NATIONAL FLOOD INSURANCE PROGRAM

ANSWERS TO QUESTIONS ABOUT THE NFIP

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SECTION ONE

The National Flood Insurance Program (NFIP)

The NFIP is a federal program created by Congress to mitigate future flood losses across the country. The program enacts and enforces floodplain management regulations and provides access to government-backed flood insurance policies for property owners and renters.

The NFIP floodplain management regulations keep residents safer, minimize property damage and help build resilient communities. According to the Insurance Information Institute, FEMA estimates that buildings constructed to NFIP standards suffer about 80% less damage annually than those not built in compliance. By employing wise floodplain management strategies, communities can protect against much of the devastating financial losses resulting from flood disasters.

In addition, the NFIP has a proud legacy of helping people before, during and after flood disasters by protecting United States residents against the financial hardships of flooding with flood insurance. Today, the program protects over $1.3 trillion in assets for nearly 5 million policyholders.

Background

1. Why did Congress create the NFIP?

Prior to the NFIP, the national approach to managing flood risk was generally limited to constructing flood-control works such as dams, levees and seawalls. Considering mounting flood losses and the increased burden of disaster relief on taxpayers, Congress created the NFIP with the passage of the National Flood Insurance Act of 1968 (NFIA).[1]

[1] *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.*

Congress intended the NFIP to:

- Reduce future flood damage through enactment and enforcement of floodplain management regulations; and
- Provide protection for property owners against potential flood losses by offering flood insurance.

Congress has amended the NFIP over time, viewable in the timeline on **page 6**. Today, the NFIP is administered by FEMA.

2. Why is flood insurance important?

Flooding and cyclone events (e.g., hurricanes) are the costliest and most common disasters in the U.S., with 99% of counties in the U.S. having experienced a flood. Most property and renters insurance policies do not cover flooding. If a flood were to occur, only flood insurance would cover the cost of damage and help policyholders get back to their routines more quickly.

When consumers consider whether to purchase flood insurance, here are some important facts they should know:

- Any eligible building in an NFIP participating community can be covered by flood insurance.
- On average, about 40% of NFIP flood insurance claims come from outside the high-risk flood zones known as Special Flood Hazard Areas (SFHAs).
- Flood insurance can pay a claim regardless of whether there is a presidentially declared disaster.
- Federal disaster assistance typically comes in the form of a Small Business Administration (SBA) loan that must be repaid with interest or as a FEMA grant through the Individuals and Households Program (IHP), which does not compensate for all losses caused by a disaster. By comparison, the average flood insurance claim payment from 2016 to 2021 was about $66,000.

3. What's the history of the NFIP?

1968 The National Flood Insurance Act of 1968 launches the NFIP with two primary goals: reducing future flood damage and protecting property owners.

1973 The Flood Insurance Protection Act of 1973 requires the purchase of flood insurance for some homeowners in Special Flood Hazard Areas (SFHAs).

1979 Executive Order 12127 officially makes the NFIP part of FEMA.

1994 The National Flood Insurance Reform Act of 1994 strengthens the NFIP with a number of reforms that include increasing the focus on lender compliance, creating NFIP insurance and developing a mitigation assistance program to further reduce the costly and devastating impacts of flooding.

2003 The NFIP digitizes its flood mapping process, modernizing how the program represents flood risk.

2004 The Flood Insurance Reform Act of 2004 eliminates incentives to rebuild on properties that repeatedly flood, increases transparency of the claims process and establishes a flood insurance training requirement for insurance professionals. Additionally, new mitigation grant programs are authorized to focus on the mitigation of Severe Repetitive Loss (SRL) properties.

2012 The Biggert-Waters Flood Insurance Reform Act of 2012 authorizes the national mapping program and implements rate changes to increase the NFIP's fiscal soundness. Flood mitigation grant programs are consolidated and cost-matching is aligned with claims history.

2014 The Homeowner Flood Insurance Affordability Act of 2014 places limits on flood insurance rate increases.

2021 FEMA introduces its new rating system, which leverages industry best practices and cutting-edge technology to enable FEMA to deliver rates that are actuarially sound, equitable, easier to understand and better reflect a property's individual flood risk.

4. How does the NFIP define a flood?

The NFIP defines a flood as:

1. "A general and temporary condition of partial or complete inundation of two or more acres of normally dry land area or of two or more properties (one of which is your property) from:
   a. Overflow of inland or tidal waters;
   b. Unusual and rapid accumulation or runoff of surface waters from any source;
   c. Mudflow.*
2. Collapse or subsidence of land along the shore of a lake or similar body of water as a result of erosion or undermining caused by waves or currents of water exceeding anticipated cyclical levels that result in a flood as defined above."

**Mudflow is defined as, "A river of liquid and flowing mud on the surface 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."*

SECTION TWO

The NFIP's Role in Communities

From the Pacific Northwest rivers to the beaches of the Gulf Coast, the National Flood Insurance Program (NFIP) helps protect American communities against the damage of flooding. Communities work with the NFIP to develop and maintain floodplain management regulations, provide flood insurance policies for their residents and recommend cost-saving options to make flood insurance more attainable. Today, the NFIP protects about 22,600 communities from the financial losses flooding can bring.

Overview

5. How does the NFIP define a community?

A community is defined by the NFIP as:

- Any state, area or political subdivision;
- Any tribe, authorized tribal organization or Alaska native village; and/or
- Any native organization with authority to adopt and enforce floodplain management ordinances for the area under its jurisdiction.

In most cases, a community is an incorporated city, town, township, borough, village, unincorporated area, county or parish. However, some states have statutory authorities that vary from this description.

6. How do communities work with the NFIP?

The National Flood Insurance Act of 1968 allows FEMA to make flood insurance available through the NFIP only in communities that have adopted adequate floodplain management regulations for its Special Flood Hazard Areas (SFHAs), otherwise known as high-risk flood areas.

The intent is to reduce future flood risks, with the federal government making flood insurance available to property owners and renters in that community in return. Participating in the NFIP is on a community basis since individual residents cannot regulate or establish construction priorities for communities.

7. Why do communities participate in the NFIP?

There are many reasons for communities to participate in the NFIP, including:

- To make the community more resilient in the event of flooding;
- To protect residents against the risk of financial uncertainty that flooding can bring if flood insurance is not available;
- To allow residents to purchase flood insurance, thereby transferring the financial risk of flooding in exchange for an annual premium; and/or
- To receive flood disaster assistance in a community with SFHAs, as federal agencies may not provide assistance unless the community participates in the program.

Additionally, once a community participates in the NFIP, it can join the Community Rating System (CRS) to offer supplemental discounts to their residents. For more information on the CRS, visit **page 32**.

8. Is community participation mandatory?

Community participation is typically voluntary, though some states require NFIP participation as part of their floodplain management program. Each community must assess its flood hazards and determine whether flood insurance and floodplain management regulations would benefit its residents and economy.

The decision should be made with full awareness of the ramifications of each action. A community's participation status can significantly affect current and future property owners in SFHAs. A community that chooses not to participate within one year of a flood hazard identification or publishing of a new/revised flood map is subject to consequences including exclusion from federal grants, loans, disaster assistance and federal mortgage insurance.

9. How can property owners or renters find out if their community participates in the NFIP?

The NFIP provides a list of participating communities in the Community Status Book at fema.gov/community-status-book. Property owners or renters can also contact a community official or insurance agent to find out if their community participates in the NFIP.

10. What are the stages of joining the NFIP?

The initial phase of a community's participation in the NFIP is known as the Emergency Program. The Emergency Program offers a limited amount of flood insurance to communities that do not have identified and mapped flood hazard areas or have only been provided with a Flood Hazard Boundary Map (FHBM). FHBMs are explained in more detail on **page 15**.

Emergency Program communities are required to adopt limited floodplain management standards to control the future use of its floodplains. Once a detailed engineering study is completed for the community and a flood map is issued, the community is brought into the NFIP's Regular Program.

Because the majority of the U.S. has been mapped, many communities can bypass the Emergency Program phase.

The next and final stage of joining the NFIP is to become a Regular Program community. These communities have flood maps and a detailed engineering study, termed a Flood Insurance Study (FIS). Under the Regular Program, the full amounts of flood insurance coverage are offered. For coverage maximums, skip to **page 38**.

11. What is community probation or suspension and how can it affect a community?

Probation is a FEMA-imposed change in a community's status resulting from violations in the administration and enforcement of NFIP local floodplain management regulations. A community may be placed on probation 90 days after FEMA gives written notice to community officials of specific errors. Probation does not affect the availability of flood insurance.

Once a community is on probation, a surcharge is added to the premium for each NFIP flood insurance policy sold or renewed in the community. The surcharge is intended to highlight and financially cover the community's non-compliance and increased risk by encouraging policyholders to help the community avoid suspension.

The surcharge is in effect for at least one year after the community's probation period begins. Probation and applicable surcharges last a minimum of one year, even if program mistakes are corrected and violations are remediated to the maximum extent possible before the end of the one-year period.

Suspension of an NFIP participating community occurs when the community fails to adopt floodplain management regulations. FEMA may also suspend a community if it repeals or amends previously compliant floodplain management measures.

If the community is suspended, flood insurance policies cannot be purchased or renewed. Three-year policies also become void at the end of the current policy year, with a prorated refund given for any remaining years of the original policy term. Property owners located within SFHAs may see their federal disaster assistance request denied as well as any federally insured loans or financing.

Floodplain Management

12. What is floodplain management and what are floodplain management regulations?

Floodplain management is a community-based effort to prevent or reduce the risk of flooding, resulting in a more resilient community.

Floodplain management regulations may be found in zoning codes, building codes or in stand-alone ordinances to correct or prevent future flood damage. Each community is responsible for managing and communicating their building codes and regulations, not FEMA or the NFIP.

One example of a floodplain management ordinance would be a community adopting a regulatory floodway. The community is responsible for prohibiting encroachments (including fill, new construction and substantial improvements) within the floodway so that water flows may pass without increasing flood levels by more than a certain amount.

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Additional information on the NFIP's floodplain management requirements is available at fema.gov/floodplain-management. If communities are having difficulty developing regulations that are compliant with the NFIP's minimum standards, community officials should contact the NFIP State Coordinator and appropriate FEMA Regional Office. A breakdown of the FEMA Regional Offices is listed on **page 80**.

13. What is the role of the community in flood hazard assessment and floodplain management?

FEMA works closely with state and community officials to identify flood hazard areas and flood risks. Without community oversight of building activities, the potential for flood loss would not be reduced sufficiently to affect disaster relief costs. As such, floodplain management requirements must be adopted and enforced by communities participating in the NFIP. This includes requiring permits for all development in SFHAs and ensuring that construction materials and methods used will minimize future flood damage.

Community members and officials can take an active role in local floodplain management. For more information about the map updates process, please visit **page 25**.

14. How do floodplain management regulations affect new and existing buildings?

Minimum federal floodplain management requirements affect existing buildings if they are substantially damaged or need substantial improvements. The NFIP requires that communities review modification applications to ensure the buildings will provide reasonable safety from flooding.

There may also be situations where a building has been constructed in accordance with a local floodplain management regulation and the owner subsequently alters it in violation of the local building regulation without a permit. Such unapproved modifications to an existing building may not meet minimum federal requirements or community code.

15. What happens when a participating NFIP community chooses not to adopt the effective flood map and compliant floodplain management ordinances?

As part of a community's agreement to participate in the NFIP, they must adopt and enforce floodplain management regulations, including flood maps. If a community does not pass an ordinance that adopts updated flood maps before they become effective, that community will be suspended.

Communities that are not compliant with floodplain management ordinances will be placed on probation or suspended from the program. Program probation and suspension are discussed in more detail on **page 10**.

16. Can modifications be made to the NFIP's basic floodplain management requirements?

The Federal Insurance and Mitigation Administration (FIMA) supplies the data upon which floodplain management regulations are based. FEMA uses this information to periodically review NFIP standards and policies and revise them when appropriate.

17. Do federal floodplain management requirements take precedence over state requirements?

The federal regulatory requirements set forth by FEMA are the minimum measures acceptable for NFIP participation. However, if a state or local community adopts stricter requirements, those would take precedence over the minimum regulatory requirements established for flood insurance availability.

For example, some states and communities require newly constructed buildings to be built higher than the Base Flood Elevation (BFE)—the level at which floodwater is expected to reach during a flood—to further reduce the risk of flooding (e.g., +2 feet) and lower flood insurance premiums. FEMA supports those state-initiated actions of higher standards by providing technical assistance and initiating FEMA enforcement where appropriate.

To learn more about community-incentivized floodplain management regulations, visit **page 32**.

18. Do state governments assist the NFIP?

Each governor has designated an NFIP State Coordinator and agency of state or territorial government to coordinate NFIP activities. Most often, the coordinating office is within natural resources or emergency management.

19. What is the Community Assistance Program, State Support Services Element (CAP-SSSE)?

The CAP-SSSE is a cooperative agreement for participating communities that helps proactively identify, prevent and resolve floodplain management issues before flooding events occur. It helps communities to:

- Ensure that the flood loss reduction goals of the NFIP are met;
- Build state and community floodplain management expertise and capabilities; and
- Leverage state knowledge and expertise in working with their communities.

For more information on CAP-SSSE or to apply for funding, visit fema.gov/community-assistance-program.

Flood Mapping

20. What are flood maps and how are they used?

Flood Insurance Rate Maps (FIRMs) are the official community maps used as guides to indicate flood risk. Several levels of flood hazards are identified on these maps, including hazard areas. Areas not yet identified by a flood map may be mapped on FHBMs prior to a flood map being produced.

Flood maps help us understand risks but are only part of the story. For example:

- Community officials use flood maps to understand and communicate local flood risk, manage floodplains and require new and substantially improved buildings be built to mitigate losses from future floods. These efforts help make a more resilient community in which to live and work.
- Mortgage lenders use flood maps to determine a property's flood risk and decide whether to require flood insurance as a condition of a loan. Lenders generally require homeowners and business owners inside SFHAs to

purchase flood insurance if they have a government-backed loan on the building, also known as the mandatory purchase requirement. The mandatory purchase requirement is explained in more detail on **page 20**.

- Insurance professionals use the maps to help residents in all hazard areas protect their assets.
- Developers and builders use maps as part of location siting and construction decisions.
- Real estate professionals use maps to help clients make informed decisions about buying or selling a property, ensuring there are no surprises at the time of closing.

21. What is the difference between an FHBM and a flood map?

An FHBM, or a preliminary flood map, is based on comparative data and identifies the SFHAs within a community. This allows the community to join the NFIP Emergency Program, and the FHBM is then used for floodplain management and insurance purposes.

A flood map is the official flood hazard map of a community, issued following a flood risk assessment. If an FIS has been performed, the flood map will show insurance risk zones, floodplain boundaries and in some cases BFEs. The flood map may also show a delineation of the regulatory floodway.

FHBMs and flood maps can be found by visiting the Map Service Center at msc.fema.gov. For more information on BFE, go to **page 24**.

22. What is an SFHA?

SFHAs are hazard areas that are subject to inundation by the base flood (1%-annual-chance flood). These areas have at least a 1-in-4 chance of flooding during a 30-year mortgage. As a result, they carry a higher risk. On flood maps, SFHAs are labeled as zones starting with the letters A or V.

In support of the NFIP, FEMA identifies SFHAs throughout the United States and its territories. Development may occur within an SFHA if it complies with local floodplain management ordinances, which must meet the NFIP's minimum requirements. Flood insurance is required by federally regulated lenders for properties within SFHAs to protect federal financial investments.

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Flooding can happen both inside and outside SFHAs. Properties outside SFHAs are still encouraged to purchase flood insurance policies for both their building and personal belongings.

23. What flood hazard zones are shown on flood maps and what do they mean?

Flood maps identify areas with different probabilities of flooding. These areas are called flood zones.

SFHAs are shown on flood maps as flood zones beginning with A, AE, V or VE, with Zones V or VE being used for coastal areas. Mandatory flood insurance purchase requirements apply.

- **Zone A:** Areas subject to inundation by the 1%-annual-chance flood event. Because detailed hydraulic analyses have not been performed, no BFEs or flood depths are shown.
- **Zone AE:** Areas subject to inundation by the 1%-annual-chance flood event determined by detailed methods. BFEs are shown within these zones. Zone AE is used on new and revised maps in place of Zones A1-A30.
- **Zone AH:** Areas subject to inundation by 1%-annual-chance shallow flooding (usually areas of ponding) where average depths are 1–3 feet. BFEs derived from detailed hydraulic analyses are shown in this zone.
- **Zone AO:** Areas subject to inundation by 1%-annual-chance shallow flooding (usually sheet flow on sloping terrain) where average depths are 1–3 feet. Average flood depths derived from detailed hydraulic analyses are shown within this zone.
- **Zone AR:** Areas that result from the decertification of a previously accredited flood protection system that are determined to be in the process of being restored to provide base flood protection.
- **Zones AR/AE, AR/AH, AR/AO, AR/A1-A30 and AR/A:** Dual flood zones that, because of the risk of flooding from other water sources that the flood protection systems do not contain, will continue to be subject to flooding after flood protection systems are adequately restored.
- **Zone A99:** Areas subject to inundation by the 1%-annual-chance flood event but will ultimately be protected upon completion of an under-

construction federal flood protection system. These are areas of special flood hazard where enough progress has been made on the construction of a protection system—such as dikes, dams and levees—to consider it complete for insurance rating purposes. Zone A99 may be used only when the flood protection system has reached specified statutory progress toward completion. No BFEs or flood depths are shown.

- **Zone V:** Primary frontal dunes and areas along coasts subject to inundation by the 1%-annual-chance flood event with additional hazards associated with storm-induced waves. Because detailed coastal analyses have not been performed, no BFEs or flood depths are shown.
- **Zones VE and V1-V30:** Primary frontal dunes and areas along coasts subject to inundation by the 1%-annual-chance flood event with additional hazards due to storm-induced velocity wave action. BFEs derived from detailed hydraulic coastal analyses are shown within these zones. Zone VE is used on new and revised maps in place of Zones V1-V30.

Non-Special Flood Hazard Areas are either areas between the limits of the base flood and the 0.2%-annual-chance flood (flood zones labeled Zone X [shaded] or B) or areas which are higher than the elevation of the 0.2%-annual-chance flood (flood zones labeled Zone X [unshaded] or Zone C).

- **Zones B, C and X:** Areas identified in a community's FIS as areas of moderate or minimal hazard from the principal source of flood in the area. However, buildings in these zones could be flooded by severe, concentrated rainfall coupled with inadequate local drainage systems. Local stormwater drainage systems are generally not considered in a community's FIS. The failure of a local drainage system creates areas of high flood risk within these rate zones. Zone X is used on new and revised maps in place of Zones B and C. Flood insurance is available in participating communities but is not required by regulation in these zones. No mandatory flood insurance purchase requirements apply.

There are areas across the U.S. where an FIS has not been conducted and flood hazards are **undetermined**, but flooding is still possible. These areas are labeled Zone D. Coverage is still available in participating communities, though there is no mandatory purchase requirement for properties in this area.

24. How are flood hazard areas and flood levels determined?

Flood hazard areas are determined using:

- Information obtained through consultation with the community;
- Land surface topographical surveys;
- Statistical analyses of records of river flow, storm tides, erosion, wave heights and rainfall;
- Coastal and riverine, hydrologic and hydraulic modeling; and
- Floodplain mapping analyses.

When a flood study is completed for the NFIP, the information and maps are assembled into an FIS. The FIS covers those areas subject to flooding from rivers and streams, along coastal areas and lakeshores and/or shallow flooding areas. It is a compilation and presentation of flood risk data for specific watercourses, lakes and coastal flood hazard areas within a community. The FIS report contains detailed flood elevation data in flood profiles and data tables and is used to develop a flood map.

25. What is the FIS process?

FEMA coordinates with other federal agencies (e.g., U.S. Army Corps of Engineers) and state partners to identify and gather existing data. Then, FEMA holds discovery meetings with community officials and other interested parties to review the data and obtain additional relevant information to ensure that the FIS is as accurate as possible. These meetings include:

- Flood risk review meetings, where draft flood risk products are presented to community officials;
- Consultation coordination officer meetings, where the preliminary flood map, FIS and related flood risk products are shared with community officials; and
- Resilience meetings, where flood risk awareness and mitigation planning are discussed.

The FIS is then compiled based on the various information found in the discovery meetings, including:

- Historical information (such as river flow, storm tide and rainfall data).
- Meteorological data.
- Topographic data.
- Hydrologic data.
- Hydraulic data.
- Open-space conditions.
- Flood-control works.
- Development information.

FEMA exercises great care to ensure that analytical methods employed in an FIS are scientifically and technically sound. Engineering practices are followed to meet industry standards and ensure the results of the FIS are accurate.

Communities are then given the opportunity to review the preliminary maps and provide comments and appeals on the engineering and mapping that went into the process. Once maps are finalized, communities must adopt the final map to stay in good standing with the NFIP.

The results of the FIS are shown on flood maps and in the accompanying FIS report available through FEMA's Map Service Center at msc.fema.gov.

26. How can someone obtain copies of the technical data used in preparing the published flood maps?

The Flood Risk Study Engineering Library (FRiSEL) stores and provides technical and administrative support data related to the following:

- FEMA-contracted studies and restudies, including those performed by participants in the Cooperating Technical Partners (CTP) program.
- Letters of Map Amendment (LOMAs), visit **page 27**.
- Letters of Map Revision Based on Fill (LOMR-Fs), visit **page 28**.
- Conditional Letters of Map Amendment (CLOMAs), visit **page 28**.
- Conditional Letters of Map Revision Based on Fill (CLOMR-Fs), visit **page 29**.
- Letters of Map Revision (LOMRs), visit **page 29**.
- Conditional Letters of Map Revision (CLOMRs), visit **page 29**.
- Physical Map Revisions (PMRs), visit **page 30**.

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To obtain technical and administrative data, a written request must be sent to the FRiSEL at the following address:

> **FEMA Engineering Library**
> 3601 Eisenhower Ave., Suite 500
> Alexandria, VA 22304-6426
> Fax: 703-960-9125

FEMA provides flood map revisions and information about flood maps to interested parties via the FEMA Letter of Map Change (LOMC) Clearinghouse. Requests for conditional and final flood map revisions should be sent to the following address:

> **FEMA LOMC Clearinghouse**
> Attn.: LOMC Manager
> 3601 Eisenhower Ave., Suite 500
> Alexandria, VA 22304-6426

Additionally, FIS data request forms are available at fema.gov/fis-data-request-form.

27. What is the mandatory purchase requirement?

The Flood Disaster Protection Act of 1973 mandates that federally regulated, supervised or insured financial institutions and federal agency lenders require the purchase of flood insurance by property owners for the acquisition or improvement of land, facilities or buildings located within, or to be situated within, an SFHA. This is known as the mandatory purchase requirement.

To determine if flood insurance is mandatory, the lender reviews the current active flood maps for the community in which the property is located to determine its location relative to SFHAs, then completes the Standard Flood Hazard Determination Form (SFHDF). This form notifies the borrower that their property falls within an SFHA.

If the lender determines that the building is located within an SFHA and the community participates in the NFIP, the borrower will be notified that flood insurance will be required as a condition of receiving the loan. Some financial institutions may even require flood insurance for properties outside SFHAs as part of their risk management process. Lenders may also require flood insurance payments in escrow, which is described in more detail on **page 54**.

A similar review and notification are completed when a loan is sold on the secondary loan market, flood maps are updated or when the lender completes a routine inspection of its mortgage portfolio.

If a borrower disagrees with a lender's flood zone determination, they should first work with the lender and the lender's flood zone determination company to resolve the difference. Then, if the property appears to be outside of the SFHA, the property owner may send paperwork to FEMA for an out-as-shown determination using the LOMA process. Learn more about LOMAs on **page 27**.

Property owners that are required by their lender to purchase flood insurance often cancel their policy upon paying off their mortgage. However, flooding is still a risk for each property and incurring a flood loss without flood insurance may necessitate a property owner to take out another mortgage or loan.

28. Why are there potential requirements to purchase flood insurance in communities that have not suffered flooding in many years?

Past flood history is not indicative of future flood risk. Historical flood data is only one element used in depicting a community's flood risk.

Over time, additional development or changes to the community can alter the flood risk, and flood maps may be revised accordingly. Further, more frequent and severe weather conditions may play a role.

More critical determinations of future flood risk are also made by evaluating the community's rainfall and river-flow data, topography, wind velocity, tidal surge, flood-control measures, development (existing and planned), community maps and other data.

29. If someone doesn't live in an SFHA, should they still purchase flood insurance?

While FEMA designates certain areas at greater risk of flooding than others, floods can be financially devastating, and no property or belongings are fully flood resistant regardless of flood zone. About 40% of NFIP flood insurance claims come from outside SFHAs. Hidden flood risks and other factors such as changing weather patterns, new development, small streams and limited drainage can put a property in danger of flooding.

As such, FEMA recommends that everyone purchase flood insurance regardless of their flood zone. Discover how much a flood could cost at floodsmart.gov/flood-insurance-cost/calculator.

30. On coastal flood maps, what is the Limit of Moderate Wave Action (LiMWA)?

Low-lying coastal areas are especially vulnerable to damage from erosion, waves and storm surge. Post-storm field visits and laboratory tests throughout coastal flood hazard areas have consistently confirmed that wave heights as low as 1.5 feet can cause significant damage to buildings that are constructed without considering coastal hazards.

Flood maps for coastal areas may include a line showing the LiMWA, which is the inland limit of the area expected to receive 1.5-foot or greater breaking waves during the 1%-annual-chance flood event. The area between the LiMWA and Zone-V line is known as the Coastal A Zone.

Property owners are encouraged to build to Zone-V standards to reduce their flood risk. In some communities and states, property owners are required to build to Zone-V standards in Coastal Zone A.

31. What are the Coastal Barrier Resources System (CBRS) and Otherwise Protected Areas (OPAs), and is federal flood insurance available within them?

The Coastal Barrier Resources Act (CBRA) of 1982 established the John H. Chafee CBRS, a defined set of coastal barrier units located along the Atlantic, Gulf of Mexico, Great Lakes, Puerto Rico and U.S. Virgin Islands coasts. These areas serve as important buffers between coastal storms and inland areas, often protecting properties on land from serious flood damage.

The CBRA does not prevent or restrict development conducted with non-federal funds. Congress enacted the CBRA to minimize the loss of human life, wasteful federal spending and damage to natural resources associated with coastal barriers.

More than 460 CBRS communities are delineated on a set of maps enacted into law by Congress and maintained by the Department of the Interior through the U.S. Fish and Wildlife Service (USFWS). CBRS boundaries are no longer depicted on static, legacy flood maps but are available through the National Flood Hazard Layer (NFHL) Viewer at fema.gov/flood-maps/national-flood-hazard-layer.

Most new federal expenditures and financial assistance options are prohibited within the CBRS. Federal flood insurance through the NFIP is also prohibited for buildings newly constructed or substantially improved in a CBRS community after October 1, 1983.

However, federal flood insurance is available in a CBRS area if the subject building was constructed (or permitted and under construction) before the CBRS unit's prohibition date. Property owners in a CBRS area that are interested in purchasing federal flood insurance should work with their insurance agent and carrier to determine eligibility. The NFIP does not determine flood insurance eligibility for these properties.

In addition to CBRS areas, OPAs are undeveloped coastal areas established under federal, state or local law, or held by a qualified organization, primarily for a wildlife refuge, sanctuary, recreational or natural resource conservation purpose.

Flood insurance is restricted in OPAs, though it may be obtained for buildings with written documentation from the government body overseeing the area certifying that the building is used in a manner consistent with the purpose for which the area is protected.

If an existing insured building is substantially improved or damaged, any federal flood insurance policy will not be renewed. If a federal flood insurance policy is issued in error, it will be canceled and the premium refunded; no claim can be paid, even if the error is not found until a claim is made.

Other forms of federal assistance, however, are not restricted for OPAs.

32. What are Elevation Certificates (ECs), why are they important and how do property owners obtain them?

ECs are important administrative tools of the NFIP. They show a building's location, specific elevation information, flood zone and other characteristics. All ECs must be dated and signed by a licensed industry professional.

From a floodplain management perspective, ECs are used to provide necessary elevation information for buildings in an SFHA. They help ensure compliance with community ordinances and support a request for a LOMC.

Policyholders can hire a licensed land surveyor, professional engineer or certified architect who is authorized by law to certify elevation information. For a fee, these professionals can complete an EC for the policyholder.

To find a professional surveyor:

- Check with the local floodplain administrator to see if the prior owner had filed an EC for building or improvement purposes;
- Check with the state professional association for land surveyors;
- Ask the NFIP State Coordinator; or
- Talk to the local building permit office.

The EC is available on the FEMA website at fema.gov/glossary/elevation-certificate.

33. What is BFE and when is it needed?

The BFE is the elevation to which floodwater is estimated to rise during the base flood. Flood-prone areas are identified and managed based on the 1% annual chance of a flood being equaled or exceeded in any year. Areas affected by the base flood are shown as areas with a high potential for flood risk—shown as SFHAs on flood maps.

While not used for premium pricing, both BFE and freeboard are key factors in determining compliance with NFIP floodplain management regulations. Freeboard is the additional amount of height above the BFE (e.g., 2 feet above the BFE) and is used as a factor of safety in determining the level at which a building's lowest floor must be elevated or floodproofed.

Additionally, the Standard Flood Insurance Policy (SFIP) forms reference BFE in defining a building's eligibility for coverage when partially underground or under construction.

Map Updates

34. Why are flood maps updated?

A variety of circumstances can prompt flood map updates at any given time. Flood hazards can change, which may affect the flood zone designation of a property. New land use, community development and natural forces—like changing weather, terrain changes and wildfires—all affect how water flows and drains.

35. What are the effects of a map update?

After a map update, a property's flood risk can:

- Move from low- to moderate-risk to high-risk;
- Move from high-risk to low- to moderate-risk; or
- Move from high-risk to higher-risk.

36. What happens if a property owner's flood zone is changed into or out of an SFHA with a map update?

Into an SFHA

The policy premium may be updated at its next renewal to reflect the revised flood zone and increased risk. If the property owner has a government-backed mortgage, most lenders will require the homeowner or business owner to also purchase and maintain flood insurance.

Note: *The NFIP offers a Newly Mapped Discount to help policyholders in this situation manage the rising cost of flood insurance coverage. Learn more about this option on* ***page 46****.*

Continued on next page

Out of an SFHA

The policy premium may be updated at its next renewal to reflect the revised flood zone and decreased risk. If the property owner has a loan, the lender may also remove its flood insurance requirement.

Note: *While flood insurance is now optional, the NFIP highly recommends maintaining a policy. The property's flood risk is reduced, not removed.*

37. Are there fees associated with flood map updates?

Some map update requests are free. To minimize the financial burden on policyholders and keep the NFIP sustainable, though, FEMA placed fees on certain requests for reviewing and processing conditional and final map amendments.

For specific fee-related questions, please call FEMA Mapping and Insurance eXchange (FMIX) at **877-336-2627** or visit fema.gov/flood-maps.

38. How are flood maps revised?

FEMA has established administrative procedures for updating flood maps and FIS reports based on new or revised data. It must adhere to the same engineering standards applied in preparing the effective maps. Therefore, community officials and property owners requesting revisions to flood maps are required to send adequate supporting data.

Revisions or amendments must be requested with a LOMC. There are three LOMC categories: LOMA, LOMR and PMR. More information on LOMAs is available on **page 27**, LOMRs on **page 29** and PMRs on **page 30**. All LOMCs may only be granted to projects or developments that meet or exceed their community's building codes.

All LOMC forms and instructions are located on the FEMA website at fema.gov/letter-map-changes. The easiest and fastest way to apply is online using the LOMC tool found at hazards.fema.gov/femaportal/onlinelomc/signin. Requests for conditional and final map revisions can also be sent by mail to:

> **FEMA LOMC Clearinghouse**
> Attn.: LOMC Manager
> 3601 Eisenhower Ave., Ste. 500
> Alexandria, VA 22304-6426

Please note that applications involving updates to flood maps based on changing conditions and physical revisions to the floodplain are processed at a reduced fee if using the online tool.

39. Who can assist residents in the LOMC process?

Community members are encouraged to contact FMIX by calling **877-336-2627** or visiting msc.fema.gov for information and support with the LOMC process.

40. What is a LOMA?

When property owners or developers plan projects within an SFHA, they can request a LOMA, also known as an MT-1. A LOMA is a letter that officially amends an effective flood map and results from an administrative procedure involving the review of scientific or technical data if a property is believed to be inadvertently included in a designated SFHA or the wrong flood zone.

The requester is responsible for providing all information needed for the review, including elevation information certified by a licensed land surveyor or registered professional engineer, if necessary. Following the FEMA review of the application and supporting documents, a LOMA officially revises an effective flood map. A LOMA is issued only by FEMA.

Two forms of determination requests can be submitted:

- **LOMA:** FEMA's determination for a property or existing building that has not been elevated by fill.
- **LOMR-F:** FEMA's determination for a property or existing building that has been elevated by fill.

MT-1 comments, which are objections to a base map feature modification or addition, come in two forms:

- **CLOMA:** A comment request for a proposed building that will not be elevated by fill.
- **CLOMR-F:** A comment request for a proposed building that will be elevated by fill.

For more information on comments and appeals, go to **page 31**.

Continued on next page

The LOMA application form can be downloaded from fema.gov/letter-map-changes. A LOMA can generally be issued within 60 days of receiving the complete application with all required documentation.

Note: *A LOMA may take more time than lenders allow, so property owners may need to acquire flood insurance coverage in the interim.*

41. What is a LOMR-F?

A LOMR-F is a letter that officially revises an effective flood map. Following a review of the application and supporting documents, a LOMR-F states FEMA's determination as to whether an existing building has been elevated on fill above the BFE and is, therefore, excluded from SFHAs. While the risk may be reduced, it is not removed and flood insurance is strongly encouraged.

LOMR-F determination requirements and guidance can be found at fema.gov/letter-map-changes. FEMA generally finalizes its review and issues its decision within 60 days of receiving a complete application with all required documentation.

Note: *Changes made to the grade of the land after the first flood map identified the area as being in the SFHA must be properly permitted by the local government.*

42. What is a CLOMA?

Property owners and developers who plan projects in the 1%-annual-chance floodplain may need to show lending institutions and/or local officials that the proposed building(s) will be above the effective flood map's BFE before construction. If the project involves only the elevation of buildings on natural high ground, property owners and developers can request a CLOMA from FEMA to meet that need.

Should FEMA respond positively to the CLOMA, a request for a LOMA may be submitted to FEMA upon project completion, removing the building from an existing SFHA. Additionally, it's possible that lenders who previously held mandatory flood insurance requirements may waive those requirements. The property owner will need to work with their lender directly to receive written approval to waive the requirements and potentially receive a refund.

Until that time, though, the area remains subject to community floodplain management ordinances and mandatory flood insurance purchase requirements based on the active flood map.

43. What is a CLOMR-F?

Similar to a CLOMA, CLOMR-Fs are intended for comment on planned buildings that would fall within an effective flood map's SFHA. If the elevation of buildings on earthen fill is the sole component of the project and there is no fill placed in the regulatory floodway, the property owner can request a CLOMR-F.

To reflect a revision to the effective flood information, the as-built and current conditions must be submitted, and a LOMA and LOMR must be issued.

44. What is a LOMR?

The LOMR (also known as MT-2) process officially modifies an effective flood map. LOMRs are letters used to change flood zones, floodplain and floodway delineations, flood elevations and planimetric features. Planimetric features are horizontal elements that do not have any natural elevation.

There are two types of Letters of Map Revision (MT-2 letters):

- **LOMR:** FEMA's official decision to change physical aspects of an effective flood map.
- **CLOMR:** FEMA's comment on if a planned development satisfies the NFIP's regulations.

All requests for LOMRs should be made to FEMA through the chief executive officer of the community since it is the community that must adopt any changes and revisions to the map. If the request for a LOMR is not sent through the chief executive officer of the community, evidence must be sent that the community has been notified of the request.

LOMR reviews take approximately 90 days for processing and are typically subject to a 90-day public appeal period before the changes go into effect. For information on sending in a LOMR, visit fema.gov/lomr-clomr.

45. What is a CLOMR?

Communities, developers and property owners often undertake projects that may alter or mitigate flood hazards and seek FEMA's comment before construction. A CLOMR is FEMA's formal review and comments on whether the proposed project complies with the NFIP's minimum floodplain management criteria.

Continued on next page

Flood maps are based on existing, rather than proposed, conditions. As such, if a proposed project complies with the NFIP's minimum floodplain management criteria, the CLOMR also describes any future revisions that will be made to the flood maps upon completion of the project.

While obtaining a CLOMR may be desired, obtaining conditional approval is not automatically required by NFIP regulations for all projects in the floodway or 1%-annual-chance floodplain. A CLOMR is needed only for certain projects, as described in the NFIP Flood Insurance Manual.

The technical data needed to support a CLOMR request generally involves detailed hydrologic and hydraulic analyses and is very similar to the data required for a LOMR request.

46. What is a PMR?

A PMR is an official re-publication of a community's flood map to make changes to BFE, floodplain boundary delineations and regulatory floodways. It can be initiated by FEMA to re-study an area that covers multiple map panels (but not an entire community or county) or when an application for a LOMR from the community covers multiple map panels.

For the latter, FEMA processes the map update as a PMR rather than a LOMR. Both changes typically occur as a result of new development, drainage improvements and changing weather patterns.

The community is given copies of the revised information and afforded a review period. When new or modified flood hazard information (e.g., BFE, SFHAs or floodway boundaries) is given, a 90-day appeal and comment period is provided. A six-month period for formal map adoption of the revised map(s) by the community is also offered.

47. What is a Letter of Determination Review (LODR)?

As a last resort, there is the option to request a LODR from FEMA. The lender and borrower must jointly send this request within 45 days of the date the lending institution notified the property owner that a building is in an SFHA, and that flood insurance is required. In response, FEMA will issue a LODR.

FEMA confirms the building's location on the flood map by examining the data source used by the lender to make the determination. The LODR remains in effect until the flood map panel affecting the subject building or manufactured home is revised.

The LODR process does not consider the elevation of the building above the flood level. It considers only the location of the building relative to the SFHA shown on the effective flood map and does not result in an amendment or revision to the flood map. It only agrees or disagrees with the lender's determination.

Since a LODR does not revise the map, it is not binding and the lender does not have to accept it. Some lenders reserve the right in their loan documents to require the purchase of flood insurance regardless of the flood zone.

48. If a LOMC is issued by FEMA, will a lending institution automatically waive the flood insurance requirement?

Although FEMA may issue a LOMC, it is the lending institution's decision to require flood insurance before granting a loan or mortgage beyond the provisions of the Flood Disaster Protection Act of 1973 and the National Flood Insurance Reform Act of 1994.

Those seeking a LOMC should consult with the affected lending institution first to determine whether it will waive the requirement for flood insurance if a LOMA is issued.

If the lender waives the mandatory flood insurance requirement, the policyholder may cancel flood insurance coverage. They may receive a refund for the premium paid for the current policy year only if no claim is pending and no claim has been paid during the current policy year. More information on policy cancellations can be found on **page 52**.

Even if the lender waives the requirement of flood insurance, property owners are recommended to keep coverage in force.

49. Can new flood maps be appealed or amended?

When new preliminary flood maps are issued and updated flood hazard information is given, FEMA must offer a 90-day appeal and comment period. During this time, a community, builder, property owner or anyone else can send in an appeal to their floodplain manager or administrator.

Continued on next page

An appeal is a formal written objection to the addition or modification of preliminary First Floor Height (FFH) determinations, SFHA boundaries, zone designations or regulatory floodway boundaries depicted on the preliminary flood maps the community received.

A comment is an objection to a base map feature modification or addition, an update to the FIS report materials or any other non-appealable change. Comments usually involve changes to items such as road locations and road names, corporate limits updates or other base map features. Typically, comments can be made during a comment period, which is a specified range of time the public has to submit input before an agency makes a final decision on a proposed rule.

Another option for a property owner is to send in a LOMC once the new flood map becomes effective.

Community Rating System (CRS)

50. What is the CRS?

The CRS is a voluntary incentive program that recognizes and encourages community floodplain management activities that exceed minimum NFIP requirements. The three goals of the CRS are to:

- Reduce flood damage to insurable property;
- Strengthen and support the insurance aspects of the NFIP; and
- Encourage a comprehensive approach to floodplain management.

51. Why would a community want to join the CRS?

Joining the CRS enables communities to earn premium reductions for residents from activities already being implemented by a community. Flood insurance premium rates are discounted in CRS communities to reflect the reduced flood risk resulting from community actions. The communities receive a "CRS Class" according to a point system that reflects the level of safety provided by the floodplain management activities they implement. CRS Classes range from Class 9 to Class 1, establishing the level of premium discount policyholders receive.

The discount on annual flood insurance premiums can range from 5% to as much as 45%. Policyholders in a CRS Class 9 community receive the lowest discount of 5%. The highest discount of 45% is given to CRS Class 1 communities and requires the most points. The discount applies to all flood insurance policies for eligible properties located in a CRS community, regardless of flood zone.

Community participation in the CRS also gives a national benchmark by which a community can measure its performance in floodplain management, offering recognition for a job well done and fostering a sense of community pride.

52. How can community members find out if a community is in the CRS?

Community members can contact the NFIP's FMIX Customer Care Specialists at **877-336-2627**, email FEMA-FMIX@fema.dhs.gov or visit the CRS website at fema.gov/community-rating-system.

53. If a community doesn't participate in the CRS, what can a resident do to have it join?

The decision to join the CRS is a voluntary action of a community's elected officials. As with many community actions, residents can contact local elected officials and encourage their community officials to consider learning more about joining the CRS.

54. What is the time commitment to join the CRS?

Participation in the CRS may be time-consuming for the first year of involvement. A CRS-participating community must designate one local official to act as the CRS coordinator and point of contact. This person will need to devote some time to become familiar with the CRS and complete an application.

After the first year, less time is required as the community standardizes its procedures.

The time commitment for a CRS Class 9 or Class 8 community is also much less than that for a CRS Class 2 or 1 community, but the premium discount is not as significant. CRS communities typically report that the additional commitment is well worth the effort in reduced premiums, a safer community and increased recognition and awareness of flood risk.

Online Resources

- To access a list of NFIP participating communities, visit fema.gov/community-status-book.
- Find FHBMs and flood maps at the Map Service Center by visiting msc.fema.gov or fema.gov/flood-maps for more information.
- To request FIS data, use the FIS data request forms available at fema.gov/fis-data-request-form.
- Discover the cost of flood insurance at floodsmart.gov/flood-insurance-cost/calculator.
- Explore legacy flood maps via the NFHL Viewer at fema.gov/flood-maps/national-flood-hazard-layer.
- Download the EC at fema.gov/glossary/elevation-certificate.
- For LOMC-related forms and instructions, visit fema.gov/letter-map-changes. The LOMA application form can be downloaded from fema.gov/mt-1-application-forms.
- To learn more about the NFIP's floodplain management requirements, visit fema.gov/floodplain-management.
- For more information on CAP-SSSE or to apply for funding, visit fema.gov/floodplain-management/community-assistance-program.
- Read more about joining the CRS at fema.gov/community-rating-system.

SECTION THREE

NFIP Flood Insurance & Coverages

From property owners to renters and business owners, the National Flood Insurance Program (NFIP) provides peace of mind in the form of flood insurance to millions of Americans. Understanding flood insurance coverage details, policy types, premium calculations and the purchasing process is the first step toward protecting communities from flood damage.

The Insurance Agent's Role

55. How are flood insurance agents involved before and after a flood?

Flood insurance agents are a policyholder's trusted advisor when it comes to answering flood insurance questions before and after a flood.

Before a flood, insurance agents can sell flood insurance to interested consumers and help them navigate flood insurance policy options, coverages and deductibles. They should be able to break down the policyholder's flood insurance policy premium calculation and note when the policy will go into effect. Flood insurance agents should explain the Flood-in-Progress Policy Exclusion in the instance of an impending flood. For more on this exclusion, visit **page 50**.

They should also educate their clients about flood loss avoidance to help minimize or prevent flood damage. Agents should be able to answer questions on eligibility, reimbursement details and more. For more information on flood loss avoidance, visit **page 69** or download the NFIP Understanding Flood Loss Avoidance Flyer at agents.floodsmart.gov/flood-loss-avoidance.

Insurance agents should also prepare their clients to anticipate a flood insurance claim. For example, they may encourage policyholders to keep their policy information on-hand and in a safe, waterproof location.

Continued on next page

After a flood, policyholders will make some of their first calls to their flood insurance agent and insurance carrier. Insurance agents can assist policyholders with starting a claim and help set expectations with the policyholder regarding the claims process, their coverage amount, deductibles and what is covered by their policy. They may also discuss the Flood-in-Progress Policy Exclusion with new policyholders. Go to **page 50** for more details on this exclusion.

56. Can flood insurance agents help lower flood insurance premiums?

Yes. Flood insurance agents can discuss ways to lower flood insurance premiums and work with policyholders to do so. These methods include, but are not limited to:

- Increasing deductibles;
- Providing Elevation Certificates (ECs);
- Enacting mitigation efforts; and/or
- Encouraging their community to participate in the Community Rating System (CRS).

For more information on potential flood insurance discounts, go to **page 46**.

Coverage

57. What types of flood losses are covered under the NFIP?

The NFIP's Standard Flood Insurance Policy (SFIP) insures against direct physical loss by or from a flood as defined on **page 7** of this document. Policyholders must give prompt notice of a flood loss and cooperate in the investigation of the claim to receive coverage. All flood losses are investigated and coverage is determined on a case-by-case basis.

Coverage is limited to the insured building and, if the policyholder purchased contents coverage, the personal property contained within it. Separate deductibles apply for building and contents coverage.

The SFIP Dwelling Form also offers up to 10% of the building limit to cover a detached garage on the premises; however, this is not additional insurance.

For more information on what is covered and not covered by an SFIP, see the specific form for each policy at fema.gov/nfip-underwriting-forms.

58. What types of property are eligible to be insured?

Insurance may be written for:

- A building with two or more outside rigid walls and a fully secured roof that is affixed to a permanent site;
- A manufactured home (also known as a mobile home) or travel trailer without wheels that is affixed and anchored to a permanent foundation; and/or
- Personal belongings located within an eligible building.

Buildings must be located in a community that participates in the NFIP. For more information on which SFIP form is appropriate per building occupancy type, review the table on **page 43**.

59. Can renters purchase flood insurance?

Yes. The NFIP offers personal property coverage (also known as contents-only coverage) to insure personal belongings in an insured rental unit damaged by a flood. It is separate from any policies a landlord may have to cover the building itself.

60. How much does each policy cover?

A single policy only insures one building or location. Building coverage includes, but is not limited to:

- The insured building and its foundation;
- The electrical systems;
- Central air-conditioning equipment, furnaces and water heaters;
- Refrigerators, cooking stoves and built-in appliances such as dishwashers;
- Permanently installed carpeting over an unfinished floor;
- Permanently installed paneling, wallboard, bookcases and cabinets;
- Window blinds; and/or
- Debris removal.

Continued on next page

If personal property coverage is purchased separately, belongings inside a building at the insured location are also covered. This includes:

- Personal belongings such as clothing, furniture and electronic equipment;
- Curtains;
- Portable and window air conditioners;
- Portable microwave ovens and portable dishwashers;
- Carpeting not included in building coverage;
- Clothes washers and dryers;
- Food freezers and the food in them; and
- Certain valuable items such as artwork, furs and jewelry (up to $2,500).

These lists provide a general overview of items covered by a flood insurance policy and is not exhaustive. Policyholders should review their policy for complete coverage and exclusion information.

61. What is the maximum payable loss under the NFIP flood insurance policy?

The SFIP pays for direct physical damage by or from a flood. In addition, the SFIP is not a valued policy—meaning a policy in which the insured and the insurer agree on the value of the insured property with that value being payable in the event of a total loss. Therefore, a policyholder will never be paid more than the cost to repair or replace covered flood damaged property (subject to the terms and conditions of the policy), less the deductible when applicable and not to exceed the amounts of insurance purchased.

62. How much coverage can be purchased?

Coverage maximums vary by building occupancy type, policy form and the type of coverage selected. In general, they range from $250,000 to $500,000 for building coverage. Personal property coverage limits are $100,000 for residential and $500,000 for commercial.

Specific numbers are listed in the table on **page 39**. Additional information on maximum coverage limits and policy forms can be found in the NFIP Flood Insurance Manual at floodsmart.gov/flood-insurance-manual.

	MAXIMUM COVERAGE LIMITS	
BUILDING OCCUPANCY TYPE	BUILDING	CONTENTS
Single-Family Home	$250,000	$100,000
Residential Manufactured/Mobile Home	$250,000	$100,000
Residential Condominium Unit (in Residential Building)	$250,000	$100,000
Two-to-Four Family Building	$250,000	$100,000
Other Residential Building	$500,000	$100,000
Non-Residential Manufactured/ Mobile Building	$500,000	$500,000
Non-Residential Building	$500,000	$500,000
Non-Residential Unit	N/A	$500,000
Residential Condominium Building	$250,000 x units	$100,000

The coverage limits are for the Regular Program as of April 2022. Building coverage is not available for rental units; however, contents coverage of up to $100,000 is available for a renter's personal belongings.

If excess coverage is desired (i.e., if the property value is higher than the specified NFIP maximums) the property owner or renter should seek out a supplemental flood insurance policy from a private provider. Private flood insurance premiums may vary.

63. Is there a minimum coverage requirement for a flood insurance policy?

If coverage is being purchased as the result of a lender requirement (i.e., the mandatory purchase requirement), the amount of flood insurance required must be at least equal to the lesser of:

- The outstanding principal balance of the loan;
- The maximum amount available under the NFIP; or
- The total insurable value of the property.

If flood insurance coverage is being purchased voluntarily (i.e., not as a condition of a loan), minimal amounts of coverage are available. However, it may not be the proper amount of protection needed.

Consumers should consult with their insurance agent and lender to determine the appropriate amount of insurance for their home, business and/or personal property. Ideally, coverage would be equal to the value of the insured property so policyholders are covered in the event of a flood.

64. Are there limitations on what is covered under a flood policy for certain types of property?

Yes. The SFIP (all forms) limits coverage for building and personal property below the lowest elevated floor of an elevated post-Flood Insurance Rate Map (post-FIRM) building located in a Special Flood Hazard Area (SFHA). There is also limited building and contents coverage in basements, regardless of the flood zone. For details, refer to the Dwelling Form Section III, Part A and B.

A detached garage at the insured location, when used for storage or to park an automobile, can be covered for up to 10% of the policy amount. The use of this extension of insurance is an option for the policyholder but reduces the building coverage amount. A detached garage can be insured separately if the value of the building exceeds 10% of the house coverage limit.

If contents coverage is purchased, the SFIP limits certain property to a $2,500 aggregate limit. The limit applies to items such as artwork, photographs, collectibles, memorabilia, rare books, autographed items, jewelry, watches, gems, furs and articles of gold, silver or platinum.

For other restrictions, check the current policy or contact an insurance agent.

65. What types of property and losses are not insurable under the NFIP's SFIP?

The following types of property are not insurable under the SFIP:

- Personal property not inside a building.
- Buildings entirely over water or principally below ground.
- Detached garages used in part or whole for business or used in part or whole for residential use.
- Fences, retaining walls, seawalls, bulkheads, bridges and docks.
- Wells, septic tanks and septic systems.
- Walks, walkways, decks, driveways patios and other surfaces.
- Most motor vehicles.
- Aircraft or watercraft.
- Gas and liquid storage tanks.
- Wharves and piers.
- Animals and fish.
- Shrubbery.
- Bulkheads.
- Livestock.
- Roads.
- Growing crops.
- Land.
- Unsheltered machinery.
- Hot tubs and spas that are not bathroom fixtures.
- Swimming pools.

The following are examples of excluded losses that are not covered under an SFIP:

- Loss of access or use to the insured property or described location or any additional living expenses, such as temporary housing.
- Loss of revenue or profits caused by business interruption.
- Damage caused by earth movement, even if the movement is caused by flood (i.e., earthquakes, landslides, sinkholes, etc).
- The cost of complying with any ordinance or law requiring or regulating the construction, demolition, remodeling, renovation or repair of property, including removal of any resulting debris (unless the loss qualifies for Increased Cost of Compliance [ICC] coverage).
- Flood-in-progress before the policy becomes effective. It generally takes 30 days for a new NFIP policy to become effective. This exclusion prevents the NFIP from paying a claim for damage sustained within the 30-day waiting period or for damage caused by a flood already in progress before the purchase of a policy. Visit **page 50** for more details on this exclusion.

66. Is there a maximum amount of flood insurance a lender can require?

Lenders reserve the right in their loan documents to require the purchase of flood insurance above the amount offered by the NFIP or required by law. They may expect the amount of coverage to be as high as the building's Replacement Cost Value (RCV). As such, consumers may seek out an additional excess coverage insurance policy from a private insurer.

More on lender requirements can be found on **page 20** or visit **page 60** for information on RCV. For the definition of private flood insurance, refer to the Glossary on **page 92**.

Policies & Forms

67. What types of flood insurance policies are available for purchase?

The NFIP offers an SFIP to protect consumers against future flood loss. This policy is a contract that list the conditions, coverages, exclusions, limitations and rights of the involved parties.

Continue to the next question for information about SFIPs. Summaries of Coverage are available for reference at floodsmart.gov/whats-covered#summaries.

68. What is an SFIP?

An SFIP is offered under the NFIP and comes in three forms: the Dwelling Form, General Property (GP) Form and Residential Condominium Building Association Policy (RCBAP) Form. SFIPs are issued and maintained by private insurers called Write Your Owns (WYOs) under an agreement with FEMA or through NFIP Direct.

Each form insures a different type of property, which is summarized in the table on **page 43** and explained further in subsequent questions.

BUILDING OCCUPANCY TYPE	SFIP FORM
Single-Family Home	Dwelling
Residential Manufactured/Mobile Home	Dwelling
Residential Condominium Unit (in Residential Building)	Dwelling
All Other Residential Units	Dwelling
Two-to-Four Family Building	Dwelling
Other Residential Building	GP
Non-Residential Manufactured/Mobile Building	GP
Non-Residential Building	GP
Non-Residential Unit	GP
Residential Condominium Building	RCBAP

The SFIP form references are for the Regular Program as of April 2022.

69. What is the Dwelling Form of the SFIP?

The Dwelling Form is issued to homeowners, condominium unit-owners and renters.

It's used to insure a building designed for use as a residence for no more than four 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 five or more units can use this form to insure contents only in their own residential unit.

70. What is the GP Form of the SFIP?

The GP Form is typically issued to owners or lessees of non-residential buildings.

It's used to insure a non-residential building or a five-or-more-unit residential building that is not eligible for the RCBAP. This form is also used to insure non-residential commercial personal property including furniture and fixtures, machinery and equipment, stock and other personal property owned or used in a business in any building.

71. What is the RCBAP Form of the SFIP?

The RCBAP Form is issued to residential condominium associations on behalf of associations and unit owners.

It's used to insure a building owned and administered as a condominium, containing one or more units and in which at least 75% of the floor area is residential.

72. What is a Group Flood Insurance Policy (GFIP)?

A GFIP is a type of flood insurance policy that cannot be purchased; rather, it is issued to individuals who did not have flood insurance and received an Individuals and Households Program (IHP) award for a presidentially declared disaster.

In addition to the general conditions of eligibility for FEMA's IHP, individuals must meet the following terms for a GFIP certificate:

- Flooding damaged the individual's property located in an SFHA;
- The damaged property is in an NFIP participating community and is eligible for the NFIP's coverage;
- The individual did not have a previous requirement to maintain flood insurance on their damaged property;
- The U.S. Small Business Administration denied the application for a disaster loan, or FEMA did not require an application for a disaster loan; and
- FEMA provided the individual assistance for the repair or replacement of the property damaged by flooding through the IHP, triggering a requirement to obtain and maintain flood insurance on the property.

As of October 2022, a GFIP policy costs $2,400. FEMA deducts the cost of the policy from the IHP recipient's assistance award, so there is no out-of-pocket cost to them. The coverage amount is equal to the IHP maximum combined grant amounts for Other Needs Assistance (ONA) and Housing (repair and replacement) Assistance. Currently, a GFIP offers $82,000 in coverage. Coverage limits are subject to change annually and can be found at agents.floodsmart.gov/gfip-fact-sheet.

The GFIP certificate covers that defined amount for three years. The policyholder will receive a letter 45 days before the GFIP expires as well as when the GFIP expires, at which point they must purchase an SFIP through a local insurance agent to meet the flood insurance requirement of their disaster assistance grant.

For more information regarding the Group Flood Insurance program, call FEMA's Disaster Assistance helpline at **800-621-3362**.

73. What is the flood insurance policy term?

Flood insurance coverage is available in one-year terms and must be renewed annually to maintain coverage.

Pricing

74. How are flood insurance premiums calculated?

The NFIP's rating engine recognizes property-specific characteristics to help determine risk across multiple flood factors. In doing so, it delivers rates that are actuarially sound, equitable, easy to understand and reflect a building's unique flood risk so that properties with low risk pay lower premiums.

The premium calculation is broken into three parts:

1. **Where it's Built:** Its distance to relevant flooding sources and the ground elevation surrounding the building;
2. **How it's Built:** Relevant characteristics like building occupancy, construction type, foundation type, number of floors in the building or the floor the unit is on; the First Floor Height (FFH); and mitigation efforts taken, such as elevating machinery and equipment or installing flood openings; and
3. **What is Built and Covered:** The cost to repair the building as well as how much coverage is selected and deductible choices.

75. Do other fees and surcharges exist in addition to the premium?

As directed by Congress, FEMA may apply three additional expenses to each new or renewal policy: a Federal Policy Fee, Reserve Fund Assessment and Homeowner Flood Insurance Affordability Act (HFIAA) Surcharge.

The Federal Policy Fee is a flat charge to defray certain administrative expenses incurred in carrying out the program. The fee can vary depending on the type of policy.

The Reserve Fund Assessment is a percentage of the premium used to help cover the cost of future claims in a catastrophic event. This revenue builds the NFIP's catastrophic reserve fund.

The HFIAA Surcharge is a flat fee to offset the slow-down of the elimination of current subsidized rates. It will continue until all subsidy is eliminated. As of December 2022, the surcharge is $25 for policies on primary residences and $250 for all other policies.

76. What discounts are available to prospective or current policyholders?

While FEMA and the NFIP seek to equitably distribute premium costs, there are instances where lower premiums are available for qualifying individuals and communities. These include mitigation discounts, statutorily mandated discounts and the CRS discount.

Certain mitigation efforts that may lower flood insurance premiums are discussed in more detail on **page 68**.

Statutorily mandated discounts are discounts that are required by statue. Eligible properties include certain pre-FIRM buildings, buildings newly mapped into SFHAs, policies in the Emergency Program and certain buildings near levees. Typically, these discounts gradually phase out through a statutory annual increase cap (typically within the 18% annual cap imposed by Congress) at each renewal until the policy reaches its full-risk premium.

The CRS is another way individuals can receive discounts on their flood insurance premiums. Rates are discounted from 5% to 45% for policyholders in participating communities. It exists as long as communities continue to enforce advanced floodplain management standards. Learn more about the CRS on **page 32**.

77. What is the Prior NFIP Claims Rating Factor and how does it affect a flood insurance premium?

FEMA applies the Prior NFIP Claims Rating Factor based on the number of loss dates that fall within a 10-year rolling window before the current policy effective date. Only claims with an April 1, 2023, or later date of loss will be counted toward determining the rating factor.

The rating factor will apply at the renewal date following a second flood claim within the 10-year period from the policy effective date. Rating will only be affected once there are two or more claims on a policy. The Prior NFIP Claims Rating Factor may increase policyholders' premiums. If the policyholder's property has a Severe Repetitive Loss (SRL) designation, they will continue to pay the SRL surcharge until the Prior NFIP Claims Rating Factor is applied. For more information on SRL properties, visit **page 73**.

It is possible to remove the Prior NFIP Claims Rating Factor as a rating variable from a flood insurance policy. Policyholders who believe their flood claims history is inaccurate may appeal their status by contacting NFIP Underwriting at nfipunderwritingmailbox@fema.dhs.gov.

Policyholders may also mitigate their building to potentially remove the Prior NFIP Claims Rating Factor from their policy rating. For more information on mitigation, please visit **page 68**.

78. How does an Elevation Certificate (EC) affect premiums?

NFIP policyholders have the option to provide FEMA with an EC. The EC helps determine a building's elevation information, including FFH. The elevation information from the EC is compared to the FEMA-determined elevation information. FEMA will then provide the policyholder with the lower premium based on the comparison.

For additional details about the EC, review the Flood Insurance Manual at floodsmart.gov/flood-insurance-manual.

Purchasing

79. What is the NFIP's Write Your Own (WYO) program?

The WYO Program, launched in 1983, is a cooperative undertaking of the insurance industry and FEMA. It allows participating property and casualty insurance companies to write and service federal flood insurance policies in their own names.

Companies write policies and process claims while the federal government pays all losses. All WYO companies offer identical coverage and rates.

For more information on the WYO Program, visit nfipservices.floodsmart.gov/write-your-own-program or visit floodsmart.gov/find to identify insurance providers that participate in the WYO Program.

80. What is the NFIP Direct Servicing Agent?

An alternative to the WYO Program, the NFIP Direct Servicing Agent (also known as NFIP Direct) is FEMA's wholly owned insurance company that issues NFIP flood insurance policies.

NFIP Direct also functions as the default carrier for flood insurance policies should a WYO company choose to leave the NFIP.

81. How can individual insurance agents write and sell flood insurance?

Insurance agents have the option to write policies through a WYO company or NFIP Direct. WYOs and NFIP Direct offer identical coverage and rates. Identify a participating WYO company at floodsmart.gov/find.

If signing up to sell flood insurance through NFIP Direct, agents can acquire detailed information about the prospective policyholder and property and receive assistance completing and sending the NFIP flood insurance application form.

To sell with NFIP Direct, email agencyservices@nfipdirect.fema.gov or call **800-638-6620**. For more information on flood insurance sales, review An Agent's Guide to Selling Flood Insurance at agents.floodsmart.gov/flood-insurance-agent-guide.

82. How should a consumer choose their flood insurer?

NFIP flood insurance premiums will be the same as long as each insurer is provided with identical rating information. This applies across WYO carriers and NFIP Direct as they all use the same rating engine.

However, premiums for private flood insurance policies may vary. Learn more about private insurers in the Glossary on **page 92**.

83. Who can and cannot purchase an NFIP flood insurance policy?

All homeowners, business owners and renters in eligible buildings located within an NFIP participating community can purchase flood insurance. This includes owners of buildings under construction, condominium associations and owners of residential condominium units. Visit **page 37** for details on eligible buildings or **page 8** to learn about NFIP participating communities.

Some individuals are unable to purchase a flood insurance policy from the NFIP. Those individuals include:

- Property owners and renters in communities that do not participate in the NFIP;
- Those living within NFIP-sanctioned communities that are suspended due to failure to adopt regulations; and/or
- Those living within communities that have received a Section 1316 designation for violations of local floodplain ordinances.

Additional information on suspended communities can be found on **page 10** or continue to the next question for more about Section 1316 designations.

84. What is a Section 1316 designation?

Section 1316 of the National Flood Insurance Act of 1968 provides for the denial of flood insurance coverage for any property which the Administrator finds has been declared by a state or local authority to be in violation of state or local floodplain management regulations. Buildings with a Section 1316 designation are ineligible for building or contents coverage through the NFIP.

Continued on next page

The designation is given if a building is constructed in a way that violates regulations or as a last resort to a building established as not in compliance with local floodplain management ordinances after it is determined as substantially damaged.

A community official may request that FEMA rescind the Section 1316 designation when the building is determined compliant with the floodplain management laws, regulations or ordinances.

85. Can flood insurance be purchased when flooding is predicted, as a major storm is approaching or if there's a flood already in progress?

Yes, but the policy may not become active in time to cover the intended flood event. There's typically a 30-day waiting period before flood coverage goes into effect. As such, the NFIP recommends consumers don't wait to purchase flood insurance until it's needed.

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 payment of premium (presentment of payment refers to the date of the check or credit card payment by the applicant or applicant's representative).

The waiting period prevents the NFIP from paying claims for damage caused by flooding already in progress prior to the purchase or effective date of a policy. Evidence that a flood may be in progress might include ongoing flooding in the community where the insured building is located or flooding that causes damage from an opened spillway, breached levee, released dam or inundated waterway. This means damage may not be covered if a flood event occurs before or within the waiting period.

The same waiting period applies when changes are made to an existing policy. If a flood begins before additional coverage takes effect, the policyholder is paid according to the terms and conditions of the original policy.

There are exceptions to the 30-day waiting period, including:

- **Loans and Closing:** Flood insurance that is initially purchased in connection with the making, increasing, extending or renewal of a loan becomes effective at the time of loan closing, given that the policy is applied for and the premium payment is made at the time of or prior to the loan closing. A premium payment is considered made at closing when it is paid from the escrow account (lender's check), title company or settlement attorney, regardless of when the check is received by the writing company.

- **Map Updates:** When the initial purchase of flood insurance is in connection with FEMA and a local community revising or updating a Flood Hazard Boundary Map (FHBM) or flood map, the 30-day waiting period does not apply if coverage is purchased within one year of the flood map revision.
- **Flooding After Fire:** The 30-day waiting period does not apply if a property is affected by flooding on burned federal land as a result of, or exacerbated by, post-wildfire conditions.

For Flood-in-Progress Policy Exclusion coverage scenarios, visit agents.floodsmart.gov/flood-in-progress.

86. How is flood insurance purchased?

If an individual is interested in purchasing flood insurance, a local insurance agent can help. Policies may be purchased from any licensed property and casualty insurance agent or broker who is in good standing in the state in which the agent is licensed. For help finding a provider, consumers can call FEMA Mapping and Insurance eXchange (FMIX) at **877-336-2627** or visit floodsmart.gov/find.

An agent will identify the property's flood zone, complete the flood insurance application, obtain the proper supporting documentation (if required) and provide the property-specific flood insurance premium calculated by FEMA's rating engine. FEMA requires that the full annual premium be sent with the application.

87. Who can a prospective policyholder contact if they have questions about policy options, coverage and premium costs?

A flood insurance agent or company is the best first resource for questions about specific flood insurance coverage. Visit floodsmart.gov/find for help finding a flood insurance provider.

The resources at floodsmart.gov are also available to support current and prospective policyholders.

For additional questions, individuals should contact FMIX by calling **877-336-2627** or visiting msc.fema.gov.

Continued on next page

While the Office of the Flood Insurance Advocate (OFIA) does not provide quotes or service flood insurance policies, it can verify that the correct pricing has been given by an insurance agent. Learn more about the OFIA on **page 64**.

88. Who does a policyholder contact if they want to make changes to, or cancel, their flood policy?

Policyholders should contact their insurance agent for any flood policy changes or to request a cancellation.

They should be aware, however, that lenders may have minimum coverage requirements (described on **page 40**) and there are limited valid cancellation reasons.

Legitimate cancellation reasons, proper procedures and documentation required to cancel and refund provisions are outlined in the NFIP Flood Insurance Manual, found at floodsmart.gov/flood-insurance-manual.

For Letter of Map Change (LOMC) cancellations, for example, the policyholder must supply a copy of the LOMC and a waiver for the flood insurance purchase requirement with the completed cancellation form. In those cases, the policyholder may be issued a prorated return.

89. Can changes to a flood insurance policy affect the premium?

Adjusting different variables on a policy may or may not impact the policyholder's annual premium amount.

Changes that might impact a premium:

- Increasing or decreasing coverage amounts.
- Changing a building description.
- Revising flood maps.
- Correcting an incorrectly rated policy.
- Changing primary residence status.

Changes that will not impact a premium:

- Changing a mortgagee.
- Changing the mailing address.
- Changing insured information.
- Assigning the policy.

90. How can a policyholder identify their policy expiration date?

A policy contract is for a term of one year and expires at 12:01 a.m. on the last day of the policy term. The exact date can be found on the policy's declaration page.

It must be renewed annually to remain in effect. However, there is a grace period where coverage remains in force for 30 days after the expiration date. Claims for losses that occur during the final 30-day coverage period will be honored given that the full renewal premium is received within 30 days of the expiration date. Coverage also remains in force for the benefit of any mortgagee, but only for 30 days after the mortgagee is notified of the cancellation or expiration.

91. Is there any benefit to maintaining continuous coverage?

Yes, a lapse in coverage can result in a higher premium and increased risk. The policyholder could lose any premium statutory increase cap discounts they were previously eligible for and they will be responsible for a new premium generated by the NFIP's rating engine. Additionally, a new policy requires a 30-day waiting period before it becomes effective—leaving the property owner or renter without coverage in the interim.

92. What should homebuyers and sellers know about disclosure laws in their state and assigning policies to new owners?

Mandatory disclosure laws dictate whether or not a seller is required to disclose a property's flood risk or past flood damage to a potential buyer. Each state has different rules, so homebuyers and sellers should contact their state legislature or insurance commissioner's office for specifics.

When the property changes ownership, policyholders can transfer their policy and any acquired discounts to the new owner by reassigning the flood insurance policy. This can be done with the insurance agent who services the policy.

93. Are lenders required to escrow flood insurance payments?

Yes. If a lender, its servicer or a federal agency lender requires the escrow of taxes, insurance premiums, fees or any other charges for a loan secured by improved residential real estate or mobile homes in an SFHA, it must also require the escrow of all premiums and fees for flood insurance.

Requiring lenders to escrow flood insurance premiums improves compliance with flood insurance requirements by ensuring that homeowners in SFHAs obtain and maintain flood insurance for the life of the loan.

Online Resources

- Review the NFIP Flood Insurance Manual at floodsmart.gov/flood-insurance-manual.
- For coverage details and more, explore the Summaries of Coverage at floodsmart.gov/whats-covered#summaries.
- To find a flood insurance provider or learn more about flood insurance, visit floodsmart.gov/find.
- For more information on selling flood insurance, review An Agent's Guide to Selling Flood Insurance at agents.floodsmart.gov/flood-insurance-agent-guide.
- Learn about different Flood-in-Progress Policy Exclusion scenarios by visiting agents.floodsmart.gov/flood-in-progress.
- Explore resources to support current and prospective policyholders at floodsmart.gov.
- Visit the FEMA Map Service Center for more information on flood maps at msc.fema.gov.

SECTION FOUR

Claims Process

Whether a property experiences inches of floodwater or a few feet, the National Flood Insurance Program (NFIP) is here to help with recovery. As of 2022, the NFIP has received more than 2.5 million claims throughout its history and supports nearly 5 million policyholders with an overall capacity of approximately $18.3 billion to pay claims. Understanding the policy and payments process helps policyholders rebuild after a flood loss.

Throughout the entire flood recovery process, insurance carriers work with policyholders from starting a claim and documenting flood loss to ensuring policyholders reach the correct claims resolution.

Overview

94. How does a policyholder start a claim for a flood loss?

A flood insurance policyholder should immediately report any flood loss to the insurance company or agent who wrote the policy. Within 60 days of the date of loss, the policyholder must make sure to submit signed Proof of Loss documentation that supports their loss and the dollar amount requested directly to their insurer. More information about Proof of Loss is available on **page 57**.

After a notice of loss is received, a claims adjuster will be assigned to the claim, generally within one-to-two days. Claims adjustments may be handled remotely or in person, depending on the circumstances and severity of damage.

To learn more about the claims process, visit floodsmart.gov/start or review the NFIP Claims Handbook at agents.floodsmart.gov/claims-handbook. An adjuster should provide a copy of the handbook at the time of inspection or an electronic version during the adjustment.

95. Can policyholders start a flood insurance claim even if the president does not declare it as a federal disaster?

Yes. Unlike FEMA disaster assistance, the NFIP's claim payouts do not require a presidential disaster declaration and can cover damage far more than what federal disaster assistance provides.

To learn more about the difference between flood insurance and federal disaster assistance, visit **page 66**.

96. How does the claim adjustment process work?

The insurer hires an adjuster to conduct an inspection of the insured property, confirm if a flood occurred (as defined by the Standard Flood Insurance Policy [SFIP]) and document the covered loss. The adjuster will generally contact the policyholder within one-to-two days of receiving the notice of loss; however, the process may take longer depending on the severity of a storm and number of claims received.

The adjuster works with the policyholder remotely or in person to scope the loss which includes taking measurements, photos and notes of the damage. From there, the adjuster will create a flood claim estimate detailing the costs to repair or replace the covered flood-damaged items.

The claim estimate is just one piece of the full insurance claim. The four main components are:

1. **Eligibility:** the claimed loss event meets the SFIP definition of a flood and the property meets all conditions for insurance.
2. **Coverage:** the damaged property qualifies for claim consideration based on location within a building or type of property, as stated in the SFIP.
3. **Scope of Damage:** the assessment of whether the insured property can be repaired or requires replacement.
4. **Price:** the method and cost to repair or replace the covered loss.

For more information on flood claims and estimates, visit the NFIP Claims Handbook at agents.floodsmart.gov/claims-handbook.

97. After starting a claim, what other steps should policyholders take to start recovery?

After damage has occurred, it's a good idea to take photographs and videos of the flood waterlines inside and outside of the building, as well as damage to the building and personal property. Property owners must separate the damaged property from undamaged property for the adjuster's inspection, and move undamaged personal property items to a safe and dry location. Some items affected by flooding can be cleaned or repaired to pre-loss condition.

For more information on documenting damage and starting to clean up, visit floodsmart.gov/flood/document-damage.

98. What is a Proof of Loss?

A Proof of Loss is a packet of documentation that summarizes the policyholder's valuation of their flood damage claim. It must contain a sworn statement made by the policyholder that validates their request for payment. The Proof of Loss must also include supporting documentation of their flood insurance claim and is typically required to be sent to the Write Your Own (WYO) company or NFIP Direct within 60 days of the loss. Some WYO companies and NFIP Direct may require the Proof of Loss be affirmed by a public notary.

A printed form is usually available from the adjuster assigned to the claim. A digital form can also be downloaded at fema.gov/flood-insurance/find-form/policyholders.

99. What should a policyholder do if they identify additional flood damage?

If a policyholder identifies additional flood damage after a claim has already been started, they should notify the adjuster and/or insurer as soon as possible. The policyholder should provide details of the added item(s) and other documents regarding the loss, value or cost to repair. Proof of Loss documentation for the newly discovered damage will be required.

Submissions must be completed within the 60-day limit or within extensions of time granted by FEMA. The policyholder's insurance company may contact FEMA to accept a claim in the event the policyholder makes an additional claim after the time limitation.

100. What resources does a policyholder have if the prices in the estimate are too low?

Policyholders must notify their insurance company if they find that the dollar amount estimated by the adjuster to repair their covered damage is not enough. Sometimes there is hidden damage or items that cost more to repair or replace than the amount the insurance company initially estimated on the claim.

The insurance company will need information from the policyholder to increase the claim amount. The contractor should give a detailed estimate showing quantities and unit costs and explain why some prices are higher than estimated. The policyholder must present the documentation, including a revised Proof of Loss and the contractor's detailed estimate of costs, to the insurer to support their request. Policyholders may also submit this new information to their adjuster to help speed up the review process.

In the event the policyholder is unable to agree with the adjuster, they should contact the adjusting firm and adjuster's supervisor. If the policyholder and the adjuster's supervisor cannot reach an agreement, the policyholder should contact the insurance company's claims department.

If, on the other hand, the policyholder and the insurance company agree on all conditions regarding SFIP eligibility, coverage and scope of damage, but disagree about the method and price to repair covered damage, the policyholder can also seek an umpire's opinion from a process provided by the SFIP known as "appraisal." Policyholders should review their policy for more information.

101. Do policyholders need to hire a representative, such as an attorney or public adjuster, to handle their NFIP claim?

The NFIP is committed to ensuring that all policyholders receive quality service and a reasonable settlement for all covered damage insured under the SFIP. It offers several free, non-adversarial dispute resolution processes to make sure policyholders get every penny they are entitled to under their claim. Most people do not feel it necessary to incur the expense of hiring an attorney or public adjuster to handle their claim. However, it is within their rights.

If the policyholder has third party representation, the insurer will not pay for any costs incurred for representation. If a policyholder chooses to have a third party send an appeal on their behalf—such as a family member, public adjuster or attorney—the appeal letter must be signed by the third party and a statement of authorization must be signed by the policyholder.

For more information on a third party submitting a policyholder's appeal, visit **pages 16-17** of the NFIP Claims Handbook at agents.floodsmart.gov/claims-handbook.

102. Does the NFIP apply a deductible to losses?

Yes. When a loss is insured under the SFIP, a policyholder is paid only that part of the loss that exceeds the deductible amount, subject to the limit of liability that applies. The deductible amount is shown on the declarations page of the policy.

A deductible applies separately to a building and its contents (when a policyholder has coverage for both). Optional higher deductibles are available, and an insurance agent can provide information on specific amounts. They may reduce policy premiums but will have to be approved by the mortgage lender.

When a building is under construction, alteration or repair and does not have at least two rigid exterior walls and a fully secured roof at the time of the loss, the deductible amount will be two times the deductible that would otherwise apply to a completed building. The deductible does not apply to:

- Loss avoidance measures (visit **page 69**);
- Increased Cost of Compliance (ICC) coverage (visit **page 75**); or
- Condominium loss assessments (explained next).

103. What is principal versus primary residential occupancy, and why does it matter?

The occupancy type of a property determines how a flood insurance claim is paid under the Dwelling Form of the SFIP.

Use the table on **page 60** to differentiate between principal and primary residences.

Continued on next page

	PRINCIPAL RESIDENCE	PRIMARY RESIDENCE
HOW DAMAGE IS PAID	**REPLACEMENT COST VALUE (RCV)**	**ACTUAL CASH VALUE (ACV)**
Type of Property	A single-family dwelling.	A single-family building, condominium unit, apartment unit or unit within a cooperative building.
Time Period 1	Lived in by the policyholder or the policyholder's spouse for 80% of the 365 days immediately preceding the loss.	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.
Time Period 2	Lived in by the policyholder or the policyholder's spouse for 80% of the period of ownership. *If less than 365 days.*	Lived in by the policyholder or the policyholder's spouse for 50% or less of the 365 calendar days following the current policy effective date. *Exclusions apply.*

104. When does the NFIP provide coverage at RCV versus ACV?

The form of payment settlement option depends on the property type and other specific conditions. Single-family residences insured under the SFIP Dwelling Form—that are the policyholder's principal residence and insured for at least 80% of the building's RCV or the maximum amount of insurance available under the NFIP—are eligible for a replacement cost loss settlement. RCV is the cost to replace property with the same kind of material and construction without deduction for depreciation or the cost to replace the building, including the cost of the foundation.

Losses are also adjusted on a replacement-cost basis for residential condominium association buildings insured under a Residential Condominium Building Association Policy (RCBAP). However, the purchased building coverage amount less than 80% of the building's RCV at the time of loss is subject to coinsurance.

Two-, three- or four-family dwellings—that are not the policyholder's principal residence—are always settled at ACV. ACV is the replacement cost value of an item of property at the time of loss, less the value of its physical depreciation. Other property, such as non-residential buildings and contents, secondary dwellings, a home's detached garage, personal property and kitchen appliances, is always settled at ACV.

Care and maintenance of the building and personal property have a lot to do with depreciation and are considered when evaluating ACV. Some items of property can depreciate slowly over time, while others depreciate more rapidly due to frequent use. ACV is based on the expected remaining life of an item of property.

For more specific information on RCV and ACV and how flood losses are valued, contact the insurance agent or provider.

105. What is an advance payment?

To accommodate the needs of policyholders during major flood events, FEMA allows advance payments on flood insurance claims. Insurance carriers may offer up to $5,000 on a flood claim without an adjuster visit or additional documentation.

When authorized by FEMA, insurance carriers may issue a larger advance payment of up to $20,000 to kick-start recovery. In this instance, the policyholder must provide additional substantive evidence of damage in the form of photos, videos, receipts validating out-of-pocket expenses related to flood loss or a contractor's itemized estimate to potentially receive an advance payment.

Policyholders should speak with their insurance agent or insurer for more information on advance payments.

106. Once the claim is paid, can a policyholder request additional payment?

Yes. The policyholder should notify the insurer and adjuster as soon as possible and provide information, including estimates and receipts, to support the request.

107. Does the SFIP cover additional living expenses if the insured dwelling is damaged by a flood and cannot be occupied while repairs are being made?

No, the SFIP does not offer payments for additional living expenses if the home is unlivable due to a flood. Claim payments are intended solely to repair, rebuild, replace contents (if insured) and mitigate against future flood losses.

The SFIP does offer advance payments in the event of a covered flood loss to help with recovery, though, explained on **page 61**.

When individuals and families need support beyond what their insurance policy can offer, FEMA and other agencies may provide disaster assistance. These options can be available for consumers with or without flood insurance. For more information, visit **page 70**.

108. What is the process for filing an appeal?

A policyholder may send an appeal after their insurer denies all or part of their claim. There is no fee for filing an appeal and there is not a need for a third party to represent the policyholder.

An insurer will mail a denial letter to the policyholder, in which the insurer will formally reject part or all of the claim and explain why the claim was denied based on the specific policy provisions. The policyholder may not appeal until and unless the policyholder has received the denial letter. A policyholder who wishes to file an appeal must do so within 60 days of the date written on the denial letter.

To file an appeal, a policyholder must:

1. Explain the issue(s) in writing;
2. Include a copy of the denial letter from the insurance company; and
3. Give supporting documentation, including but not limited to photos, itemized estimates signed by a contractor, invoices, receipts, canceled checks, credit card statements and properly completed drying logs.

Appeal requests can be sent to FEMA-NFIP-Appeals@fema.dhs.gov or mailed to the following address. FEMA will receive and begin processing appeals sent by email more quickly than those sent via mail. Due to cybersecurity requirements, FEMA cannot access file sharing sites, CDs, DVDs or any electronic storage devices.

> **FEMA**
> 400 C Street SW, 6th Floor
> Washington, D.C. 20472-3010

109. What is the process to file a lawsuit?

The last option available for policyholders who disagree with a claim amount or denial is to file suit against the insurance company or FEMA, if NFIP Direct is the insurer. Policyholders may file suit after filing an appeal; however, the appeal does not extend the one-year period to file suit, and policyholders must start the suit within one year after the date the insurer first denied all or part of the claim in writing.

The policyholder must file the suit in the United States District Court of the district where the covered property was located at the time of loss.

An appeal is a pre-litigation remedy; therefore, the policyholder cannot appeal after filing suit against an insurance company or FEMA on a flood insurance claim issue.

110. What is subrogation?

Subrogation is the right of the insurer to legally pursue a third party that caused the loss as a means of recovering the amount of the claim paid by the insurance company to the policyholder for the loss.

FEMA has the right of first recovery in the event of any subrogation claim under the NFIP. The adjuster should consider subrogation on every flood claim and conduct an investigation to confirm the potential for subrogation. This often requires the use of an expert to confirm causation and verify the potential at-fault party. Investigations should be timely to prevent the loss of key evidence that would allow a successful recovery.

111. How can the Office of the Flood Insurance Advocate (OFIA) assist consumers?

OFIA advocates for the fair treatment of policyholders and property owners by providing education and guidance on all aspects of the NFIP, identifying trends affecting the public and making recommendations for program improvements to FEMA leadership.

For OFIA to best assist, it is important for policyholders to first review the NFIP webpages and online resources and engage their flood insurance agent or company.

112. How can a State Insurance Commissioner assist consumers?

The NFIP is a federal program and is therefore not subject to the state regulations of the Office of the State Insurance Commissioner. However, the state insurance commissioner may assist consumers in filing complaints against their insurer or direct them to the appropriate resources or channels following a flood event.

For more information on the state insurance commissioner's role, visit the NFIP Desk Reference Guide for State Insurance Commissioners at agents.floodsmart.gov/state-insurance-commissioners-guide.

113. Are there other resources that might help a policyholder's overall recovery?

The insurance claims process is separate from government disaster recovery assistance and nonprofit recovery assistance.

A disaster survivor should always contact their insurance provider(s) before applying for federal disaster recovery assistance. They can start claims for flood damage with their flood insurance provider and damage related to other hazards to their other insurance provider(s).

Policyholders may be eligible to apply for temporary housing and other recovery resources that are not covered by their insurance via disasterassistance.gov.

FEMA also encourages all persons experiencing loss to reach out to nonprofits for recovery assistance, though FEMA cannot endorse or recommend which nonprofits a person should seek.

Policyholders are urged to work with local officials to apply for mitigation grants to make their property more flood resilient in the future. Learn more about the Hazard Mitigation Assistance (HMA) grant programs online at fema.gov/grants/mitigation.

For more detailed information on other disaster resources, refer to **page 70**.

Online Resources

- To learn more about the claims process, visit floodsmart.gov/start or review the NFIP Claims Handbook at agents.floodsmart.gov/claims-handbook.
- Find more information on documenting damage and starting to clean up at floodsmart.gov/flood/document-damage.
- Download Proof of Loss documentation at fema.gov/flood-insurance/find-form/policyholders.
- Learn more about the HMA grant programs online at fema.gov/grants/mitigation.
- Apply for disaster assistance at disasterassistance.gov.

SECTION FIVE

Disaster Assistance & Mitigation/Rebuilding

In addition to flood insurance coverage, there are a variety of resources and forms of assistance available.

To supplement those benefits and protect consumers against future flood hardships, the National Flood Insurance Program (NFIP) details actions everyone can take before, during and after a flood. Those mitigation efforts reduce the loss of life and property by lessening the impact of disasters. Effective mitigation measures can break the cycle of reconstruction and repeated disaster damage.

Disaster Assistance

114. What is the difference between flood insurance and federal disaster assistance?

Flood insurance is in effect 365 days per year and covers flooding even when there is not a presidential disaster declaration in place. Flood insurance can protect residential property up to $250,000 and contents up to $100,000.

In contrast, federal disaster assistance is subject to a presidential disaster declaration. The president can declare a major disaster for any natural event they determine has caused damage of such severity that it is beyond the combined capabilities of state and local governments to respond.

A major disaster declaration provides a wide range of federal assistance programs for individuals and public infrastructure, including aid in the form of loans and grants. To receive these benefits, survivors must register and be eligible. It's important for recipients to understand that federal disaster loans are low-interest loans from the Small Business Administration (SBA) that must be repaid. They are often not enough to compensate for a full recovery. Grants and other financial assistance options are discussed in more detail on **page 70**.

Policyholders may need to supplement their flood insurance claims with federal disaster assistance to cover expenses—such as food, water and shelter—that are not covered under their flood insurance policies. Even with flood insurance and federal disaster assistance, policyholders may need to secure additional funding via personal loans to cover code requirements and other improvements.

115. What is the requirement to purchase flood insurance after receiving disaster assistance?

The National Flood Insurance Reform Act of 1994 (NFIRA) requires individuals in Special Flood Hazard Areas (SFHAs) who received disaster assistance after September 23, 1994, for flood disaster losses to real or personal property to purchase and maintain flood insurance coverage for as long as they live in the dwelling. Future owners of the dwelling must also comply with this requirement as long as the property exists or until it is mitigated to meet or exceed community standards.

Additional flood insurance purchase requirements may include the procurement of a Group Flood Insurance Policy (GFIP), which NFIP Direct issues to survivors in coordination with a presidential disaster declaration. Additional information on GFIPs can be found on **page 44** or at agents.floodsmart.gov/disaster-assistance-flood-insurance-requirement.

116. Are NFIP policyholders eligible for federal disaster assistance funds?

The NFIP's policyholders are eligible to apply for assistance when the community the NFIP policyholder lives in is part of a presidential disaster declaration that includes the Individuals and Households Program (IHP). If federal disaster assistance is provided, it will not duplicate what the flood insurance policy provides. Read more about NFIP policyholders applying for disaster assistance in the Recovering Financially After a Flood Fact Sheet at agents.floodsmart.gov/financial-recovery-flooding.

Learn more about IHP at fema.gov/assistance/individual/program, apply online via disasterassistance.gov or call the FEMA Disaster Assistance Helpline with questions at **800-621-3362**.

For more information on disaster assistance, visit Recovering Financially After a Flood at agents.floodsmart.gov/financial-recovery-flooding.

Mitigation/Rebuilding

117. How can property owners mitigate their overall flood risk?

Common, large-scale mitigation efforts include elevating buildings above the base flood, demolishing buildings, relocating buildings from SFHAs and elevating machinery and equipment. Installing flood vents so floodwater has a place to go if it does enter the building is also recommended. Sometimes, mitigation even takes the form of a local drainage improvement project that meets the NFIP's standards.

Policyholders and consumers updating existing buildings should reference the Homeowner's Guide to Retrofitting at agents.floodsmart.gov/homeowners-guide-retrofitting. For advice when rebuilding, the NFIP Rebuilding Safer & Stronger After a Flood Guide at agents.floodsmart.gov/rebuilding-after-flood is another good resource.

118. What should consumers do immediately before a flood?

Before flooding occurs, property owners and renters should:

- Move furniture, valuables, utilities and essential documents (such as birth certificates, passports, personal photographs, etc.) to a safe place above the Base Flood Elevation (BFE).
- Ensure basements are waterproofed and the sump pump is working, then install a battery-operated backup in case of power failure.
- Install a water alarm to alert if water is accumulating in the basement.
- Clear debris from gutters and downspouts.
- Anchor fuel tanks.
- Build an emergency supply kit.
- Plan and practice a flood evacuation route.
- Ask someone out of state to be a "family contact" in an emergency, and make sure everyone knows their address and phone number.

- Make a plan on what to do with pets if required to evacuate the residence as many shelters do not allow animals.
- Take photos or record videos of the building interior and exterior.
- Create a list of personal property within the home or business, including pictures, descriptions, dates and places of purchase, model numbers, serial numbers (for large appliances), original purchase costs (with receipts if possible) and purchase orders.
- Purchase flood loss avoidance materials.

Find more information on actions to take before, during and after a flood in the NFIP Claims Handbook at agents.floodsmart.gov/claims-handbook or online at floodsmart.gov/community.

119. Are loss avoidance measures covered under a Standard Flood Insurance Policy (SFIP)?

Yes. The NFIP's flood policies cover up to $1,000 in reasonable expenses incurred to protect insured property and up to $1,000 to move insured property away from a flood or imminent danger of a flood.

Loss avoidance expenses that are eligible for reimbursement include:

- Sandbags (including sand to fill them);
- Fill to create temporary levees;
- Water pumps;
- Plastic sheeting and lumber used in connection with any of these items; and
- Labor by the individual or a family member, which can be covered at the federal minimum wage.*

*Policyholders should keep copies of all receipts and a record of the time spent performing the work. For labor costs, the record should include family members' names and hours worked each day to determine the total hours that can be paid for moving insured property.

Continued on next page

No deductible is applied to this coverage. To be eligible for this benefit, the insured property must be located in a community where:

- A general condition of flooding exists; or
- An official has issued an evacuation order or other civil order for the community requiring measures to preserve life and property from flooding.

For additional information on loss avoidance coverage, refer to the **SFIP Forms Section III, Part C**.

120. Does elevating a building on posts or pilings remove it from an SFHA?

No. The ground around the supporting posts or pilings is still within the SFHA and floodplain, so the building remains at high risk. During a flood event, ground saturation may lead to the decreased load-bearing capacity of the soil, which can cause a partial or full collapse of the building. Flood insurance will still be required as a condition of a government-backed mortgage even after elevating the building.

However, FEMA recommends this mitigation practice to reduce the risk to life and property. It also offers flood insurance discounts that could result in savings in premium costs for those who elevate to meet or exceed the community elevation requirement.

121. What mitigation opportunities or grant programs are available to help with mitigation efforts?

When major flooding disasters affect a region, it’s common for communities and individuals to consider relocation, acquisition, demolition or elevation of flood-damaged buildings to avoid the recurrence of such an experience in the future.

To assist with such actions, FEMA and other government entities offer forms of financial assistance. Policyholders should be aware of their options and contact local officials to learn more about possible funding, which is determined on a case-by-case basis. Descriptions of several options are listed on the next page.

Increased Cost of Compliance (ICC) Coverage

ICC coverage, included in NFIP policies, provides a claim payment toward the cost to comply with state or community floodplain management laws or ordinances after a direct loss by flood. For more information on ICC coverage, visit **page 75**.

The following list includes Hazard Mitigation Assistance (HMA) grant programs sponsored by FEMA. Learn more about HMA grant programs online at fema.gov/grants/mitigation.

The Hazard Mitigation Grant Program (HMGP)

The HMGP is FEMA's primary hazard mitigation program. It is intended to help communities implement hazard mitigation measures following a presidential disaster declaration in the areas of the state, tribe or territory requested by the governor or tribal executive. States manage this program and may set state-specific project criteria.

The key purpose of this program is to enact mitigation measures during the reconstruction process that reduce the risk of loss of life and property from future disasters. Additional information on HMGP can be found at fema.gov/hazard-mitigation-grant-program.

The Flood Mitigation Assistance (FMA) Grant Program

The FMA grant program is authorized by Section 1366 of the National Flood Insurance Act of 1968, as amended, to reduce or eliminate the risk of repetitive flood damage to buildings insured by the NFIP. It is only available to NFIP participating communities and NFIP policyholders.

The program offers funding to states, territories, federally recognized tribes and local communities for flood mitigation projects, capability and capacity building activities and planning that reduces or eliminates the long-term risk of flood damage to buildings insured under the NFIP. Funding is also available for management costs.

For more information on the FMA grant program, visit fema.gov/grants/mitigation/floods.

Continued on next page

The Building Resilient Infrastructure and Communities (BRIC) Program

The BRIC program supports states, local communities, tribes and territories as they undertake hazard mitigation projects to reduce the risks they face from disasters and natural hazards. It is a pre-disaster hazard mitigation program that replaced the competitive Pre-Disaster Mitigation (PDM) program and is a result of amendments made to Section 203 of the Robert T. Stafford Disaster Relief and Emergency Assistance Act (Stafford Act) by Section 1234 of the Disaster Recovery Reform Act of 2018 (DRRA).

To learn more about the BRIC program, visit fema.gov/bric.

Additional programs and forms of assistance include, but are not limited to:

U.S. Department of Housing and Urban Development (HUD) Grants

HUD can help communities and neighborhoods that otherwise might not recover due to limited resources. It provides flexible grants, especially in low-income areas. Learn more at hud.gov/info/disasterresources.

Community Development Block Grant (CDBG) Program

In response to presidentially declared disasters, Congress may appropriate additional funding for the CDBG Program as Disaster Recovery grants to rebuild the affected areas and give crucial seed money to start the recovery process. CDBG Disaster Recovery (CDBG-DR) assistance may fund a broad range of activities. Visit hudexchange.info/programs/cdbg-dr to learn more.

SBA Loans

Loans may also be available through the SBA to assist with the costs of mitigation. They are low-interest loans that must be repaid. Learn more at sba.gov/funding-programs/disaster-assistance.

122. What constitutes substantial improvement or substantial damage and what does it mean for properties that receive those declarations?

Substantial improvement is any rehabilitation, addition or other improvement to a building where the cost equals or exceeds 50% of the building’s market value before the start of construction. Note that some communities may adopt a lower percentage in their ordinances.

Substantial damage is the damage sustained by a building when the cost of restoring the building to its pre-damaged condition would equal or exceed 50% of the market value of the building before the damage occurred. The determination about a building being substantially damaged is made at the local government level, generally by a building department official or floodplain manager. Substantial damage is determined regardless of the actual repair work performed.

The percentage rules can vary among jurisdictions. Some communities have a higher standard or degree of protection against the risk of flooding rather than the minimum requirements of the NFIP. Therefore, the percent of damage versus the home value could be 40% or lower to reach the threshold for substantial damage caused by any peril, a combination of perils sustained in one occurrence or a Severe Repetitive Loss (SRL) building as referenced in the SFIP.

If a building in an SFHA is determined to be substantially damaged, it must be brought into compliance with local floodplain management regulations and community ordinances. Previous rules that allowed policies to be rated based on the flood map that was in effect when the building was built no longer apply.

Substantial improvement or damage does not include any improvement project to correct existing violations of state or local health, sanitary or safety code specifications identified by local code enforcement officials as the minimum specifications necessary to ensure safe living conditions. Also excluded from the substantial improvement requirement are alterations to historic buildings as defined by the NFIP.

123. What is an SRL property, and what happens when a property is designated as one?

An SRL property is an NFIP-insured building:

- That has incurred flood-related damage for which four or more separate claims payments have been made, with the amount of each claim (including building and contents payments) exceeding $5,000 and with the cumulative amount of such claims payments exceeding $20,000; or
- For which at least two separate claims payments (building payments only) have been made under such coverage, with the cumulative amount of such claims exceeding the market value of the building.

Continued on next page

In both instances, at least two of the claims must be within 10 years of each other, and claims made within 10 days of each other will be counted as one claim. In determining SRL status, FEMA considers the loss history since 1978 or from the building's construction if it was built after 1978, regardless of any changes in the ownership of the building.

When a property is designated as an SRL property, the insurer notifies the affected policyholder, their agent and the lender 90 days before the expiration of the policy. The notice explains that the policy must be written with the Special Direct Facility (SDF). The SDF issues a renewal offer approximately 45 days prior to the expiration date. If the policyholder (and/or their lender) wants to continue to have flood coverage, they should contact their agent and follow the renewal instructions provided.

During this time, the appropriate FEMA regional office gives information about the property to state and local floodplain management officials. States or communities may sponsor projects to mitigate flood losses or may be able to give technical assistance on mitigation options.

Learn more about SRL designations with A Policyholder's Guide to Severe Repetitive Loss at agents.floodsmart.gov/severe-repetitive-loss-guide.

124. How is loss history determined for SRLs and what does it affect?

Loss history includes all the NFIP's paid flood claims on an insured property, regardless of any change(s) of ownership, since the building's construction or 1978 if the building was constructed before that year. This overall loss history number is used to determine a property's SRL designation.

A property's prior claims count, also known as the Prior NFIP Claims Rating Factor, is based on the number of loss dates that fall within a rolling 10-year window before the current policy effective date. However, due to recent changes in the NFIP's pricing system, only claims with a date of loss on or after April 1, 2023, will count toward a property's Prior NFIP Claims Rating Factor. This effectively "reset" the prior claims count for all policyholders.

Properties with an SRL designation will continue to receive a separate SRL surcharge until the Prior NFIP Claims Rating Factor is applied. Once a property is eligible for the SRL surcharge and the Prior NFIP Claims Rating Factor, FEMA will determine whether the SRL surcharge or the Prior NFIP Claims Rating Factor has a bigger premium impact and will only apply that surcharge or factor accordingly.

125. What procedures are available for property owners who believe their property should not be included as an SRL property?

When a policyholder has documentation that the NFIP-insured property has not sustained the losses reported, a request for review may be emailed to NFIPunderwritingmailbox@fema.dhs.gov. All documentation to substantiate the review must be included with the request letter. The policy will remain with the SDF during the review.

126. What happens if the SRL property owner agrees to undertake appropriate mitigation measures?

If a policyholder implements mitigation actions other than a buyout or demolition and their property's SRL status is updated, the SDF will coordinate with the agent of record to transfer the policy back to the former insurer or another NFIP insurer the policyholder chooses at the next policy renewal.

However, if the SRL designation is removed from the property after mitigation and the property incurs another paid claim of $1,000 or more, then the property will be designated as SRL again and will be returned to the SDF.

For more specifics on how property owners can mitigate their flood risk, visit **page 68**.

127. What is ICC coverage?

When a home or business is declared substantially or repetitively damaged, the NFIP offers policyholders up to $30,000 to bring it into compliance with community-specific building requirements before they can repair or rebuild.

ICC coverage can help pay for elevation, relocation and demolition for buildings insured under the General Property (GP) Form. It pays for floodproofing measures, in addition to those listed in the Dwelling Form. NFIP policyholders have up to six years from the date of loss of the underlying flood claim to complete eligible compliance activities to a substantially flood-damaged building.

An ICC claim is linked to an underlying flood claim; it cannot be started without being associated with a flood event or occurrence. The assistance from an ICC claim is therefore in addition to the amount the policyholder receives for physical damage by a flood.

Continued on next page

The total amount the policyholder receives for the combined structural damage from a flood and ICC is always capped by the maximum limit of coverage established by Congress. The maximum benefit amount for both ICC and structural damage from a flood for a single-family dwelling is $250,000.

This coverage is also separate from other FEMA and NFIP grant programs. For example, a home insured for $100,000 that was paid a claim settlement of $100,000 still has up to $30,000 of ICC coverage available, if it is deemed substantially damaged from flooding causing it to reach or exceed the substantial damage limit.

Learn more about ICC coverage online with Answers to Questions about Increased Cost of Compliance at agents.floodsmart.gov/ICC-answers-to-questions and the Increased Cost of Compliance Brochure at agents.floodsmart.gov/ICC-brochure.

128. Is ICC coverage included in all SFIPs and available to all policyholders?

Yes. However, not all buildings are eligible for ICC coverage. To be eligible for ICC coverage, a building must be declared substantially damaged by the local community or designated as an SRL building by FEMA.

If the community has adopted and is enforcing new flood zones related to FEMA map changes and the building was previously insured in a low- to moderate-risk area, ICC coverage may also be available.

For more information regarding ICC coverage, policyowners should refer to **Part D** of their policy.

129. Can ICC coverage be transferred to the community to complete the eligible mitigation efforts?

Yes. FEMA allows eligible policyholders to transfer their ICC interest and payment to a FEMA-sponsored flood mitigation grant involving eligible ICC activities.

The ICC payment transfer goes to the local authorities, state or community administering the grant via the ICC Assignment of Coverage form. Once the policyholder transfers the ICC claim, the local authorities, state or community are responsible for providing all of the ICC documents to the flood insurer and for completing the eligible mitigation effort.

Upon receipt of the completed Assignment of Coverage D Form, the insurance company should process the ICC claim in a customary manner up to the ICC coverage limit of $30,000, when available. Adjusters and insurance company representatives are required to verify and include the necessary ICC documentation based on the selected mitigation activity as they usually would.

Learn more about sending in the Assignment of Coverage D – ICC Coverage Form (Appendix I of the NFIP Claims Manual) online at nfipservices.floodsmart.gov/claims/increased-cost-compliance. For additional guidance regarding the transfer of ICC payments, policyholders should refer to their state's laws.

Online Resources

- For more information about the federal disaster assistance flood insurance requirement, visit agents.floodsmart.gov/disaster-assistance-flood-insurance-requirement.
- Learn more about IHP at fema.gov/assistance/individual/program.
- Consumers updating existing buildings should reference the Homeowner's Guide to Retrofitting at agents.floodsmart.gov/homeowners-guide-retrofitting.
- More information on rebuilding can be found in the NFIP Rebuilding Safer & Stronger After a Flood Guide at agents.floodsmart.gov/rebuilding-after-flood.
- Actions to take before, during and after a flood can be found in the NFIP Claims Handbook at agents.floodsmart.gov/claims-handbook or floodsmart.gov/community.
- Learn more about HMA grant programs online at fema.gov/grants/mitigation.
- ICC coverage is explained in more detail online within the Answers to Questions about Increased Cost of Compliance Guide at agents.floodsmart.gov/ICC-answers-to-questions and the Increased Cost of Compliance Brochure at agents.floodsmart.gov/ICC-brochure.
- Learn more about sending in the Assignment of Coverage D – ICC Coverage Form (Appendix I of the NFIP Claims Manual) online at nfipservices.floodsmart.gov/claims/increased-cost-compliance.

SECTION SIX

Appendix

Find supplemental information and educational materials to further your understanding of the National Flood Insurance Program (NFIP).

Resources

Use the following resources and contact information to answer any additional questions about the NFIP, flood insurance, coverage options, mitigation measures and more.

Claim Appeals
The appropriate contact for appeal requests.
FEMA-NFIP-Appeals@fema.dhs.gov

DisasterAssistance.gov
A government resource for survivors seeking support after a natural disaster.
disasterassistance.gov
800-621-3362

FEMA
The federal agency overseeing the NFIP.
fema.gov
400 C Street SW, 6th Floor
Washington, D.C. 20472-3010

FEMA Flood Risk Study Engineering Library (FRiSEL)
Information center for technical and administrative support data.
hazards.fema.gov/wps/portal/frisel
3601 Eisenhower Ave., Suite 500,
Alexandria, VA 22304-6426
Fax: 703-960-9125

FEMA LOMC Clearinghouse

FEMA's clearinghouse for flood map revisions and distribution of flood map information.

Attn.: LOMC Manager
3601 Eisenhower Ave., Suite 500
Alexandria, VA 22304-6426

FEMA Mapping and Insurance eXchange (FMIX)

A public resource for questions about flood mapping and insurance.

floodmaps.FEMA.gov/fhm/fmx_main.html
FEMA-FMIX@fema.dhs.gov
877-336-2627

Map Amendments & Revisions

Contact for forms, information and submissions for conditional and final flood map revisions.

fema.gov/letter-map-changes

The NFIP

A federal program created by Congress to mitigate future flood losses across the country.

floodsmart.gov
floodsmart@fema.dhs.gov
877-336-2627
linkedin.com/showcase/national-flood-insurance-program-fema

NFIP Publications Order Form

A downloadable PDF for receiving complimentary print copies of NFIP resources.

agents.floodsmart.gov/puborderform

NFIP Resource Library

A collection of resources to help agents explain flood risk and drive flood insurance policy sales.

agents.floodsmart.gov/resourcelibrary

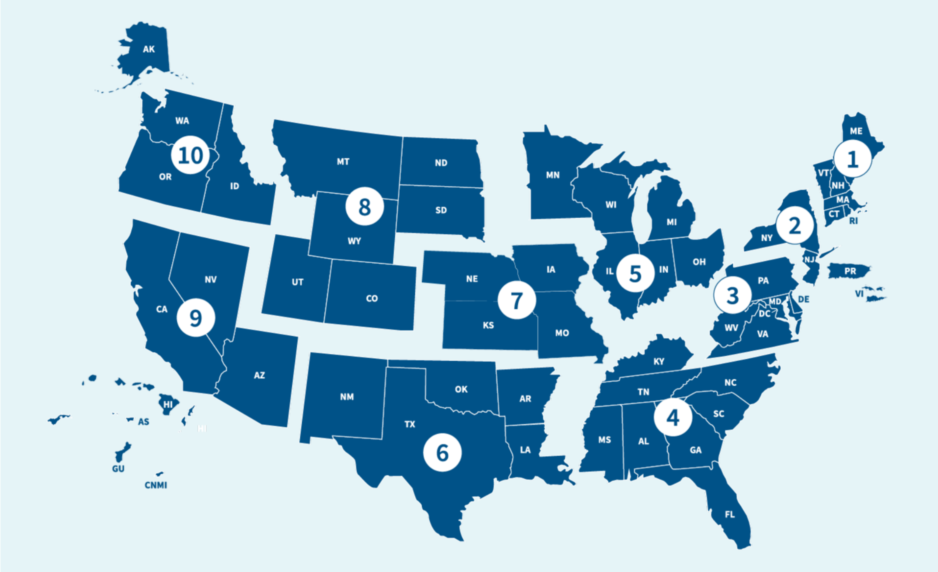
Ready.gov

A Department of Homeland Security website for promoting preparedness through public involvement.

ready.gov

Regions

For a list of regional contacts and disaster declarations by state and FEMA Region, visit fema.gov/about/organization/regions.



Region 1: Connecticut, Maine, Massachusetts, New Hampshire, Rhode Island, Vermont

Region 2: New Jersey, New York, Puerto Rico, Virgin Islands

Region 3: Delaware, Maryland, Pennsylvania, Virginia, District of Columbia, West Virginia

Region 4: Alabama, Florida, Georgia, Kentucky, Mississippi, North Carolina, South Carolina, Tennessee

Region 5: Illinois, Indiana, Michigan, Minnesota, Ohio, Wisconsin

Region 6: Arkansas, Louisiana, New Mexico, Oklahoma, Texas

Region 7: Iowa, Kansas, Missouri, Nebraska

Region 8: Colorado, Montana, North Dakota, South Dakota, Utah, Wyoming

Region 9: Arizona, California, Hawaii, Nevada, Guam, American Samoa, Commonwealth of Northern Mariana Islands, Republic of Marshall Islands, Federated States of Micronesia

Region 10: Alaska, Idaho, Oregon, Washington

Acronyms

Use the following table to identify the full wording of acronyms used throughout this document. Definitions and descriptions for each listing can be found in the Glossary on **page 83**.

ACV	Actual Cash Value
BFE	Base Flood Elevation
BRIC	Building Resilient Infrastructure and Communities
CAP-SSSE	Community Assistance Program, State Support Services Element
CBRA	Coastal Barrier Resources Act of 1982
CBRS	Coastal Barrier Resources System
CDBG	Community Development Block Grant
CDBG-DR	Community Development Block Grant Disaster Recovery
CLOMA	Conditional Letter of Map Amendment
CLOMR	Conditional Letter of Map Revision
CLOMR-F	Conditional Letter of Map Revision Based on Fill
CRS	Community Rating System
CTP	Cooperating Technical Partners
DRRA	Disaster Recovery Reform Act of 2018
EC	Elevation Certificate
FEMA	Federal Emergency Management Agency
FFH	First Floor Height
FHBM	Flood Hazard Boundary Map
FIMA	Federal Insurance and Mitigation Administration
FIRM	Flood Insurance Rate Map
FIS	Flood Insurance Study
FMA	Flood Mitigation Assistance
FMIX	FEMA Mapping and Insurance eXchange
FRiSEL	Flood Risk Study Engineering Library

GFIP	Group Flood Insurance Policy
GP	General Property
HFIAA	Homeowner Flood Insurance Affordability Act
HMA	Hazard Mitigation Assistance
HMGP	Hazard Mitigation Grant Program
HUD	Housing and Urban Development
ICC	Increased Cost of Compliance
IHP	Individuals and Households Program
LiMWA	Limit of Moderate Wave Action
LODR	Letter of Determination Review
LOMA	Letter of Map Amendment
LOMC	Letter of Map Change
LOMR	Letter of Map Revision
LOMR-F	Letter of Map Revision Based on Fill
NFHL	National Flood Hazard Layer
NFIA	National Flood Insurance Act of 1968
NFIP	National Flood Insurance Program
NFIRA	National Flood Insurance Reform Act of 1994
OFIA	Office of the Flood Insurance Advocate
ONA	Other Needs Assistance
OPA	Otherwise Protected Area
PDM	Pre-Disaster Mitigation
PMR	Physical Map Revision
Post-FIRM	Post-Flood Insurance Rate Map
RCBAP	Residential Condominium Building Association Policy
RCV	Replacement Cost Value
SBA	Small Business Administration
SDF	Special Direct Facility
SFHA	Special Flood Hazard Area

SFHDF	Standard Flood Hazard Determination Form
SFIP	Standard Flood Insurance Policy
SRL	Severe Repetitive Loss
USFWS	United States Fish and Wildlife Service
WYO	Write Your Own

Glossary

Review the definitions and/or descriptions of common terms related to the NFIP and flood insurance.

Actual Cash Value: The cost to replace an insured item of property at the time of loss, less the value of physical depreciation. **(pages 60, 61)**

Base Flood Elevation: The level at which floodwater is expected to reach during a flood. The BFE is shown on the flood map for zones AE, AH, A1-A30, AR, AR/A, AR/AE, AR/A1-A30, AR/AH, AR/AO, V1-V30 and VE. **(pages 13, 16, 24, 30, 68)**

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. **(pages 40, 68)**

Biggert-Waters Flood Insurance Reform Act of 2012: Legislation that authorized and funded the national mapping program and certain rate increases to ensure the fiscal soundness of the program. The Act transitioned the program from subsidized rates, also known as artificially low rates, to full actuarial rates reflective of risk. **(page 6)**

Building Resilient Infrastructure and Communities: A competitive FEMA grant program that supports states, local communities, tribes and territories as they undertake hazard mitigation projects, reducing the risks they face from disasters and natural hazards. **(page 72)**

Coastal Barrier: A naturally occurring island, sandbar or other strip of land (including coastal mainland) that protects the coast from severe wave wash. **(page 22)**

Coastal Barrier Resources Act: For the purposes of the NFIP, the CBRA of 1982 designated certain portions of the Gulf and East Coasts as undeveloped coastal barriers. These areas may be shown on appropriate flood insurance map panels and have certain coverage restrictions. **(pages 22, 23)**

Coastal Barrier Resources System: Communities, coastal barriers and Otherwise Protected Areas (OPAs) identified under CBRA. **(pages 22, 23)**

Community Assistance Program, State Support Services Element: Helps states proactively identify, prevent and resolve floodplain management issues in participating communities before a flood event occurs. **(page 14)**

Community Development Block Grant Program: Provides annual and disaster recovery grants to support community development; build stronger, resilient communities; and help cities, counties and states recover from presidentially declared disasters. **(page 72)**

Community Rating System: A program developed by FEMA to give incentives for communities in the Regular Program that have gone beyond the minimum floodplain management requirements to develop extra measures that provide protection from flooding. **(pages 9, 32, 33, 46)**

Community Status Book: A public list of all the NFIP participating communities. **(page 10)**

Conditional Letter of Map Amendment: A determination letter from FEMA stating a proposed building that is not to be elevated by fill (natural grade) would not be inundated by the base flood if built as proposed. **(pages 27, 28)**

Conditional Letter of Map Revision: FEMA's comment on a proposed project that would, upon construction, affect the hydrologic or hydraulic characteristics of a flooding source and thus result in the modification of the existing regulatory floodway, the effective Base Flood Elevations (BFE) or the Special Flood Hazard Area (SFHA). **(pages 29, 30)**

Conditional Letter of Map Revision Based on Fill: A determination letter issued by FEMA based on the placement of fill added to a property on the condition that submitted site plans are built according to the plan. **(pages 27, 29)**

Cooperating Technical Partners Program: Developed for state, local, regional or tribal organizations and universities with the interest, capability and resources to be active partners in FEMA's flood hazard mapping program. **(page 19)**

Deductible: A specified amount of money that the insured must pay before an insurance company will pay a claim or that is subtracted from the total of the covered loss at the time of issuing payment of a covered loss and claim. **(pages 35, 36, 38, 59)**

Detached Garage: A non-habitational, accessory building at the same property location as the principal building, and the use of which is incidental to the use of the principal building. Designed for storage of a motorized vehicle. Must be used only for parking and storage and not for residential purposes if not insured separately. **(pages 36, 40, 41, 61)**

Disaster Recovery Reform Act of 2018: Acknowledges the expectation of a shared, whole community responsibility for disaster response and recovery, while readying the nation for catastrophic disasters. **(page 72)**

Dwelling Form: The policy form used to insure a building designed for use as a residence for no more than four 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 five or more units can use this form to insure contents only in their own residential unit. **(pages 36, 40, 42, 43, 59)**

Elevation Certificate: Helps inform mitigation actions that will lower flood risk. Used for floodplain management building requirements, which can affect eligibility for Community Rating System (CRS) discounts. No longer required to purchase coverage; however, a property owner may complete one and send it to their agent to determine if it will affect their premium. **(pages 24, 47)**

Emergency Program: The initial phase of a community's participation in the NFIP, as prescribed by Section 1306 of the Act. **(pages 10, 15, 46)**

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. **(pages 7, 18, 22)**

Federal Emergency Management Agency: 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. **(pages 5, 6, 7)**

Federal Insurance and Mitigation Administration: An administration within FEMA that manages the NFIP and a range of programs designed to mitigate against future losses from all hazards. **(page 13)**

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 NFIP operations. **(page 46)**

FEMA Mapping and Insurance eXchange: Customer Care Center that can help policyholders with questions about flood mapping and insurance. FEMA Mapping and Insurance eXchange (FMIX) provides the full range of information needed to make informed decisions about both insurance and risk. FMIX also connects customers with technical experts specializing in subjects like modeling, Geographic Information System (GIS) mapping, insurance underwriting and claims and the Hazus loss-estimation software. **(pages 26, 27, 33, 51, 79)**

Fill: Earthy material sometimes placed in a Special Flood Hazard Area (SFHA) to reduce flood risk to buildings constructed upon the filled area. **(pages 11, 27, 28, 29, 69)**

First Floor Height: The height of the first lowest floor above the adjacent grade, measured in feet. **(pages 32, 45, 47)**

Flood: 1. A general and temporary condition of partial or complete inundation of two or more acres of normally dry land area or of two or more properties (one of which is your property) from:

- Overflow of inland or tidal waters;
- Unusual and rapid accumulation or runoff of surface waters from any source;
- Mudflow.

2. Collapse or subsidence of land along the shore of a lake or similar body of water as a result of erosion or undermining caused by waves or currents of water exceeding anticipated cyclical levels that result in a flood as defined in above. **(page 7)**

Flood Disaster Protection Act: A 1973 act that made the purchase of flood insurance mandatory for the protection of property located in Special Flood Hazard Areas (SFHAs). **(pages 20, 31)**

Flood Hazard Boundary Maps: 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. **(pages 10, 14, 15)**

Flood-in-Progress: A policy exclusion that prevents the NFIP from paying a claim for damage caused by a flood already in progress prior to the purchase or effective date of a policy. **(pages 35, 41, 50, 51)**

Flood Insurance Rate Maps: Also called a flood map, an official map of a community on which FEMA has delineated the Special Flood Hazard Areas (SFHAs), the Base Flood Elevations (BFEs) and the flood zones applicable to the community. **(page 14)**

Flood Insurance Reform Act of 2004: An act that further strengthened the NFIP with a number of reforms including reducing losses to properties for which repetitive flood insurance claim payments have been made, creating policyholder awareness about individual flood insurance policies, increasing policyholder information on guidance about the flood insurance claims process, establishing a minimum flood insurance training and adding an education requirement for insurance professionals. **(page 6)**

Flood Insurance Study: A compilation and presentation of flood risk data for specific watercourses, lakes and coastal flood hazard areas within a community. **(pages 10, 15, 17, 18, 19, 20)**

Flood Loss Avoidance: A protective action to minimize flood damage and losses to buildings and personal property before a flood occurs. **(pages 35, 69)**

Flood Mitigation Assistance Grant Program: A competitive grant program that provides funding to states, local communities and federally recognized tribes and territories. Funds can be used for projects that reduce or eliminate the risk of repetitive flood damage to buildings insured by the NFIP. **(page 71)**

Flood Risk Study Engineering Library: An online search portal that can be used to access data associated with FEMA flood mapping. **(pages 19, 20)**

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. **(page 24)**

Full-Risk Rate/Premium: The chargeable premium for a property based on its determined flood risk under the NFIP's rating system and the full cost to pay expected losses and expenses for that property. In the past, some policies received subsidized premiums, and those premiums are slowly rising to full-risk premiums as required by federal law. **(page 46)**

General Property Form: The policy form used to insure a non-residential building or a five-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 of five or more units. **(pages 42, 43, 44, 75)**

Grace Period: A period (e.g., 30 days) officially allowed for payment of a sum due or for insurance coverage. **(page 53)**

Group Flood Insurance Policy: Issued by NFIP Direct 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. **(page 44, 45, 67)**

Hazard Mitigation Assistance: A program that provides funding for eligible mitigation measures that reduce losses. **(pages 65, 71)**

Hazard Mitigation Grant Program: Provides funding to state, local, tribal and territorial governments so they can develop hazard mitigation plans and rebuild in a way that reduces or mitigates future disaster losses in their communities. Available after a presidentially declared disaster. **(page 71)**

Homeowner Flood Insurance Affordability Act of 2014: Act repealing and modifying certain provisions of the Biggert-Waters Flood Insurance Reform Act and making additional program changes to other aspects of the NFIP. **(pages 7, 46)**

Homeowner Flood Insurance Affordability Act Surcharge: The statutory annual surcharge imposed on each policy by Congress in the Homeowner Flood Insurance Affordability Act of 2014, ranging from $25 for single-family primary residences to $250 for all other properties. **(page 46)**

Housing and Urban Development: Department of the federal government that administers federal housing and urban development laws. **(page 72)**

Housing Assistance: Assistance under FEMA's Individuals and Households Program (IHP) that may include rental assistance, lodging expense reimbursement, home repair assistance and/or home replacement assistance. **(page 45)**

Increased Cost of Compliance Coverage: 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. **(pages 41, 59, 71, 75, 76, 77)**

Individuals and Households Program: Gives financial and/or direct assistance to eligible applicants who, as a result of a presidential disaster declaration, have necessary expenses and serious needs that are unmet through insurance or other means. **(pages 5, 44, 45, 67)**

Letter of Determination Review: 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). This letter deals only with the location of a building relative to the SFHA boundary shown on the flood map. **(pages 30, 31)**

Letter of Map Amendment: 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. **(pages 19, 21, 26, 27, 28, 29, 31)**

Letter of Map Change: A general term used to refer to the several types of revisions and amendments to FEMA maps that can be accomplished by letter. They include Letter of Map Amendment (LOMA), Letter of Map Revision (LOMR) and Letter of Map Revision Based on Fill (LOMR-F). **(pages 20, 26, 27, 31)**

Letter of Map Revision: An official amendment to the currently effective FEMA map. It is issued by FEMA and changes flood zones, delineations and elevations. **(pages 26, 29)**

Letter of Map Revision Based on Fill: FEMA's modification of the Special Flood Hazard Area (SFHA) shown on the flood map based on the placement of fill outside the existing regulatory floodway. **(pages 27, 28)**

Limit of Moderate Wave Action: The inland limit of the area expected to receive 1.5-foot or greater breaking waves during the 1%-annual-chance flood event. The area between Zone VE and the Limit of Moderate Wave Action (LiMWA) on the flood map is called the Coastal A Zone. While the insurance rates are not different than Zone A outside this area, property owners are encouraged to build safer and higher to minimize risk to life and property. **(page 22)**

Manufactured Homes: A factory-built residence that can be placed on a piece of land. **(pages 31, 37)**

Mitigation: The effort to reduce the loss of life and property by lessening the impact of disasters. **(pages 46, 68, 70, 75, 76)**

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. **(page 7)**

National Flood Hazard Layer: A geospatial database that contains current effective flood hazard data. FEMA provides the flood hazard data to support the NFIP. Individuals can use the information to better understand their level of flood risk and type of flooding. **(page 23)**

National Flood Insurance Act of 1968: Legislation that created the NFIP with the goals of reducing future flood damage and protecting property owners. **(pages 4, 6, 8, 49, 71)**

National Flood Insurance Program: Congress created the National Flood Insurance Program (NFIP) in 1968 to reduce future flood damage through floodplain management, and to provide people with flood insurance through individual agents and insurance companies. **(pages 4, 5, 6, 7)**

National Flood Insurance Reform Act: A 1994 act which strengthened the NFIP with a number of reforms that included increasing the focus on lender compliance and creating a mitigation assistance program to further reduce the costly and devastating impacts of flood. **(pages 31, 67)**

NFIP Direct Servicing Agent: A corporation, partnership, association or any other organized entity that contracts with FEMA to service insurance policies as direct business. Also known as NFIP Direct, FEMA's wholly owned insurance company that assists in issuing NFIP flood insurance policies. **(pages 42, 48, 49, 57, 63, 67)**

Non-Special Flood Hazard Area: An area that is a low- to moderate-risk flood zone (Zones B, C, X, Shaded X). **(pages 17, 22)**

Office of the Flood Insurance Advocate: Advocates for the fair treatment of policyholders and property owners by providing education and guidance on all aspects of the NFIP. **(pages 52, 64)**

Other Needs Assistance: FEMA program which gives money to qualifying property owners for necessary expenses and serious needs caused by a disaster. **(page 45)**

Otherwise Protected Area: An area established under federal, state or local law (or held by a qualified organization) primarily for wildlife refuge, sanctuary, recreational or natural resource conservation purposes. **(pages 22, 23)**

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 FHBM or flood map. **(page 21)**

Physical Map Revision: Used to change flood risk zones, an action whereby one or more map panels are physically changed. **(pages 26, 30)**

Policy Term: The period for which an insurance policy is in effect. Flood insurance coverage is available in 1-year terms and must be renewed annually to maintain coverage. **(pages 45, 53)**

Post-Flood Insurance Rate Map Buildings: Buildings of new construction and those built after the effective date of the first flood map for a community. Insurance rates for post-FIRM buildings are dependent on the elevation of the lowest floor in relation to the Base Flood Elevation (BFE). **(page 40)**

Pre-Disaster Mitigation Program: Makes federal funds available to state, local, tribal and territorial governments to plan for and implement sustainable cost-effective measures designed to reduce the risk to individuals and property from future natural hazards, while also reducing reliance on federal funding for future disasters. **(page 72)**

Pre-Flood Insurance Rate Map Buildings: A building for which construction or substantial improvement occurred on or before December 31, 1974, or before the effective date of an initial flood map. **(page 46)**

Premium: The insurance rate times the number of units of insurance purchased; the annual amount a customer pays for insurance. **(pages 36, 45, 46, 47 51, 52)**

Presidential Disaster Declaration: A determination by the president that a natural event has caused damage of such severity that it is beyond the combined capabilities of state and local governments to respond. A presidential disaster declaration provides a wide range of federal assistance programs for individuals and public infrastructure, including funds for both emergency and permanent work. **(pages 5, 56, 66, 67, 71, 72)**

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 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. **(pages 46, 59, 60)**

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. **(pages 59, 60, 61)**

Private Flood Insurance/Insurers: An alternative option to purchase flood insurance from a private company that may have no affiliation with the federal government or the NFIP. In other words, not sold or backed by the federal government. **(pages 39, 42, 49)**

Proof of Loss: The policyholder's valuation of claimed damage. It is a sworn statement made by the policyholder that substantiates the insurance claim and is typically required to be sent to the NFIP or WYO company within 60 days of the loss. **(pages 55, 57)**

Regular Program: The final phase of a community's participation in the NFIP. In this phase, a flood map is in effect and full limits of coverage are available under this phase. **(pages 10, 39, 43)**

Replacement Cost Value: The cost to replace property with the same kind of material and construction without deduction for depreciation. A building's Replacement Cost Value (RCV) is the cost to replace the building or unit, including, for a building, the cost of the foundation. **(pages 42, 60, 61)**

Reserve Fund Assessment: An amount dedicated to the NFIP Reserve Fund as authorized by the Biggert-Waters Flood Insurance Reform Act of 2012. Its purpose is to set aside a fund to pay future claims. **(page 46)**

Residential Condominium Building Association Policy: The policy form used to insure a building, owned and administered as a condominium, containing one or more units and in which at least 75% of the building's floor area is residential. The building must be located in a Regular Program community. **(pages 42, 44, 61)**

Section 1316: Section 1316 of the National Flood Insurance Act of 1968, as amended, states that no new flood insurance coverage shall be provided for any property that FEMA finds has been declared by a duly constituted state, 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 flood-prone areas. **(pages 49, 50)**

Severe Repetitive Loss: FEMA designates as Severe Repetitive Loss (SRL) any NFIP-insured single-family or multi-family residential building:

1. That has incurred flood-related damage for which four or more separate claims payments have been made, with the amount of each claim (including building and contents payments) exceeding $5,000, and with the cumulative amount of such claim payments exceeding $20,000; or
2. For which at least two separate claims payments (building payments only) have been made under such coverage, with the cumulative amount of such claims exceeding the market value of the building.

In both instances, at least two of the claims must be within 10 years of each other, and claims made within 10 days of each other will be counted as one claim.

In determining SRL status, FEMA considers the loss history since 1978, or from the building's construction if it was built after 1978, regardless of any changes in the ownership of the building. The term "SRL property" refers to either an SRL building, the contents within an SRL building, or both. **(pages 47, 73, 74, 75)**

Small Business Administration: A government agency established to promote and strengthen the overall economy by assisting small businesses. FEMA works with the SBA to offer low-interest disaster loans to property owners and renters in a presidentially declared disaster area. **(pages 5, 44, 66, 72)**

Special Direct Facility: A branch of the NFIP Direct 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. **(pages 74, 75)**

Special Flood Hazard Area: An area having flood, mudflow or flood-related erosion hazards as shown on a Flood Hazard Boundary Map (FHBM) or a 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. The SFHA is the area where the NFIP's floodplain management regulations must be enforced and where the mandatory purchase of flood insurance applies. **(pages 8, 15, 16, 20, 25, 26, 40, 67, 70)**

Standard Flood Hazard Determination Form: Required for all government-backed loans and used by lenders to determine the flood risk for their building loans. **(page 20)**

Standard Flood Insurance Policy: The insurance policy provided by the NFIP, paying for direct physical damage to a policyholder's insured property by flood up to the policy limit. The replacement cost may be more than the policy limit. **(pages 36, 38, 40, 41, 42, 43, 44, 69)**

Statutory Discounts: Premium reductions specified by law for certain properties. **(page 46)**

Storm Surge: The abnormal rise in seawater level during a storm, measured by the height of the water above the normal tide. **(page 22)**

Subsidized Rate: Now called statutory discounts, the rate formally charged to a group of policies that resulted in aggregate premiums insufficient to pay anticipated losses and expenses for that group. **(page 46)**

Substantial Damage: Applies to a building for which the total cost of repairs is 50% or more of the building's market value before the loss occurred, regardless of the cause of damage. **(pages 72, 73)**

Substantial Improvement: 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. **(pages 72, 73)**

Sump Pump: A submersible pump installed in a sump pit at the lowest point of a home, such as the basement or crawlspace, designed to pump water out and away from the home. **(page 68)**

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. **(pages 10, 11)**

Travel Trailer: A trailer drawn especially by an automobile and equipped for use (as while traveling) as a dwelling. **(page 37)**

Waiting Period: The time between the date of application and the policy effective date, which is typically 30 days. If flood insurance is lender-required at the closing of a loan, there is no waiting period. If a property is newly mapped into a Special Flood Hazard Area (SFHA) and there is no loan, there is a one-day waiting period. **(pages 41, 50, 51, 53)**

Write Your Own Program: The program under which FEMA enters a standard arrangement with private sector property insurers, also known as WYO companies, to sell and service NFIP flood insurance policies under their own names and adjust and pay claims arising under the Standard Flood Insurance Policy (SFIP) (authorized by 42 U.S.C. 4081(a)). **(pages 42, 48, 49, 57)**

Index

Reference each question asked throughout this document and identify the section and page number on which it is answered.

Notes

Congress created the National Flood Insurance Program (NFIP) in 1968 to reduce future flood damage through floodplain management, and to provide people with flood insurance through individual agents and insurance companies. FEMA manages the NFIP. For more information about NFIP flood insurance, call **800-621-3362**.

If you use a relay service, such as video relay service (VRS), captioned telephone service or others, give FEMA the number for that service.

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