplain management regulations in effect at the start of construction will continue to have favorable rate treatment even though higher Base Flood Elevations (BFEs) or more restrictive, greater risk zone designations result from Flood Insurance Rate Map (FIRM) revisions. Policyholders who have remained loyal customers of the NFIP by maintaining continuous coverage (since coverage was first obtained on the building) are also eligible for administrative grandfathering.

Group Flood Insurance. Issued by the NFIP Direct Program in response to a Presidential disaster declaration. Disaster assistance applicants, in exchange for a modest premium, receive a minimum amount of building and/or contents coverage for a

3-year policy period. An applicant may cancel the group policy at any time and secure a regular Standard Flood Insurance Policy (SFIP) through the NFIP.

HFIAA Surcharge. The statutory surcharge imposed by Section 1308 of the Act.

High-Rise Building. High-rise condominium buildings have 5 or more units and at least 3 floors excluding enclosure even if it is the lowest floor for rating purposes. An enclosure below an elevated building, even if it is the lowest floor for rating purposes, cannot be counted as a floor to avoid classifying the building as low rise. Under the NFIP, townhouses/rowhouses are not considered high-rise buildings, regardless of the number of floors.

Historic Building. Any building that is:

- Listed individually in the National Register of Historic Places (a listing maintained by the Department of the Interior) or preliminarily determined by the Secretary of the Interior as meeting the requirements for individual listing on the National Register; *or*
- Certified or preliminarily determined by the Secretary of the Interior as contributing to the historical significance of a registered historic district or a district preliminarily determined by the Secretary of the Interior to qualify as a registered historic district; *or*
- Individually listed in a state inventory of historic places in states with preservation programs that have been approved by the Secretary of the Interior; *or*
- Individually listed on a local inventory of historic places in communities with historic preservation programs that have been certified either:
 - By an approved state program as determined by the Secretary of the Interior; *or*
 - Directly by the Secretary of the Interior in states without approved programs.

Improvements and Betterments. Fixtures, alterations, installations, or additions made or acquired solely at a tenant's expense and comprising part of an insured building.

Increased Cost of Compliance (ICC). Coverage for expenses that a property owner must incur, above and beyond the cost to repair the physical damage the building actually sustained from a flooding event, to comply with mitigation requirements of state or local floodplain management ordinances or laws. Acceptable mitigation measures are elevation, floodproofing, relocation, demolition, or any combination thereof.

Letter of Determination Review (LODR). FEMA's ruling on the determination made by a lender or third party that a borrower's building is in a Special Flood Hazard

Area (SFHA). A LODR deals only with the location of a building relative to the SFHA boundary shown on the Flood Insurance Rate Map (FIRM).

Letter of Map Amendment (LOMA). An amendment to the currently effective FEMA map which establishes that a property is not located in a Special Flood Hazard Area (SFHA). A LOMA is issued only by FEMA.

Letter of Map Revision (LOMR). An official amendment to the currently effective FEMA map. It is issued by FEMA and changes flood zones, delineations, and elevations.

Loss in Progress. A loss that is already in progress as of 12:01 a.m. on the first day of the policy term; or, as to any increase in the limits of coverage which is requested, a loss that is already in progress when the additional coverage is requested.

Lowest Adjacent Grade. The lowest point of the ground level immediately next to a building.

Lowest Floor. The lowest floor of the lowest enclosed area (including a basement). An unfinished or flood-resistant enclosure, usable solely for parking of vehicles, building access, or storage in an area other than a basement area, is not considered a building's lowest floor provided that such enclosure is not built so as to render the structure in violation of requirements.

Lowest Floor Elevation (LFE). The measured distance of a building's lowest floor above the National Geodetic Vertical Datum (NGVD) or other datum specified on the FIRM for that location.

Low-Rise Building. Low-rise condominium buildings have fewer than 5 units regardless of the number of floors or 5 or more units with fewer than 3 floors including basement. All townhouses/rowhouses, regardless of the number of floors or units, and all single-family detached condominium buildings are classified as low rise. An enclosure below an elevated building, even if it is the lowest floor for rating purposes, cannot be counted as a floor to avoid classifying the building as low rise.

Mandatory Purchase. Under the provisions of the Flood Disaster Protection Act of 1973, individuals, businesses, and others buying, building, or improving property located in identified areas of special flood hazards within participating communities are required to purchase flood insurance as a prerequisite for receiving any type of direct or indirect Federal financial assistance (e.g., any loan, grant, guaranty, insurance, payment, subsidy, or disaster assistance) when the building or personal property is the subject of or security for such assistance.

Manufactured (Mobile) Home. A structure built on a permanent chassis, transported to its site in 1 or more sections, and affixed to a permanent foundation. “Manufactured (mobile) home” does not include recreational vehicles.

Manufactured (Mobile) Home Park or Subdivision, Existing. A manufactured (mobile) home park or subdivision for which the construction of facilities for servicing the lots on which the manufactured (mobile) homes are to be affixed (including, at a minimum, the installation of utilities, the construction of streets, and either final site grading or the pouring of concrete pads) is completed on or before December 31, 1974, or before the effective date of the community’s initial Flood Insurance Rate Map (FIRM), whichever is later.

Manufactured (Mobile) Home Park or Subdivision, Expansion to Existing Site. The preparation of additional sites by the construction of facilities for servicing the lots on which manufactured (mobile) homes are to be affixed (including the installation of utilities, the construction of streets, and either final site grading or the pouring of concrete pads).

Manufactured (Mobile) Home Park or Subdivision, New. A manufactured (mobile) home park or subdivision for which the construction of facilities for servicing the lots on which the manufactured (mobile) homes are to be affixed (including, at a minimum, the installation of utilities, the construction of streets, and either final site grading or the pouring of concrete pads) is completed after December 31, 1974, or on or after the effective date of the community’s initial Flood Insurance Rate Map (FIRM), whichever is later.

Map Revision. A change in the Flood Hazard Boundary Map (FHBM) or Flood Insurance Rate Map (FIRM) for a community which reflects revised zone, base flood, or other information.

Masonry Walls. Walls constructed of individual components laid in and bound together with mortar. These components can be brick, stone, concrete block, etc.

Misrating. The premium charged is incorrect because one or more of the rating characteristics used to determine the applicable premium rate for an application or renewal is discovered to be incorrect or was previously correct, but has changed. For example, a misrating will be considered to have occurred when the premium rate charged is incorrect because:

1. The policy was issued on the incorrect form of the Standard Flood Insurance Policy;
2. The policyholder’s loss history makes the property ineligible for coverage at that rate;

3. The building has been physically altered (e.g., addition of an enclosure);
4. The use or occupancy of the building changed (e.g., the building is no longer utilized as a primary residence or a single family building was converted to a non-residential business building);
5. The building was reclassified as a severe repetitive loss building or a cumulative damage building;
6. The building was substantially damaged or improved;
7. The wrong flood zone or Base Flood Elevation was utilized to determine the premium rates;
8. The presence or absence of certain structural characteristics used in determining premium rates (e.g., basement, enclosures, or crawlspaces) is incorrectly indicated on the policy record;
9. The building replacement cost used to determine the premium rate is incorrect;
10. The building construction date is incorrectly indicated on the policy record; or
11. The community in which the property covered by the policy is shown to be located on the policy record is incorrect.

Mixed-Use Building. A building that has both residential and non-residential uses.

Modular Building. A building that is usually transported to its site on a steel frame or special trailer because it does not have a permanent chassis like a manufactured (mobile) home. A modular building is classified and rated under 1 of the other building types.

Mortgage Portfolio Protection Program (MPPP). A program designed to help lending institutions maintain compliance with the Flood Disaster Protection Act of 1973, as amended. Policies written under the MPPP can be placed only through a Write Your Own (WYO) Company.

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.

Multifamily Building. An Other Residential Building that is not a condominium building.

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

National Geodetic Vertical Datum (NGVD) of 1929. National standard reference datum for elevations, formerly referred to as Mean Sea Level (MSL) of 1929. NGVD 1929 may be used as the reference datum on some Flood Insurance Rate Maps (FIRMs).

Natural Grade. The grade unaffected by construction techniques such as fill, landscaping, or berming.

New Construction. Buildings for which the “start of construction” commenced on or after the effective date of an initial Flood Insurance Rate Map (FIRM) or after December 31, 1974, whichever is later, including any subsequent improvements.

Newly Mapped (A Property Newly Mapped into the SFHA). A property that was once designated outside of the Special Flood Hazard Area (SFHA) on an effective Flood Insurance Rate Map (FIRM), and following a map revision, is designated within the SFHA. Property newly mapped into the SFHA by a map revision on or after April 1, 2015, and meeting certain loss history requirements is eligible for the Newly Mapped rating procedure outlined in the Newly Mapped section of this manual if coverage is purchased within 1 year of the map revision and continuously maintained. A property meeting the loss history requirements and newly mapped into the SFHA by a map revision effective on or after October 1, 2008, and before April 1, 2015, may be insured under the Newly Mapped rating procedure if coverage is purchased on or after April 1, 2015, but before April 1, 2016, and maintained continuously. The newly mapped procedure is not available for any property mapped into the SFHA by the initial FIRM.

NFIP Bureau and Statistical Agent. A corporation, partnership, association, or any other organized entity that contracts with FEMA to be the focal point of support operations for the NFIP.

NFIP Servicing Agent. A corporation, partnership, association, or any other organized entity that contracts with FEMA to service insurance policies as direct business.

NFIP Special Direct Facility (SDF). Formed in 2000, a branch of the NFIP Servicing Agent to which Write Your Own (WYO) Companies transfer renewals for identified Severe Repetitive Loss (SRL) properties so that mitigation assistance can be offered to the policyholders.

Non-Primary Residence. A residential building that is not the primary residence of the policyholder.

Non-Primary Residential Property. Either a non-primary residence or the contents within a non-primary residence, or both.

Non-Residential Building. A commercial or mixed-use building where the primary use is commercial or non-habitational.

Non-Residential Property. Either a non-residential building, the contents within a non-residential building, or both.

North American Vertical Datum (NAVD) of 1988. The vertical control datum established for vertical control surveying in the United States of America based upon the General Adjustment of the North American Datum of 1988. It replaces the National Geodetic Vertical Datum (NGVD) of 1929.

Nullification. The act of declaring an insurance contract invalid from its inception so that, from a legal standpoint, the insurance contract never existed.

Other Non-Residential Building. This is a subcategory of nonresidential buildings; a non-habitational building that does not qualify as a business building or residential building.

Other Residential Building. 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.

Other Residential Property. Either an other-residential building, the contents within an other residential building, or both.

Otherwise Protected Areas (OPAs). Areas established under Federal, state, or local law, or held by a qualified organization, primarily for wildlife refuge, sanctuary, recreational, or natural resource conservation purposes. The only Federal spending prohibition within OPAs is Federal flood insurance.

Out-As-Shown Determination. An alternative outcome of the FEMA Letter of Map Amendment (LOMA) review process stating that a specific property is located outside the Special Flood Hazard Area (SFHA) as indicated on the Flood Hazard Boundary Map (FHBM) or Flood Insurance Rate Map (FIRM).

Participating Community. A community for which FEMA has authorized the sale of flood insurance under the NFIP.

Policy. The entire written contract between the insured and the insurer. It includes the following:

- The printed policy form;
- The Application and declarations page;
- Any endorsement(s) that may be issued; *and*
- Any renewal certificate indicating that coverage has been instituted for a new policy and new policy term.

Only 1 dwelling, specifically described by the prospective policyholder in the Application, may be insured under a policy.

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.

Ponding Hazard. A flood hazard that occurs in flat areas when there are depressions in the ground that collect "ponds" of water. The ponding hazard is represented by the zone designation AH on the Flood Insurance Rate Map (FIRM).

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.

Pre-FIRM Building. A building for which construction or substantial improvement occurred on or before December 31, 1974, or before the effective date of an initial Flood Insurance Rate Map (FIRM).

Preferred Risk Policy (PRP). A lower-cost Standard Flood Insurance Policy (SFIP), written under the Dwelling Form or General Property Form. It offers fixed combinations of building/contents coverage limits or contents-only coverage. The PRP is available for property located in B, C, and X Zones in Regular Program communities that meets eligibility requirements based on the property's flood loss history. It is also available for buildings that are eligible under the PRP Eligibility Extension.

Prepaid Amount (Total). The total amount that must be submitted with an Application or renewal in order to be acceptable for coverage. It is determined by adding the Federal Policy Fee to the Total Prepaid Premium.

Prepaid Premium (Total). The amount on the Application (excluding the Preferred Risk Policy [PRP] Application) that includes the Annual Subtotal, the Increased Cost of Compliance (ICC) Premium, the Community Rating System (CRS) Premium Discount (if applicable), and the Probation Surcharge (if applicable).

Presentment of Payment (Premium). The date of the check or credit card payment by the applicant or applicant's representative if the premium payment is not part of a loan closing, or the date of closing, if the premium payment is part of a loan closing.

Primary Residence. 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:

1. More than 50% of the 365 calendar days following the current policy effective date; or
2. 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.

A policyholder and the policyholder's spouse may collectively have more than one primary residence. The policyholder must submit proper documentation for each residence insured as a primary residence.

Primary Residential Property. Either a primary residence or the contents within a primary residence, or both.

Principal Residence. A single-family dwelling in which, at the time of loss, the named insured or the named insured's spouse has lived for either 80% of the 365 days immediately preceding the loss, or 80% of the period of ownership, if less than 365 days.

Principally Above Ground Building. A building that has at least 51% of its Actual Cash Value (ACV), including machinery and equipment, above ground.

Probation. A FEMA-imposed change in a community's status resulting from violations and deficiencies in the administration and enforcement of NFIP local floodplain management regulations.

Probation Surcharge (Premium). A flat charge that the policyholder 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.

Proper Openings – Enclosures (Applicable to Zones A, A1–A30, AE, AO, AH, AR, and AR Dual). All enclosures below the lowest elevated floor must be designed to automatically equalize hydrostatic flood forces on exterior walls by allowing for the entry and exit of floodwaters. A minimum of 2 openings, with positioning on at least 2 walls, having a total net area of not less than 1 square inch for every square foot of enclosed area subject to flooding must be provided. The bottom of all openings must be no higher than 1 foot above the higher of the exterior or interior grade (adjacent) or floor immediately below the openings.

Property Removed to Safety Expense. Up to \$1,000 of reasonable expenses incurred by the insured to temporarily remove insured property from the described location because of flood or the imminent danger of flood.

Provisional Rating. A method for placing flood coverage prior to the receipt of a FEMA Elevation Certificate.

Regular Program. 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 under the Act.

Regular Program Community. A community wherein a Flood Insurance Rate Map (FIRM) is in effect and full limits of coverage are available under the Act.

Repetitive Loss Structure. An NFIP-insured structure that has had at least 2 paid flood losses of more than \$1,000 each in any 10-year period since 1978.

Replacement Cost Value (RCV). The cost to replace property with the same kind of material and construction without deduction for depreciation.

Reserve Fund Assessment. An amount dedicated to the NFIP Reserve Fund as authorized by the Biggert-Waters Flood Insurance Reform Act of 2012 (BW12).

Residential Building. A non-commercial building designed for habitation by one or more families or a mixed-use building that qualifies as a single-family, 2–4 family, or other residential building.

Residential Condominium Building. A building, owned and administered as a condominium, containing 1 or more family units and in which at least 75% of the floor area is residential.

Residential Condominium Building Association Policy (RCBAP). See “Standard Flood Insurance Policy (SFIP) – Residential Condominium Building Association Policy (RCBAP).”

Residential Property. Either a residential building or the contents within a residential building, or both.

Scheduled Building Policy. A policy that requires a specific amount of insurance to be designated for each building and its contents.

Section 1316. Section of the National Flood Insurance Act of 1968, as amended, which states that no new flood insurance coverage shall be provided for any property that FEMA finds has been declared by a duly constituted state or local zoning authority or other authorized public body to be in violation of state or local laws, regulations, or ordinances that are intended to discourage or otherwise restrict land development or occupancy in floodprone areas.

Severe Repetitive Loss Building. Any building that:

1. Is covered under a Standard Flood Insurance Policy made available under this title;
2. Has incurred flood damage for which:
 - a. 4 or more separate claim payments have been made under a Standard Flood Insurance Policy issued pursuant to this title, with the amount of each such claim exceeding \$5,000, and with

the cumulative amount of such claims payments exceeding \$20,000; or

- b. At least 2 separate claims payments have been made under a Standard Flood Insurance Policy, with the cumulative amount of such claim payments exceed the fair market value of the insured building on the day before each loss.

Severe Repetitive Loss Property. Either a severe repetitive loss building or the contents within a severe repetitive loss building, or both.

Shear Walls. Walls used for structural support but not structurally joined or enclosed at the ends (except by breakaway walls). Shear walls are parallel, or nearly parallel, to the flow of the water and can be used in any flood zone.

Sheet Flow Hazard. A type of flood hazard with flooding depths of 1 to 3 feet that occurs in areas of sloping land. The sheet flow hazard is represented by the zone designation AO on the FIRM.

Single Building. A building that is separated from other buildings by intervening clear space or solid, vertical, load-bearing division walls.

Single Family Dwelling. Either:

1. 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
2. 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.

Solid (Perimeter) Foundation Walls. Walls that are used as a means of elevating a building in A Zones and that must contain sufficient openings to allow for the unimpeded flow of floodwaters more than 1 foot deep.

Special Flood Hazard Area (SFHA). An area having special flood, mudflow, or flood-related erosion hazards, and shown on a Flood Hazard Boundary Map (FHBM) or Flood Insurance Rate Map (FIRM) 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. For the purpose of determining Community Rating System (CRS) premium discounts, all AR and A99 Zones are treated as non-SFHAs.

Split Level. A foundation with a vertical offset in the floor framing on either side of a common wall.

Standard Flood Insurance Policy (SFIP)

- **Dwelling Form.** The policy form used to insure a building designed for use as a residence for no more

than 4 families or a single-family unit in a residential building under a condominium form of ownership. This form is also used to insure residential contents in any building. The owner of a residential building with 5 or more units can use this form to insure contents only in his or her own residential unit.

- **General Property Form.** The policy form used to insure a non-residential building or a 5-or-more-unit residential building not eligible for the Residential Condominium Building Association Policy (RCBAP). This form is also used to insure non-residential contents in any building or a building owner's residential contents located in multiple units within a building with 5 or more units.
- **Residential Condominium Building Association Policy (RCBAP).** The policy form used to insure a building, owned and administered as a condominium, containing 1 or more units and in which at least 75% of the floor area is residential. The building must be located in a Regular Program community.

Start of Construction. For other than new construction or substantial improvements, under the Coastal Barrier Resources Act (CBRA), this is the date when the building permit was issued, provided that the actual start of construction, repair, rehabilitation, addition, placement, or other improvement was within 180 days of the permit date. The actual start means either the first placement of permanent construction of a building on site, such as the pouring of a slab or footing, the installation of piles, the construction of columns, or any work beyond the stage of excavation; or the placement of a manufactured (mobile) home on a foundation. For a substantial improvement, actual start of construction means the first alteration of any wall, ceiling, floor, or other structural part of a building, whether or not that alteration affects the external dimensions of the building.

Stock. Merchandise held in storage or for sale, raw materials, and in-process or finished goods, including supplies used in their packing or shipping. "Stock" does not include any property not covered under "Section IV. Property Not Covered" of the General Property Form, except the following:

- Parts and equipment for self-propelled vehicles;
- Furnishings and equipment for watercraft;
- Spas and hot tubs, including their equipment; *and*
- Swimming pool equipment.

Subgrade Crawlspace. A crawlspace foundation where the subgrade under-floor area is no more than 5 feet below the top of the next-higher floor and no more than 2 feet below the lowest adjacent grade on all sides.

Submit-for-Rate (SFR). An application for flood insurance on a building for which no risk rate is published in the *NFIP Flood Insurance Manual*. Insurance coverage can be obtained only after the insurer has approved the application and has established the risk premium rate.

Subsidized Premium Rate. A rate charged to a group of policies that results in aggregate premiums insufficient to pay anticipated losses and expenses for that group.

Substantially Damaged Building. A building that has incurred damage of any origin whereby the cost of restoring the building to its before damaged condition would equal or exceed 50% of the market value of the building before the damage occurred.

Substantially Damaged Property. Either a substantially damaged building or the contents within a substantially damaged building, or both.

Substantially Improved Building. A building that has undergone reconstruction, rehabilitation, addition, or other improvement, the cost of which equals or exceeds 50% of the market value of the building before the "start of construction" of the improvement. This term does not include a building that has undergone reconstruction, rehabilitation, addition, or other improvement related to:

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

Substantially Improved Property. Either a substantially improved building or the contents within a substantially improved building, or both.

Suspension. FEMA's removal of an NFIP participating community from the Program because the community has not enacted and/or enforced the proper floodplain management regulations required for participation.

Tentative Rates. NFIP rates used to issue policies for applications that fail to provide the NFIP with valid actuarial rating information.

Travel Trailer. Under the NFIP, a travel trailer can be considered a building only if it is without wheels, built on a chassis and affixed to a permanent foundation, and regulated under the community's floodplain management and building ordinances or laws.

2-4 Family Building. A residential building, including an apartment building, containing two to four residential spaces and in which commercial uses are limited to less than 25% of the building's total floor area.

Underground Building. A building for which 50% or more of the Actual Cash Value (ACV), including machinery and equipment that are part of the building, is below ground.

Unfinished Area. An enclosed area that is used only for the parking of vehicles, building access, or storage purposes and that does not meet the definition of a finished (habitable) area. Drywall used for fire protection is permitted in unfinished areas.

Unit. A unit owned by the policyholder in a condominium building.

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 (SFIP) is not a valued policy.

Variance. A grant of relief by a participating community from the terms of its floodplain management regulations.

Waiting Period. The time between the date of application and the policy effective date.

Walled and Roofed. A building that has 2 or more exterior rigid walls and a fully secured roof and that is affixed to a permanent site.

Wave Height Adjustment. A measurement that is added to the Base Flood Elevation (BFE) for V Zones shown on the Flood Insurance Rate Map (FIRM) published prior to 1981. For coastal communities, the BFE shown on FIRMs published prior to 1981 are stillwater elevations, which include only the effects of tide and storm surge, and not the height of wind-generated waves.

Write Your Own (WYO) Program. A cooperative undertaking of the insurance industry and FEMA begun in October 1983. The Write Your Own (WYO) Program operates within the context of the NFIP and involves private insurance carriers that issue and service NFIP policies.

Zone. A geographical area shown on a Flood Hazard Boundary Map (FHBM) or a Flood Insurance Rate Map (FIRM) that reflects the severity or type of flooding in the area.

