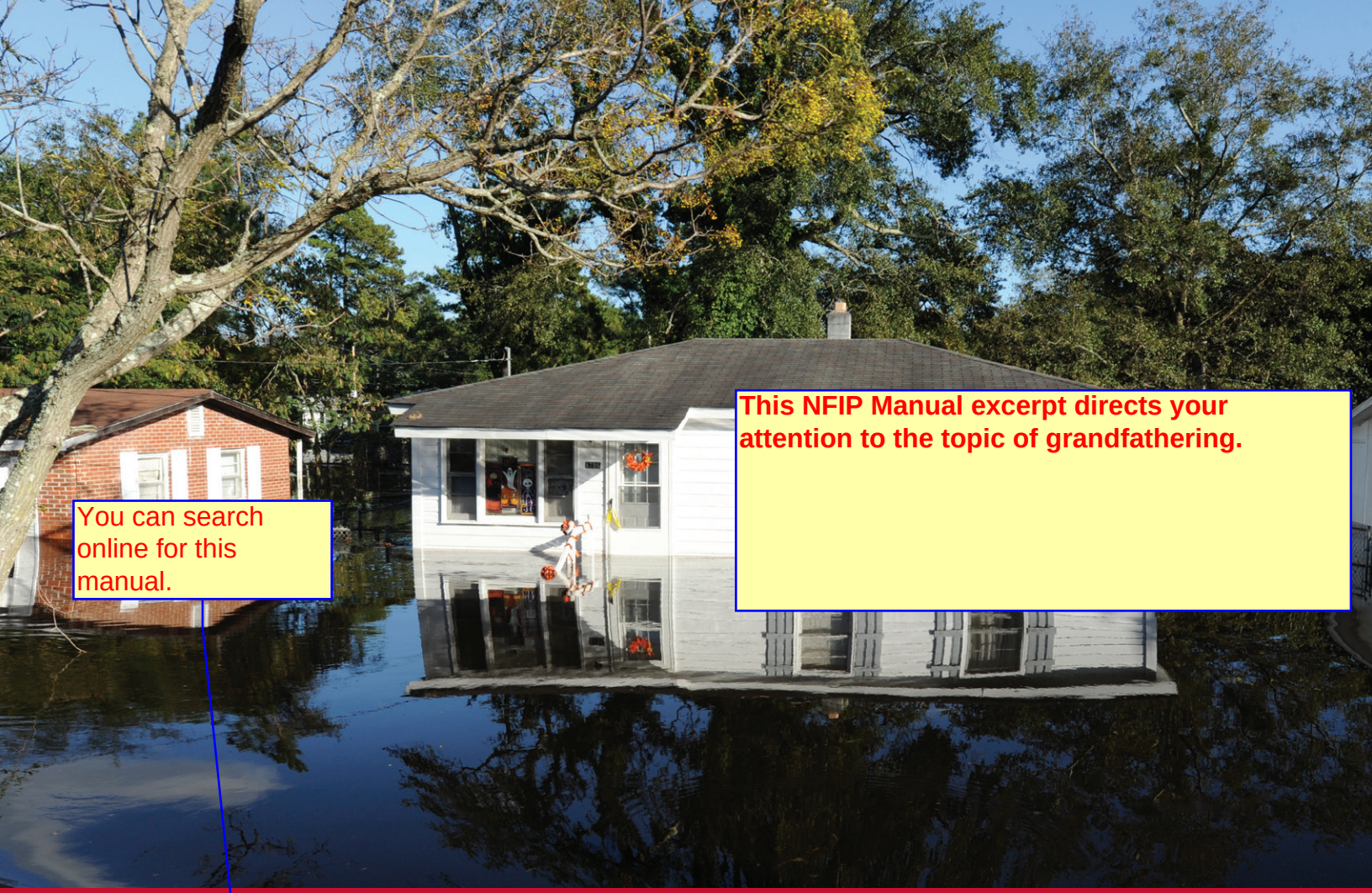

This NFIP Manual excerpt directs your attention to the topic of grandfathering.

You can search online for this manual.

National Flood Insurance Program

Flood Insurance Manual

April 2017

Revised October 2017

Federal Rule Making (mandates that any changes to this manual) requires proper NOTICE.

NOTICE
is accomplished through the NFIP Bureau & Statistical Agent - WYO Program Bulletins / NFIP Clearinghouse Mailings.

Insurance agent can sign up for these notices here: https://service.govdelivery.com/accounts/USDHSFEMA/subscriber/new?topic_id=USDHSFEMA_26

FEMA

I. Disaster Assistance

DISASTER ASSISTANCE

IS INSURANCE REQUIRED FOR DISASTER ASSISTANCE? ☐ YES ☐ NO
IF YES, CHECK THE GOVERNMENT AGENCY: ☐ SBA ☐ FEMA ☐ FHA
☐ OTHER (SPECIFY): _____
CASE FILE NO.: _____

Check YES if flood insurance is being required for disaster assistance. Identify the Government (disaster) agency and enter the insured's case file number; otherwise, check NO.

J. Community

- **Grandfathering Information**

COMMUNITY

GRANDFATHERING INFORMATION
GRANDFATHERED? ☐ YES ☐ NO IF YES, ☐ BUILT IN COMPLIANCE *OR*
☐ CONTINUOUS COVERAGE (PROVIDE PRIOR POLICY NUMBER IN BOX ABOVE)

Check YES if grandfathering applies, and complete this section; otherwise, check NO.

If YES:

- Check whether the building is eligible for grandfathering under the built-in-compliance or the continuous-coverage provision.
- If grandfathering under continuous coverage, enter the prior policy number in the Application Type section.

- **Rating Map Information**

COMMUNITY

RATING MAP INFORMATION
NAME OF COUNTY/PARISH: _____
COMMUNITY NO./PANEL NO. AND SUFFIX: _____ - _____
FIRM ZONE: _____ MAP DATE: ____ /____ /_____
COMMUNITY PROGRAM TYPE IS: ☐ REGULAR ☐ EMERGENCY

Enter the Flood Insurance Rate Map (FIRM) information that will be used for rating. However, if grandfathering applies, complete the current map information section in addition to the rating map information section and provide documentation supporting the grandfathering. For additional guidance, refer to NFIP grandfather rules subsection in the Rating section of this manual.

Enter name of the county or parish where the property is located. (Not all communities that have been assigned NFIP community numbers are participating in the NFIP. Policies may not be written in non-participating communities.)

Enter the community identification number, map panel number, and revision suffix of the map that will be used for rating for the community where the building is located. When there is only 1 panel (i.e., a flat map), the community number will consist of only 6 digits. Use the FIRM in effect and that has been published at the time of presentment of premium and completion of the Application.

NOTE: The postal address of the insured building may not reflect the community where the property is located. Therefore, do not rely on the postal address when determining community status and identification.

In addition, because of possible changes in the FIRM, do not rely on information from a prior policy as accurately reflecting the current FIRM information.

The current community number may also be obtained from a flood zone determination or by checking the *NFIP Community Status Book* online (http://www.fema.gov/national-flood-insurance-program/national-flood-insurance-program-community-status-book) or contacting the insurer or a local community official.

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

Enter the effective date of the map used for rating in the space provided.

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

Check if the community is in the Regular Program or the Emergency Program.

NOTE: If the community contains a Coastal Barrier Resources System (CBRS) or Otherwise Protected Area (OPA), see the CBRS section in this manual for additional guidance.

- **Current Map Information**

COMMUNITY

CURRENT MAP INFORMATION
CURRENT COMMUNITY NO./PANEL NO. AND SUFFIX: _____ - _____
CURRENT FIRM ZONE: _____ CURRENT BFE: _____
MAP DATE: ____ /____ /_____

If grandfathering applies, current map information must be provided.

Enter the current community identification number, map panel number, suffix, FIRM zone, and, if applicable, the BFE. Do not use this map information for rating.

rates for FIRM Zone A for Pre-FIRM properties should then be used to compute the premium.

The alternative rating procedure is also used by the NFIP for renewal of policies in communities that have converted from the Emergency Program to the Regular Program during a policy's term. Again, this procedure can be used only when the community has no V Zones. In these cases, the NFIP assigns an AS Zone designation, which is not a valid flood zone designation, but rather a rating method, and uses the Pre-FIRM Zone A rates to compute the premium.

In both of the above situations, the agent/producer should determine the actual FIRM zone and submit a General Change Endorsement to correct the FIRM zone and premium. All corrections should be made as soon as possible within the initial policy term after an AA or AS Zone designation has been made. If the correct flood zone is not provided, no Renewal Premium Notice will be issued.

C. Special Rates

Certain risks may be eligible for FEMA Special Rates consideration. This process provides a mechanism for the policyholder to submit additional information to FEMA that may result in a reduction to the rate based on specific characteristics that are not common to similarly classified buildings. Until this Special Rate application has been reviewed and accepted by FEMA, the rates published in this manual or the SRG manual should be used.

Risks eligible for consideration include the following:

1. Buildings elevated on posts, piers, pilings, or columns with hanging floors below the BFE enclosing finished or unfinished space
2. High-rise residential condominium buildings, eligible under the Residential Condominium Building Association Policy, where the lowest floor elevation is below the BFE, unfinished, and used for building access, parking, or storage only
3. Pre-FIRM buildings with partial enclosures below the BFE (where a partial enclosure does not enclose the entire area under the elevated floor)
4. Subgrade crawlspace when the distance between the subgrade crawlspace floor and the top of the next higher floor is greater than 5 feet or the top of the bottom floor elevation is more than 2 feet below the lowest adjacent grade
5. Non-elevated 2–4 family dwellings with an attached garage, where the floor level of the garage is below the level of the building
6. Buildings with an oil pit
7. Buildings elevated on posts, piers, pilings, or columns with Mid-Level Foyers below the BFE

Pre-FIRM buildings in SFHAs with a partial enclosure are also eligible for Special Rate Consideration, provided the enclosure is unfinished and used solely for parking, storage, and building access, and its elevation is below the BFE. A partial enclosure is an enclosure that does not enclose the entire area under the elevated floor.

To request FEMA Special Rates, the insurer must submit all appropriate documentation listed in the SRG manual to the NFIP Bureau and Statistical Agent.

D. NFIP "Grandfather" Rules – Effect of Map Revisions on Flood Insurance Rates

A community will occasionally make structural improvements (dams, levees, etc.) to reduce the potential effects of flooding; experience new development aggravating the flooding situation, thereby expanding the floodplain; revise geographical boundaries, resulting in the designation of additional flood hazard areas; or provide information to better delineate the BFE and/or flood insurance risk zones. When these situations occur, the FIRM is revised and republished.

The implementation of a new FIRM raises the following question: How does the new map affect flood insurance premium rates?

1. Grandfather Rules – Eligibility: To recognize policyholders who have built in compliance with the FIRM and/or maintained continuous coverage, FEMA has "grandfather rules." These rules allow such policyholders to benefit in the rating for that building.

   a. Built-in-Compliance: Buildings that are built in compliance with the FIRM in effect at the time of construction are eligible for grandfathering. For elevated buildings, the lowest finished floor must be at or above the BFE. In A zones, the lowest floor is measured from the top of the elevated floor. In V zones, the lowest floor is measured from the bottom of the lowest horizontal structural member. In both A and V Zones, enclosures below the BFE must be unfinished and used solely for parking, storage, or building access.

   For A Zones, proper openings are required (refer to the Lowest Floor Guide section for guidance for proper openings).

   For V Zones, the enclosures must be constructed with breakaway walls (refer to the Lowest Floor Guide section for guidance). In addition, there

cannot be any machinery/equipment servicing the building below the BFE.

The insured would have the option of using the current rating criteria for that property or having the premium rate determined by using the BFE and/or flood zone on the FIRM (old map) in effect when the building was originally constructed.

Remember - there is no BFE associated with Zone X.

b. Continuous Coverage: Policyholders who have remained loyal customers of the NFIP by maintaining continuous coverage (since coverage was first obtained on the building) are eligible for grandfathering rules. This will result in a cost savings to insureds when the new map resulting from a map revision would result in a higher premium rate.

To document continuous coverage when policies are moved from one insurer to another, the receiving company must obtain the immediately prior year's policy declarations page from the previous insurer.

2. General Rule of Rating

Always use the most current map if it will provide a more favorable premium (lower rate).

3. Existing Business – Renewal Policies

Policies written to cover either Post-FIRM or Pre-FIRM construction may be renewed and rated based on the FIRM and/or BFE in effect when the policy was initially rated as long as the coverage is continuous and the building has not been altered to make the lowest floor used for rating lower than the BFE on that FIRM. Policies originally correctly written under the Newly Mapped rating procedure are eligible for grandfathering as premium rates increase annually, so long as continuous coverage is maintained.

In order for a policy to remain eligible for continuous coverage grandfathering, a renewal payment must be received by the insurer within 30 days of the policy expiration date. For a policy renewing on or after April 1, 2016, if the renewal payment is received more than 30 days but within 90 days from the policy expiration date the coverage will be reinstated with a 30-day waiting period. The policy remains eligible to renew using continuous coverage grandfathering for only the first instance. For any subsequent renewals, if the renewal payment is received more than 30 days after the expiration date, the policy will be ineligible to renew using continuous coverage grandfathering and must be rated using full-risk rates.

If the renewal payment is received more than 90 days following the expiration date, the agent/producer must submit a new application with the full annual premium. The standard 30-day waiting period will apply and the policy will not be eligible for continuous coverage grandfathering.

For elevated buildings, enclosures must be unfinished and used solely for parking, storage, or building access.

For A Zones, proper openings are required (refer to the Lowest Floor Guide section for guidance for proper openings).

For V Zones, the enclosures must be constructed with breakaway walls (refer to the Lowest Floor Guide section for guidance).

a. Examples – Post-FIRM Construction

- A building was constructed in 1980. Coverage was purchased at the time of construction. The FIRM zone in effect was A1. The BFE was 10'. The lowest floor was 9'. The elevation difference was –1, and the policy was rated using a –1 elevation difference.

  This policy was written and continuously renewed for 3 years. In 1983, a new map for the community was issued.

  The property remained in an A1 Zone. However, the BFE became 12'. Because the lowest floor did not change, the elevation difference was –3. Since the building was not altered in any way, the policy can be rated using a –1 elevation difference due to continuous coverage grandfathering.

- A building was constructed in 1980. The FIRM zone in effect was A. In 1983 the map was revised, which placed the building in a VE Zone. Since continuous coverage existed and the building was not altered, the policyholder can continue to use Zone A in determining the rate.

b. Example – Pre-FIRM Construction

At the time flood insurance coverage was applied for, the building was located in Zone X. A new map designated the zone as AE. The policy may continue to be rated using Zone X rates on the old map as long as there is no interruption in coverage.

4. New Business – Applications for Coverage

a. Post-FIRM Construction

NOTE: These rules apply to buildings in all zones, including Zone D.

If a new policy is applied for, the rates can be based on the FIRM zone and the BFE on the old map in effect on the date the building was constructed provided that:

- The building was built in compliance with the map in effect at the time of construction. For elevated buildings, the lowest finished floor must be at or above the BFE. In A zones, the lowest floor is measured from the top of the elevated floor. In V zones, the lowest floor is measured from the bottom of the lowest horizontal structural member. In both A and V Zones, enclosures below the BFE must be unfinished and used solely for parking, storage, or building access.

  For A Zones, proper openings are required (refer to the Lowest Floor Guide section for guidance for proper openings).

  For V Zones, the enclosures must be constructed with breakaway walls (refer to the Lowest Floor Guide section for guidance).

- The building has not been altered in any

FEMA uses a FIRMette for proper documentation for a "Built in Compliance" Rate.Go to the Insurance agent page at www.FargoFloodInsurance.com or www.Floodsmart.gov to learn how to create the FIRMette.

improved.

The property owner or agent/producer must provide proper documentation to the insurer. The documentation must show: the date of the FIRM; the zone on that FIRM in which the property is located; the BFE, if any, for that zone; a copy of the map panel showing the location of the building; and the rating element that is to be grandfathered. A letter from a community official verifying this information, or an Elevation Certificate, also is acceptable.

Example:

A building was constructed in 1980 and, according to the FIRM in effect at that time, was located in Zone AE. No insurance policy was purchased until 1990. At that time, remapping had occurred and the zone had been changed to a more hazardous area, Zone VE. The new policy can use Zone AE as the rating zone if the required documentation is provided.

b. Pre-FIRM Construction

Because there was no FIRM in effect on the date of construction, most Pre-FIRM construction is ineligible for the "built-in compliance" grandfathering rule. The limited exceptions are those communities with initial FIRM dates prior to December 31, 1974. The "built-in-compliance" rule applies to Pre-FIRM construction only if the date of construction was on or before December 31, 1974, and was also on or after the FIRM date. The Flood Hazard Boundary Map (FHBM) cannot be used for grandfathering

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).

Example:

A building was constructed in November 1974 and the FIRM date was May 3, 1973. The old map showed the building's location as Zone C. Ten years later in 1984, a new map placed the building in an A Zone. Flood insurance coverage was applied for after the map was revised. To use the old map showing Zone C as the rating zone, proper documentation must be submitted.

E. Post-'81 V-Zone Optional Rating

This optional rating is available for new and renewal policies and endorsements with effective dates on or after October 1, 1997. All policies for Pre-FIRM buildings and 1975 through 1981 Post-FIRM buildings in Zones VE and V1–V30 are allowed to be rated using the Post-'81 V-Zone rate tables (Table 3E or 3F) if the rates are more favorable to the insured. In order to qualify, the following criteria must be met:

There is no BFE associated with Zone X

1. The policy BFE printed on the FIRM panel that includes wave height.
2. The building rates are determined based on the ratio of the estimated building replacement cost and the amount of insurance purchased.
3. The building must be elevated free of obstruction or with obstruction (a breakaway wall enclosure of less than 300 square feet). All machinery and equipment lo obstructions

Always use "official" FEMA products like the FIRMette whenever possible because anyone associated with flood insurance can access the same information and it is not disputable.

F. Policies Req

The following con rated using the r following example policies written as new business:

If an elevation-rated building is altered, making the lowest floor for rating purposes below the BFE.

to the inflation factor) will be the "renewal date" only if the endorsement and additional premium are received within the 30-day grace period.

C. Refunds Generated from Endorsement Processing

The return premium is based on rates in effect on the effective date of the change or the policy effective date, in accordance with the WYO Company's standard business practice. It is calculated by revising the rate, effective from the inception date of the current policy year, provided the inception date is on or after the community conversion date.

The Federal Policy Fee and Probation Surcharge (if applicable) are not subject to calculation of return premiums.

IV. COMPLETING THE FLOOD INSURANCE GENERAL CHANGE ENDORSEMENT FORM

A. General Change Endorsement Instructions

The policy number, reason for change, and the endorsement effective date are required items for completing the form. When filling out the rest of this form, only complete the sections that require change. The following items are of special note:

- **Policy Period**

  In this section, enter the policy expiration date (month/day/year) and endorsement effective date. The policy period cannot be changed. All calculations must reflect the policy period shown on the current declarations page.

- **Property Location**

  A flood policy may not be endorsed to change the insured property location, unless correcting an erroneous property address. If the property address is rural, enter the legal description or geographic location of the property (do not use P.O. Box). *For additional guidance, refer to the Property Address Corrections subsection in this section.*

  For example, the insured's mailing address may be shown as:

  Route 4
  Box 179
  Danville, OH 43014

  The property location should be completed as: Farmhouse on the north side of U.S. 70, 6 miles west of Danville, OH 43014.

- **Community (Grandfathering Information)**

  Verify whether the building was built in compliance or has had continuous coverage. *For additional guidance, refer to the NFIP Grandfathering Rules subsection in the Rating section of this manual.*

  If the building was built in compliance, enter the community identification number, map panel number, suffix, FIRM zone, and, if applicable, the BFE. If grandfathering for continuous coverage, enter the prior policy number. There is no BFE in Zone X

- **All Buildings**

  Complete this section to correct a property's building description. If applicable, submit any supporting documentation.

- **Contents**

  The contents location section should be completed if contents coverage is being added/deleted or if the location of the contents being insured within the described building has changed. Provide an explanation of the change of location in the description area of the section.

- **Coverage and Rating**

  Complete this section for such reasons as:

  - Increasing, adding or reducing coverage limits
  - Updating building's replacement cost information
  - Changing deductibles

  For additional guidance, refer to the Endorsement Rating examples in this section.

- **Signature**

  All endorsements, whether paper or electronic form, must be signed. Electronic transactions are permitted if the business process includes authentication of signatures and dates of receipt of premium. WYO Companies are responsible for determining the business practices and transaction authentication methods they will use to ensure the security and integrity of such transactions.

  The insured must sign and date the General Change Endorsement form whenever there is a request to reduce policy limits, increase the deductible, assign the policy, or change the agent/producer of record.

B. Refund Processing Procedures

1. The current insurer will be responsible for returning the premium for the current and the prior policy year, provided that it was the insurer for that period. If another NFIP insurer was the insurer for the prior policy year, it will be responsible for returning the premium for that policy year. Agents/producers submit refund requests to their insurer.

and, if applicable, a separate General Change Endorsement and additional premium for the remainder of the current policy year. The effective date of the endorsement to increase coverage (up to the inflation factor) will be the "renewal date" only if the endorsement and additional premium are received within the 30-day grace period.

C. Refunds Generated from Endorsement Processing

The return premium is based on rates in effect on the effective date of the change or the policy effective date, in accordance with the WYO Company's standard business practice. It is calculated by revising the rate, effective from the inception date of the current policy year, provided the inception date is on or after the community conversion date.

The Federal Policy Fee, HFIAA Surcharge, and Probation Surcharge (if applicable) are not subject to calculation of return premiums.

IV. COMPLETING THE FLOOD INSURANCE GENERAL CHANGE ENDORSEMENT FORM

A. General Change Endorsement Instructions

The policy number, reason for change, and the endorsement effective date are required items for completing the form. When filling out the rest of this form, only complete the sections that require change. The following items are of special note:

- **Policy Period**

  In this section, enter the policy expiration date (month/day/year) and endorsement effective date. The policy period cannot be changed. All calculations must reflect the policy period shown on the current declarations page.

- **Property Location**

  A flood policy may not be endorsed to change the insured property location, unless correcting an erroneous property address. If the property address is rural, enter the legal description or geographic location of the property (do not use P.O. Box). *For additional guidance, refer to the Property Address Corrections subsection in this section.*

  For example, the insured's mailing address may be shown as:

  Route 4
  Box 179
  Danville, OH 43014

  The property location should be completed as: Farmhouse on the north side of U.S. 70, 6 miles west of Danville, OH 43014.

- **Community (Grandfathering Information)**

  Verify whether the building was built in compliance or has had continuous coverage. *For additional guidance, refer to the NFIP Grandfathering Rules subsection in the Rating section of this manual.*

  If the building was built in compliance, enter the community identification number, map panel number, suffix, FIRM zone, and, if applicable, the BFE. If grandfathering for continuous coverage, enter the prior policy number. There is no BFE in Zone X

- **All Buildings**

  Complete this section to correct a property's building description. If applicable, submit any supporting documentation.

- **Contents**

  The contents location section should be completed if contents coverage is being added/deleted or if the location of the contents being insured within the described building has changed. Provide an explanation of the change of location in the description area of the section.

- **Coverage and Rating**

  Complete this section for such reasons as:

  - Increasing, adding or reducing coverage limits
  - Updating building's replacement cost information
  - Changing deductibles

  For additional guidance, refer to the Endorsement Rating examples in this section.

- **Signature**

  All endorsements, whether paper or electronic form, must be signed. Electronic transactions are permitted if the business process includes authentication of signatures and dates of receipt of premium. WYO Companies are responsible for determining the business practices and transaction authentication methods they will use to ensure the security and integrity of such transactions.

  The insured must sign and date the General Change Endorsement form whenever there is a request to reduce policy limits, assign the policy, or change the agent/producer of record.

B. Refund Processing Procedures

1. The current insurer will be responsible for returning the premium for the current and the prior policy year, provided that it was the insurer for that period. If another NFIP insurer was the insurer for the prior policy year, it will be responsible for

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