

Choice Flood Insurance

Flood Insurance

2026 BEYOND THE FUNDAMENTALS

with Lisa Sharrard

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Introduction

- OVER 39 years direct experience in floodplain management and flood insurance
- Flood Insurance Agent, writing Nationwide
- Member, Big "I" National, Flood Insurance Committee and Flood Insurance Producers National Committee (FIPNC)
- Certified Floodplain Manager (CFM); Served on the Board of Regents 12 years
- Associate National Flood Insurance (ANFI)
- Frequent presenter at the annual National APCIA Flood Insurance Conference (ACPIA)
- Adjunct Instructor for FEMA and EMI
- Former Senior Trainer for the NFIP Direct
- Former Licensed Adjuster
- Former NFIP State Coordinator
- Past Chair of the Association of State Floodplain Managers
- Served on the FEMA Community Rating System (CRS) Task Force for 7 years

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HURRICANE HELENE

Busick, NC, 30.78"

Mount Mitchell State Park recorded 24.20"

Asheville's airport recorded 13.98"

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NFIP STATUS As of December 31, 2025

- 4.5 million flood insurance policies
- \$1.3 trillion in coverage
- \$4.6 billion in revenue from policyholders' premiums, fees, and surcharges
- Over 22,000 Participating Communities in 56 state and territories
- \$2.4 billion annually in flood losses avoided.
- 1,505 Communities in the Community Rating System
- \$30.425 billion borrowing authority from the U.S. Treasury
- In 2024, the NFIP transferred \$1.92 billion in risk to the Private Sector

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Key Takeaways

"Private flood insurance has grown more than eight-fold since 2015, but the NFIP still insures nearly seven times as many properties."

U.S. Flood Insurance Policies (2015-2025)

Estimated trend comparing NFIP policy decline with private flood insurance market growth.

- **NFIP:** Declined from approximately 5.2 million policies in 2015 to 4.7 million by 2025 (about a 10% decline).
- **Private Flood:** Increased from roughly 80,000 policies in 2015 to approximately 680,000 by the end of 2025 (an increase of more than 700%).
- The private market has been growing 20% annually since 2020, while the NFIP has continued a gradual decline.

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NFIP History - Significant Events

- 1968 Flood Insurance Act: Created the NFIP under HUD
- 1974 Flood Disaster Protection Act of 1974 (Mandatory Purchase Act): Required flood insurance for federally backed transactions
- 1979 Pres. Carter created FEMA: FEMA established insurance rates; set rules and regulations
- 1983 WYD Program Established
- 1994 National Flood Insurance Reform Act of 1994: Strengthened Mandatory Purchase Requirements & coverage limits
- 2004 Flood Insurance Reform Act of 2004: Focused on SRL Properties and agent flood training & education requirements
- 2012 Biggert-Weiler Flood Insurance Reform Act of 2012: Major reference to address the long-term solvency of the program.
- 2014 Homeowners Flood Insurance Affordability Act of 2014: Rollback cancellation of subsidies at time of sale. NFIP's Surcharges

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Why am I here?

Building losses to single-family residences - expected to cost:

- more than \$7 billion annually;
- more than 87% of those losses are estimated to be uninsured by the NFIP.

Residential Flood Risk in the United States Milliman May 2020

Protect Your Home and Business Exposure

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Do My Clients Need Flood Insurance?

NFIP CLAIMS SINCE 1980

Florida
\$19,297,731,470.52
308,600
Non-coastal states and counties have experienced flood events

- Flood claims are larger in coastal locations
- Non-coastal states and counties have experienced flood events

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HURRICANE IAN

Average Building Coverage	Average Contents Coverage	Average Building Claim Paid	Average Contents Claim Paid
\$236,984	\$74,342	\$245,320	\$39,700

Hurricane Ian is the fourth highest flood disaster in terms of NFIP payouts.

Source: Hurricane Ian NFIP Claims Analysis
FEMA December 2023

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Hurricane Ian Building Claims

Table 75: Hurricane Ian NFIP Building Claims for all Areas of Interest by Decade Built

Decade Built	Active Policies	Average Total Claim	Average Building Claim	Average Size	Average Building Claim per square foot	Average Building Coverage	Quantity Max NFIP Coverage	Quantity Max Building Coverage
Pre 1980	425	\$191,378	\$158,891	1,799	\$88.03	\$224,593	89	41
1980s	344	\$117,074	\$100,564	1,863	\$56.85	\$237,892	20	10
1990s	173	\$73,857	\$62,496	2,256	\$27.77	\$244,054	9	0
2000s	205	\$73,898	\$61,791	2,675	\$23.09	\$247,078	18	1
Post 2010	122	\$54,894	\$48,091	2,977	\$17.50	\$250,000	4	0
All	1,270	\$123,168	\$105,662	2,133	\$57.47	\$236,985	140	52

Hurricane Ian NFIP Claims Analysis
FEMA December 2023

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Hurricane Ian Contents Claims

Table 76: Hurricane Ian NFIP Contents Claims for all Areas of Interest by Decade Built

Decade Built	Active Policies	Average Total Claim	Average Contents Claim	Average Size	Average Contents Claim per square foot	Average Contents Coverage	Quantity Max NFIP Coverage	Quantity Max Contents Coverage
Pre 1980	294	\$209,007	\$38,265	1,898	\$20.48	\$58,916	29	115
1980s	249	\$115,867	\$22,781	1,878	\$12.71	\$71,564	9	53
1990s	151	\$74,217	\$13,017	2,256	\$5.40	\$79,524	6	5
2000s	183	\$78,448	\$13,562	2,707	\$4.95	\$89,464	7	2
Post 2010	86	\$63,757	\$9,651	2,933	\$3.83	\$93,847	0	0
All	963	\$126,007	\$23,053	2,195	\$11.67	\$74,342	51	175

Hurricane Ian NFIP Claims Analysis
FEMA December 2023

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Why insureds don't have flood insurance?

Figure 1
NFIP Consumer Experience Survey Question: Why don't you have flood insurance?

Reason	Percentage
My home specifically isn't at risk of flooding.	32%
The region I live in doesn't typically flood.	28%
I'm not required to get it, so I don't think I need it.	24%
I think flood insurance is too expensive.	18%
I don't know enough about flood insurance.	17%
My insurance agent told me I didn't need it.	9%
I take steps to prevent my home from flooding.	9%

*Respondents were asked to select all reasons that apply.

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High-Level Insights:

- A **low perception of flood risk** is the most common reason, more than prior, that non-policyholders do not have flood insurance.
- Many consumers are **unaware** that flood damage is **not covered** by standard homeowner insurance policies.
- Many consumers who are covered by flood insurance purchased it for **peace of mind** and **think they paid a fair price**.
- Half of the agents surveyed who do not sell flood insurance agree there is **flood risk** and **consumer demand for insurance** in the areas where they write policies.

Why Have the Conversation?

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Source: FLOODED (A REPORT BY FEMA) EMERGENT THEMES, INSIGHTS AND OPPORTUNITIES FOR AGENTS SELLING FLOOD INSURANCE

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How to have the Conversation?

Talk to clients about:

- The difference between homeowners and flood insurance
- The flood risk from National Risk Index to help consumers identify real flood risk in their areas.
- Consider using the NFIP's **Cost of Flooding Tool** (an interactive web page) to show consumers the risk of flooding based on rainfall
- Educate them on the flood risk related to other disaster events specific to their area.
- Additionally, inform clients that just **1 inch of floodwater** can cause roughly \$25,000 of damage to their home.

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Source: FLOODED (A REPORT BY FEMA) EMERGENT THEMES, INSIGHTS AND OPPORTUNITIES FOR AGENTS SELLING FLOOD INSURANCE

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Why did they Purchase flood insurance?

Figure 3
NFIP Consumer Experience Survey Question: Why did you purchase flood insurance?

Reason	Percentage
Peace of mind.	51%
I think the region I am in is at risk.	41%
I think my home specifically is at risk for flooding.	33%
Special Flood Hazard Area mortgage requirement.	30%
Insurance company/agent told me to.	29%
Friends/family told me to.	25%
Realtor/lender/mortgage broker told me to.	19%

*Respondents were asked to select all reasons that apply

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Source: FLOODED (A REPORT BY FEMA) EMERGENT THEMES, INSIGHTS AND OPPORTUNITIES FOR AGENTS SELLING FLOOD INSURANCE

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Do You Agree?

Figure 4
NFIP Agent Experience Survey Question: To what extent do you agree with the following statements?

(1) Homes in the area in which I write insurance policies are at risk for flooding.
 (2) There is consumer demand for flood insurance in the area(s) in which I write insurance policies.

Non-Flood Agents have a split perception of flood risk and demand

- 51% agree there is **flood risk** in the areas they write policies.
- 52% agree there is **consumer demand** in the areas where they write policies.

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Source: FLOODED (A REPORT BY FEMA) EMERGENT THEMES, INSIGHTS AND OPPORTUNITIES FOR AGENTS SELLING FLOOD INSURANCE

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Free Tools for Agents

WHY DO I NEED FLOOD INSURANCE?

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Source: FLOODED (A REPORT BY FEMA) EMERGENT THEMES, INSIGHTS AND OPPORTUNITIES FOR AGENTS SELLING FLOOD INSURANCE

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Agent Tools

WIN THIS HURRICANE SEASON

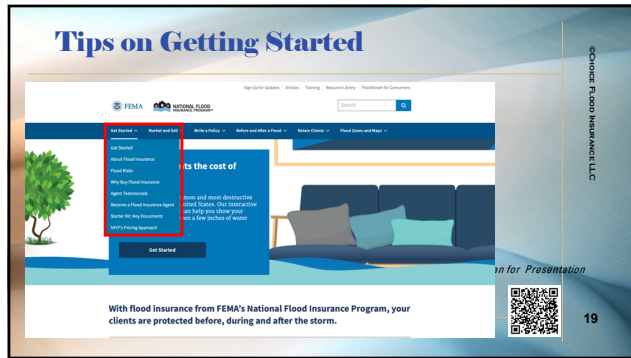
Steps to Prepare for Flooding

Start Your Flood Claim

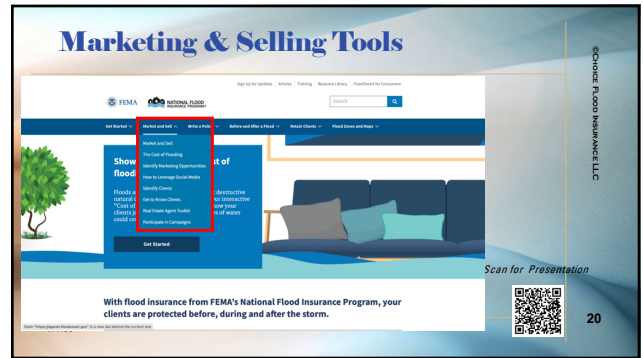
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Source: FLOODED (A REPORT BY FEMA) EMERGENT THEMES, INSIGHTS AND OPPORTUNITIES FOR AGENTS SELLING FLOOD INSURANCE

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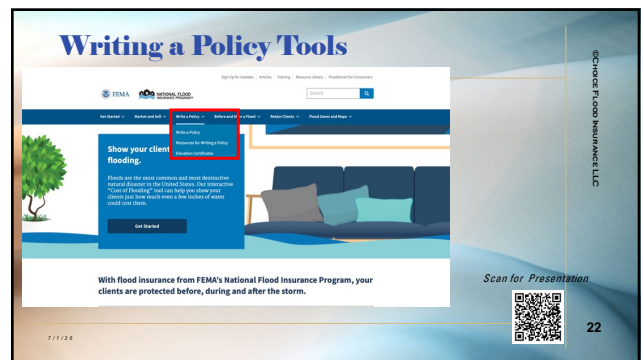
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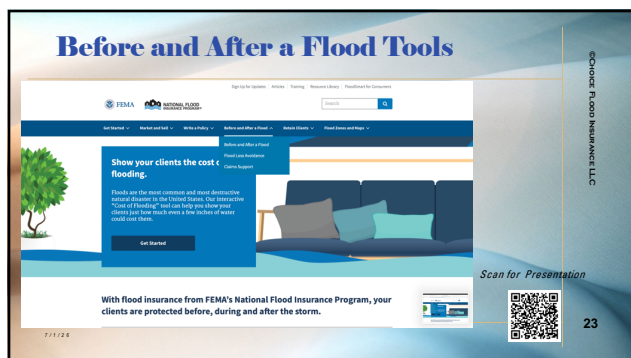
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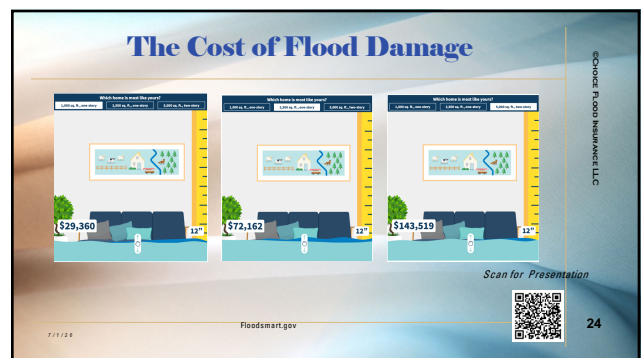
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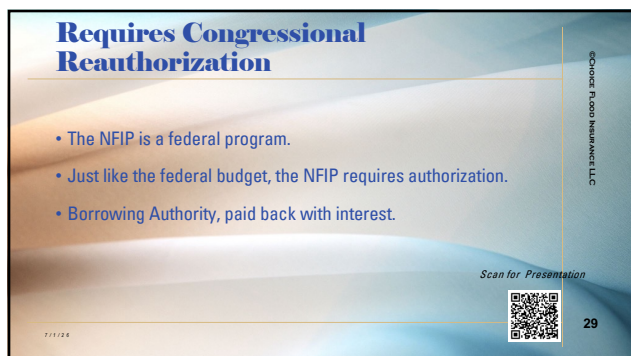
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Community Participation

- Required for federally backed flood insurance to be for sale within a community
- Community Status Book
 - <https://www.fema.gov/flood-insurance/work-with-nfip/community-status-book>

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Community Status Book

FEMA Community Status Book Report
Communities Participating in the National Flood Program

Click here for not participating

CID	Community Name	County	Init FIRM	Init FIRM Date	Cur Eff Date	Reg-Emer Tribal CRS	Cur Eff Date	Cur Eff Class	% Disc SFHA	% Disc SFHA
370100	ANDREWS, TOWN OF	MOORE COUNTY	11/26/73	05/15/86	02/02/88	05/15/86	No			
370110	ANDREWS, TOWN OF	HERFORD COUNTY	02/22/74	05/01/87	06/03/89	05/01/87	No			
370001	ALAMANCE COUNTY*	ALAMANCE COUNTY	01/03/75	12/01/81	11/17/17	12/01/81	No			
370470	ALAMANCE, VILLAGE OF	ALAMANCE COUNTY	01/03/75	08/15/90	11/17/17	12/01/81	No			
370220	ALBEMARLE, CITY OF	STANLY COUNTY	12/21/73	12/01/81	06/16/09	12/01/81	No			
370380	ALEXANDER COUNTY*	ALEXANDER COUNTY	06/09/78	02/01/91	07/07/09	02/01/91	No			
370000	ALLEGANY COUNTY*	ALLEGANY COUNTY	07/01/77	07/01/78	11/04/09	02/01/04	No			
370400	ALLANCE, TOWN OF	PAMLICO COUNTY	07/14/78	08/05/85	06/13/20	08/05/85	No	100/1/20	100/1/21	100% 100%
370000	ANDREWS, TOWN OF	CHEROKEE COUNTY	03/08/74	02/01/85	04/19/10	02/01/85	No			
370220	ANDREWS, TOWN OF	HARNETT COUNTY	08/18/78	04/16/90	07/13/02	02/01/90	No			
370240	ANSON COUNTY*	ANSON COUNTY	07/15/77	05/18/90	18/16/98	06/18/90	No			
370470	APPA, TOWN OF	WAKE COUNTY	02/02/92	07/19/02	01/02/02	01/02/02	No			
370270	ARCHDALE, CITY OF	GUILFORD COUNTY	03/01/74	07/16/81	03/16/09	07/16/81	No			

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What is a flood?

A general but temporary inundation of normally dry land from:

- Overflow of inland or tidal waters
- Unusual or rapid accumulation or runoff of surface waters
- Mudslides or mudflows
- 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.

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General Condition of Flooding

- The flood or inundation of water must affect two or more properties, or must be displaced over two or more acres
- It must be of a temporary duration, having both a beginning point and ending point
- It must be fortuitous (i.e., unintentional, accidental)
- Flooding can result from natural causes or from other sources (but must fall within the definition)

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Flood Examples

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Why Do We Need To Offer Flood Insurance?

- To help our clients protect themselves against financial ruin
- Errors and Omissions Claims
 - Keep a copy of the signed waiver
- Mandatory Purchase requirement

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Origin of Flood Maps

FEMA flood maps are shaped by multiple interests.

There are 8 steps involved in the issuing of updated or new FEMA flood maps. These steps involve select local leaders and business interests resulting in comprehensive flood maps that can take years to adopt.

2007 FEMA implements river flood map updates to digital map content in RAS.
2012 Supplemental Study Flood Coverage representing the flood risk.
2015 FEMA updates new flood map. NCE reports it and reports.
2016 FEMA updates NCE's report and proposed map.

Graphic: First Street Foundation

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Flood Insurance Rate Maps

NFIP MANUAL APPENDIX D

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Sources of Flood Zone Information

- FEMA Map Service Center
 - <https://msc.fema.gov>
- Community Official,
- Recent Elevation Certificate,
- Current NFIP Policy Declaration's Page,
- Flood Hazard Determination Form, or
- Letter of Map Change

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FIRMette: Flood Maps On-Line

- You can find and print a FIRM by using FEMA's on-line tools.
- Go to <http://www.msc.fema.gov>.
- Click "Map Search" link (top of page) and select "Public Flood Map" from the product pull-down menu.
- Enter the address and click the "Go" button.
- On the Map Search Result Page, click the green "View" button (far right).
- When the map appears, drag the red translucent box to the area you want to print.
- Select paper size and select the scale, north arrow, and title block.
- Your FIRMette will be displayed and you can print or save the file as an Adobe Acrobat (pdf) or graphic image file (gif).

NFIP MANUAL APPENDIX D

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How to read a flood map?

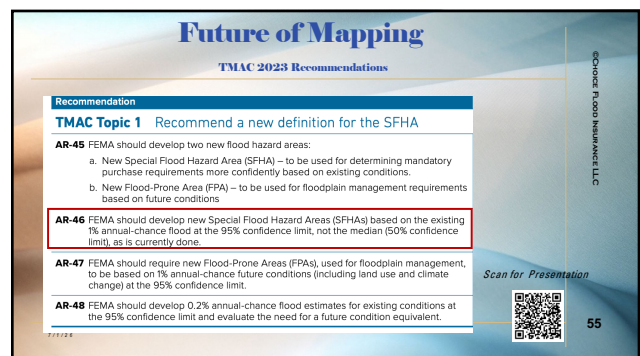
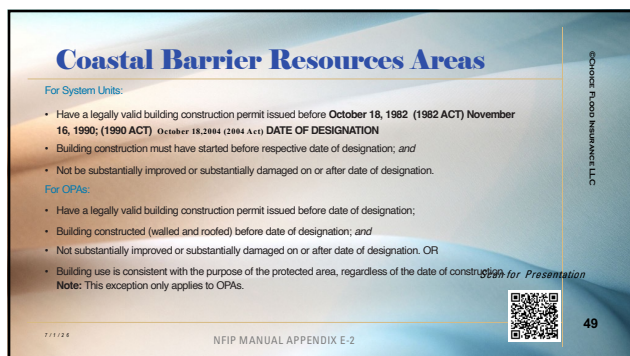
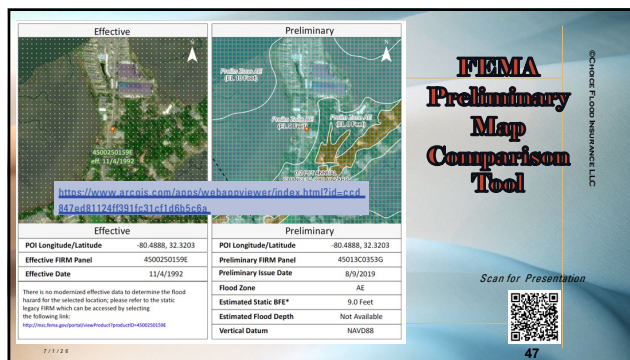
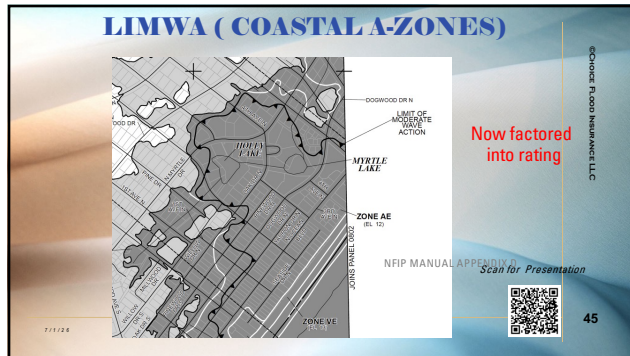
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Mandatory Purchase

- Flood Insurance is required.
 - Federally backed Mortgage in a SFHA
 - Structure located in Zones
 - AE (A1-A30), VE (V1-V30), V, AH, AO, A
- Flood insurance required for secured Property located in a SFHA
- Coverage Required- Amount of loan
 - Down payment? Is policy holder underinsured?
 - Proper rating
- Optional for Zones B, C, or X – Lender's Discretion

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What is Meant by Pre-FIRM & Post-FIRM?

Pre-FIRM
(Older buildings usually are not elevated)

Post-FIRM
(Newer buildings are elevated)

BFE

A building is **Pre-FIRM** if it was built **before** the date of your community's first FIRM or 12/31/1974. If built after that date, a building is **Post-FIRM**. Improvements or repairs to Pre-FIRM buildings may require permits.

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What is an Insurable Building?

To be insurable, a building must be:

- Walled and roofed
 - 2 rigid exterior walls and a roof
- Principally above ground
 - 51% or more of the actual cash value of the building must be above ground
- Affixed to a permanent foundation site
 - And, if mobile home located in SFHA, anchored to resist flotation, collapse and lateral movement

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Coverage Limitations

- Emergency Program
- Regular Program

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Coverages Limits—Emergency Program

Building Occupancy	Building Coverage	Contents Coverage
Single-Family Dwelling		
Single-Family Home	\$35,000 ¹³	\$10,000
Residential Manufactured/Mobile Home	\$35,000 ¹³	\$10,000
Residential Unit¹⁴		
Residential Condominium Unit (in Residential Building)	\$35,000 ¹³	\$10,000
All Other Building Descriptions	None	\$10,000
Multifamily Building		
Two-to-Four Family Building	\$35,000 ¹³	\$10,000
Other Residential Building	\$100,000 ¹⁵	\$10,000
Non-Residential		
Non-Residential Building	\$100,000 ¹⁵	\$100,000
Non-Residential Manufactured/Mobile Building	\$100,000 ¹⁵	\$100,000
Non-Residential Unit	None	\$100,000

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Coverages Limits—Regular Program

Building Occupancy	Building Coverage	Contents Coverage
Single-Family Dwelling		
Single-Family Home	\$250,000	\$100,000
Residential Manufactured/Mobile Home	\$250,000	\$100,000
Residential Unit¹¹		
Residential Condominium Unit (in Residential Building)	\$250,000	\$100,000
All Other Building Descriptions	None	\$100,000
Multifamily Building		
Two-to-Four Family Building	\$250,000	\$100,000
Other Residential Building	\$500,000	\$100,000
Residential Condominium Building¹¹		
Residential Condominium Building ¹¹	Not to exceed the lesser of: • The building's replacement cost value; or • Total number of units x \$250,000.	\$100,000
Non-Residential		
Non-Residential Building	\$500,000	\$500,000
Non-Residential Manufactured/Mobile Building	\$500,000	\$500,000
Non-Residential Unit	None	\$500,000

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NFIP New Pricing Approach

- Max Rate Single Family is \$12,265
- No Cap under the legacy program
- Concentrated Risk – Lot of Policies and reinsurance available
- Lack of Concentrated Risk – No reinsurance.

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NFIP New Pricing Approach

GEOGRAPHIC RATING FACTORS

Base Rate
Distance to Water
Territory
Elevation

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NFIP New Pricing Approach

PROPERTY & CONTRACT RATING FACTORS

First Floor Height
RCV
Stories
Construction of wall
OS Discount
STRUCTURE
ME HEIGHT

First Floor Height has a large impact

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NEW PRICING APPROACH SUMMARY

- Geographic variability can lead to large peril rate differences.
- Mitigation measures reduce overall rates; may not be apparent in premiums due to rate maximums.

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New Pricing Methodology - Agents

- Agents had to touch every single policy in their book
- Defaults applied if agent did not respond
 - MACHINERY AND EQUIPMENT = "NO"
 - APPLIANCES = "NO"

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Calculating Square Footage – RESIDENTIAL

- Confirm Real Estate listings with tax records or appraisals
- Square footage is required for:
 - Total finished living area
 - Attached garage or finished attic converted to living space
- DO NOT include:
 - Finished or unfinished basements;
 - Any garage used solely for parking, storage or building access;
 - Finished or unfinished enclosure area;
 - Porches or decks

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Calculating Square Footage – NOT RESIDENTIAL

- Confirm Real Estate listings with tax records or appraisals
- Square footage is required for:
 - Other residential buildings
 - Non-residential buildings
 - Non-residential units
 - Non-residential manufactured/mobile homes
 - Residential condominium buildings
- INCLUDE stairwells and Elevator Shafts
- DO NOT include mezzanines or basements

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First Floor Height

- Height of the buildings first lowest floor above the adjacent grade
- Two ways to determine first floor height
 - FEMA elevation certificate Section C, Section E or Section H
 - FEMA determined

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Building Occupancy Types

Single Family Dwelling

- Residential dwelling
- One unit only
- Contents considered to be throughout the structure

2-4 Family Dwelling

- Residential unit
- Up to four units per dwelling

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Building Occupancy Types

Other Residential Dwelling

- Residential unit
- More than four units per dwelling
- Hotel or motel stay of six months or more

Non-Residential

- Agricultural structures
- Commercial unit
- Hotel stay of less than six months
- Grain bins

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BUILDER'S RISKS BUILDINGS UNDER CONSTRUCTION

- Not yet walled and roofed, affixed to a permanent site, principally above ground
- Applied deductible is 2 times the post-construction deductible
- Coverage ceases if construction is halted more than 90 days
- Building materials only covered if in an enclosed structure on premise
- Cannot be renewed
- Cannot be assigned or transferred to another party

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MANUFACTURED MOBILE HOMES

- A manufactured mobile home is a structure built on a permanent chassis, transported and anchored to a site, and affixed to a permanent foundation.
- Includes travel trailers without wheels build on a permanent chassis and affixed to a permanent foundation.

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APPURTENANT STRUCTURE

A property require separate policies with the exception of a detached garage at the described location. This is available under the Dwelling policy only.

Appurtenant structures located on the same 10% of total building coverage limit applies to the structure.

- Use of coverage is at the policyholder's option
- May not be used for residential, business or farming purposes



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Additional and Extensions

The NFIP will insure an addition or extension if it is attached to the building by means of any one of the following:

- A rigid exterior wall
- A solid, load-bearing interior wall
- A stairway
- An elevated walkway
- A roof

The insured can opt for getting each addition and extension insured separately.

Additional and Extensions not consider a primary residence (\$250 surcharge).

NOTE: Additions and extensions attached by means of a common interior wall are always considered part of the building and cannot be insured separately.

The Application Form for the main building should reference the policy number or quote number for the policy separately insuring the addition or extension.

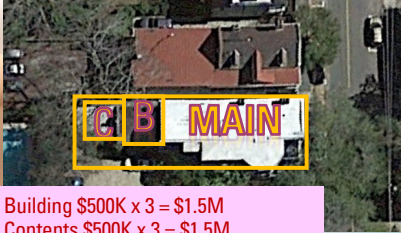
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Additional and Extensions Example



\$250 Surcharge

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Building \$500K x 3 = \$1.5M
Contents \$500K x 3 = \$1.5M

Building \$250K NOW \$500K
Contents \$100K

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Deductibles

Table 24. Deductible Options: Single-Family Home, Residential Manufactured/Mobile Home, Residential Unit, Two-to-Four Family Building

Standard Building Options		Exception Building Options: Pre-FIRM Building Receiving Any Statutory Discount		Contents Options
Building Coverage of \$100,000 or less	Building Coverage over \$100,000	Building Coverage of \$100,000 or less	Building Coverage over \$100,000	Contents Coverage of Any Amount
\$1,000	\$1,250	\$1,500	N/A	\$1,000
\$2,000	\$2,000	\$2,000	\$2,000	\$2,000
\$5,000	\$5,000	\$5,000	\$5,000	\$5,000
\$10,000	\$10,000	\$10,000	\$10,000	\$10,000

Note: For more information on statutory discounts see the Statutory Discounts heading below.

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Deductibles

Table 25. Deductible Options: Other Residential Building, Non-Residential Building, Non-Residential Manufactured/Mobile Building, Non-Residential Unit

Standard Building Options ^{1A}		Exception Building Options: Pre-FIRM Building Receiving Any Statutory Discount ^{1B}		Contents-Only Coverage
Building Coverage of \$100,000 or less	Building Coverage over \$100,000	Building Coverage of \$100,000 or less	Building Coverage over \$100,000	
\$1,000 / \$1,000	\$1,250 / \$1,250	\$1,500 / \$1,500	N/A	\$1,000
\$2,000 / \$2,000	\$2,000 / \$2,000	\$2,000 / \$2,000	\$2,000 / \$2,000	\$2,000
\$5,000 / \$5,000	\$5,000 / \$5,000	\$5,000 / \$5,000	\$5,000 / \$5,000	\$5,000
\$10,000 / \$10,000	\$10,000 / \$10,000	\$10,000 / \$10,000	\$10,000 / \$10,000	\$10,000
\$25,000 / \$25,000	\$25,000 / \$25,000	\$25,000 / \$25,000	\$25,000 / \$25,000	\$25,000
\$50,000 / \$50,000	\$50,000 / \$50,000	\$50,000 / \$50,000	\$50,000 / \$50,000	\$50,000

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Deductibles

Table 26. Deductible Options: Residential Condominium Building

Standard Building Options ^{1A}		Exception Building Options: Pre-FIRM Building Receiving Any Statutory Discount ^{1B}	
Building Coverage of \$100,000 or less	Building Coverage over \$100,000	Building Coverage of \$100,000 or less	Building Coverage over \$100,000
\$1,000 / \$1,000	\$1,250 / \$1,250	\$1,500 / \$1,500	N/A
\$2,000 / \$2,000	\$2,000 / \$2,000	\$2,000 / \$2,000	\$2,000 / \$2,000
\$5,000 / \$5,000	\$5,000 / \$5,000	\$5,000 / \$5,000	\$5,000 / \$5,000
\$10,000 / \$10,000	\$10,000 / \$10,000	\$10,000 / \$10,000	\$10,000 / \$10,000
\$25,000 / \$25,000	\$25,000 / \$25,000	\$25,000 / \$25,000	\$25,000 / \$25,000

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Deductibles

- Separate deductible for both building and contents coverage.
- Selecting a higher, optional deductible will lower premiums.
- Check with Mortgage holder first

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RCBAP

- **Replacement Cost (RCV)** must be updated every 3 years
 - Ask if they have a recent appraisal
- **Coinurance Penalty**
 1. Actual amount of insurance carried
RCV x 80%.
 2. Multiply the amount of loss, before application of the deductible, by the percentage above
 3. Subtract the deductible from the figure determined in 2 above.

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Co-Insurance Penalty - Inadequate Insurance Example

1. Replacement value of the building – \$250,000 Required amount of insurance – \$200,000 (80 percent of replacement value of \$250,000)
2. Actual amount of insurance carried – \$180,000
3. Amount of the loss = \$150,000; Deductible – \$500
 - Step 1: $180,000 / 200,000 = .90$ (90 percent of what should be carried.)
 - Step 2: $\$150,000 \times .90 = 135,000$
 - Step 3: $\$135,000 - \$500 = 134,500$

The NFIP will pay no more than **\$134,500**. The remaining \$15,500 is not covered due to the coinsurance penalty (\$15,000) and application of the deductible (\$500).

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Co-Insurance Penalty – Adequate Insurance Example

1. Replacement value of the building = \$500,000 Required amount of insurance = \$400,000 (80 percent of replacement value of \$500,000)
2. Actual amount of insurance carried = \$400,000
3. Amount of the loss = \$200,000
4. Deductible – \$500 In this example there is no coinsurance penalty, because the actual amount of insurance carried meets the required amount.

NFIP will pay no more than **\$199,500** (\$200,000 amount of loss minus the \$500 deductible).

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Commercial; Non-Residential

- Agent must provide Replacement Cost
- Floodproofing in lieu of elevation, approved floodproofing plan required

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Replacement Cost Value

- Single Family provided by FEMA
- Agent provides RCV
 - Commercial or Non-Residential
 - Condominium
- Ask for recent appraisal?

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Effective Dates

- At LOAN closing: Policy effective immediately
- Required by lender due to **map change**—1 day
- All others—30 days (even for cash purchases)
 - Wildfire Exception

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Newly Purchased within 365 days

- If insured purchased home within the last 365 days:
 - 30-day wait rule applies. Really, 335 days.
 - Let's them assume the glidepath, plus first bump
 - You will need carrier name and policy number

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Elevation Certificate and Instructions 2023 Edition

2023 EDITION

FEMA

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Elevation Certificate

- Not required
- Make sure the address matches
- For insurance purposes, EC age doesn't matter.
- Must be signed and dated

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Elevation Certificate

U.S. DEPARTMENT OF HOMELAND SECURITY
Federal Emergency Management Agency
National Flood Insurance Program

IMPORTANT: MUST FOLLOW THE INSTRUCTIONS ON INSTRUCTION PAGES 1-11
Copy all pages of this Elevation Certificate and all attachments for (1) community official, (2) insurance agent/company, and (3) building owner.

SECTION A - PROPERTY INFORMATION

A1. Building Owner's Name: _____

A2. Building Street Address (including Apt., Unit, Suite, and/or Bldg. No.) or P.O. Route and Box No.: _____

City: _____ State: _____ ZIP Code: _____

A3. Property Description (e.g., Lot and Block Numbers or Legal Description) and/or Tax Parcel Number: _____

A4. Building Use (e.g., Residential, Non-Residential, Addition, Accessory, etc.): _____

A5. Latitude/Longitude: Lat. _____ Long. _____ Horiz. Datum: ☐ NAD 1927 ☐ NAD 1983 ☐ WGS 84

A6. Attach at least two and when possible four clear color photographs (one for each side) of the building (see Form pages 7 and 8).

A7. Building Diagram Number: _____

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Elevation Certificate Section A

Address Information
Lat/Long
Building Diagram
Enclosure Info
Opening Information
Main Building
Attached Garage (not over elevated building)

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Building Diagram Number Changes

Read the instructions and the Diagram *Distinguishing Features*

- Diagram 8 Crawlspace:** If the distance from the crawlspace floor to the top of the next higher floor is more than 5 feet, use Diagram 7.
- Diagram 9 Subgrade Crawlspace:** If the distance from the crawlspace floor to the top of the next higher floor is more than five feet, or the crawlspace floor is more than two feet below the grade [LAG] on all sides, use Diagram 2A or 2B.)

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Elevation Certificate Form

SECTION C – BUILDING ELEVATION INFORMATION (SURVEY REQUIRED)

C1. Building elevations are based on: ☐ Construction Drawings ☐ Building Under Construction ☐ Finished Construction
 "A new Elevation Certificate will be required when construction of the building is complete."

C2. Elevations – Zones A1-A30, AE, AH, AO, A (with BFE), VE, V1-V30, V (with BFE), AR, AR-A, AR-AE, AR-A30, AR-AH, AR-AO, AR-A, Complete Items C2-a-h below according to the Building Diagram specified in Item A7. In Puerto Rico only, enter meters. Benchmark Utilized: _____ Vertical Datum: _____

Indicate elevation datum used for the elevations in Items a) through h) below:
☐ NGVD 1929 ☐ NAVD 1988 ☐ Other: _____

Datum used for building elevations must be the same as that used for the BFE. Conversion factor used? ☐ Yes ☐ No
 If Yes, describe the source of the conversion factor in the Section D Comments area.

a) Top of bottom floor (including basement, crawlspace, or enclosure floor): _____ feet _____ inches ☐ meters ☐ meters

b) Top of the next higher floor (see Instructions): _____ feet _____ inches ☐ meters ☐ meters

c) Bottom or the lowest horizontal structural member (see Instructions): _____ feet _____ inches ☐ meters ☐ meters

d) Attached garage (top of slab): _____ feet _____ inches ☐ meters ☐ meters

e) Lowest elevation of Machinery and Equipment (M&E) servicing the building (Specify top of M&E and location in Section D Comments area): _____ feet _____ inches ☐ meters ☐ meters

f) Lowest Adjacent Grade (LAG) next to building: ☐ Natural ☐ Finished _____ feet _____ inches ☐ meters ☐ meters

g) Highest Adjacent Grade (HAG) next to building: ☐ Natural ☐ Finished _____ feet _____ inches ☐ meters ☐ meters

h) Finished LAG at lowest elevation of attached deck or stairs, including structural support: _____ feet _____ inches ☐ meters ☐ meters

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Elevation Certificate Form

SECTION D – SURVEYOR, ENGINEER, OR ARCHITECT CERTIFICATION

This certification is to be signed and sealed by a duly licensed surveyor, engineer, or architect authorized by state law to certify elevation information. Verify that the information on this Certificate represents the best effort to represent the data available. I understand that any false statement may be punishable by law or imprisonment under 18 U.S.C. Code, Section 1005.

Have all the attachments in Section E provided by a licensed land surveyor? ☐ Yes ☐ No

☐ Check here if attachments and details in the Comments area.

Certifier's Name: _____ License Number: _____
 Title: _____
 Complete Name: _____
 Address: _____
 City: _____ State: _____ ZIP Code: _____
 Telephone: _____ Fax: _____ Email: _____
 Signature: _____ Date: _____ Place Seal/Here

Copy all pages of this Elevation Certificate and all attachments for (1) community official, (2) insurance agent/company, and (3) building owner.
 Comments (including source of conversion factor in C2, type of equipment and location per C2-e, and description of any attachments): _____

FEMA Form PF-206-FY 22-102 (formerly 088-0-03) (02/23) Form Page 3 of 5

Section D

- Make sure its signed
- Dated
- Sealed, per state law
- Check for comments regarding
- Property uniqueness, engineered
- openings info
- Misc. information

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Elevation Certificate Form

SECTION H – BUILDING'S FIRST FLOOR HEIGHT INFORMATION FOR ALL ZONES (SURVEY NOT REQUIRED) (FOR INSURANCE PURPOSES ONLY)

The property owner, owner's authorized representative, or local government representative must complete Section H for all flood zones to determine the building's first floor height for insurance purposes. Sections A, B, and C must also be completed. Check responses to the request for a first floor height of a new or existing building. Reference the Foundation Type Diagrams at the end of Section of Instructions and the appropriate Building Diagrams at the end of Section of Instructions to complete this section.

H1. Provide the height of the top of the floor (as indicated in Foundation Type Diagrams) above the Lowest Adjacent Grade (LAG):
 a) For Building Diagrams 1A, 1B, 3, and 5-A, Top of bottom floor (include above-grade floors only for buildings with _____ feet _____ inches ☐ meters ☐ meters above the LAG
 b) For Building Diagrams 1A, 1B, 3, and 5-A, Top of next higher floor (e.g., the floor above basement, crawlspace, or enclosure floor) is: _____ feet _____ inches ☐ meters ☐ meters above the LAG

H2. Is all Machinery and Equipment servicing the building (as listed in Item H2 instructions) elevated to or above the floor indicated by the first floor (shown in the Foundation Type Diagrams at the end of Section H instructions) for the appropriate Building Diagram?
☐ Yes ☐ No

SECTION I – PROPERTY OWNER (OR OWNER'S AUTHORIZED REPRESENTATIVE) CERTIFICATION

I, the undersigned, certify that the information provided on this Elevation Certificate is true and correct to the best of my knowledge and belief.

- Use a tape measure
- Signed
- Dated

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Elevation Certificate Resources

- NFIP PRICING APPROACH and Elevation Certificates – Using Section C or E for First Floor Height**

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EC vs NFIP Manual Special Note

Diagram 5: The area below the elevated floor is open, with no obstruction to flow of floodwaters (open lattice work and/or insect screening is permissible).

- NFIP Manual Page 3:18**
- Note:** Enclosures enclosed with insect screening with no additional support, plastic lattice, or wooden or plastic slats or shutters are treated as no enclosure. See Table 10: Elevated Without Enclosure.

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Understanding Mitigation Discounts

- Proper Openings
- Machinery and Equipment
- Community Rating System (separate line item)

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Proper Openings

Proper flood openings (flood vents) in enclosures or crawlspaces allow the hydrostatic flood forces on the walls to equalize and minimize foundation damage to the building. FEMA provides a discount for buildings, in any flood zone, with proper flood openings in enclosures.

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Why flood openings matter?



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Proper Flood Openings Discount Applicability

Below are the foundation types that may be eligible to receive the proper flood openings discount:

- Elevated With Enclosure on Posts, Piles or Piers
- Elevated With Enclosure Not Posts, Piles or Piers (Solid Foundation Walls)
- Crawlspace (Elevated or Non-Elevated Subgrade Crawlspace)

Source: OCTOBER 2021 [RISK RATING 3.0 NFIP PRICING APPROACH NFIP FLOOD INSURANCE MANUAL 3-3](#)

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Proper Flood Openings Discount Requirements

To obtain the proper flood opening discount, all enclosures below the elevated floor must meet the following requirements:

- There must be a minimum of two openings
- two separate exterior walls.
- The bottom of all openings must be no higher than one foot above the higher of the exterior or interior adjacent grade or floor immediately below the openings.
- The openings must have a total net area of not less than one square inch for every one square foot of enclosed area.

For partially subgrade floors, there must be a minimum of two openings positioned on a single exterior wall adjacent to the lowest grade next to the building.

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Machinery and Equipment- Building Only Coverage

If the policyholder purchased building-only coverage, the following M&E must be elevated to receive the discount:

- Central air conditioner (including exterior compressor)
- Furnace
- Heat pump (including exterior compressor)
- Hot water heater
- Elevator machinery and equipment

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Machinery and Equipment- Contents Only Coverage

If the policyholder purchased contents-only coverage, the following appliances must be elevated to receive the discount:

- Clothes washers and dryers
- Food freezers

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Machinery and Equipment

Table 17. M&E Location for Discount Eligibility*

Diagram Showing Location	Guidance on Location
	Slab on Grade (Non-Elevated) • One floor: Elevated to at least to the height of the attic. <i>Note: Documentation, such as a photograph, must be in the policy file to support the M&E discount.</i> • More than one floor: Elevated to at least within a foot of the height of the second floor or higher.

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Slab on Grade update 10/1/2025

Machinery and Equipment Above First Floor: Added guidance to have Machinery and Equipment (M&E) servicing the building, inside or outside the building, elevated to at least within a foot of the elevation of the floor above the building's first floor.

- Alternately, the M&E may be elevated to the BFE. An EC or other documentation that demonstrates the M&E is at or above the BFE is required. If the building is under construction, the M&E must be permanently installed in its proper location to receive the discount. *Page 3.27*
- ***For a Slab on Grade:** *Note: Documentation, such as a photograph, must be in the file to support the M&E discount. Page 3.29*
- Added solar battery elements to the list of M&E that must be elevated to receive the discount. *Page 3.28*

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Machinery and Equipment

Basement (Non-Elevated)

- Elevated to **at least within a foot** of the height of the floor above the basement or higher.

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M/E Location

Elevated Without Enclosure on Posts, Piles or Piers

- Elevated to **at least within a foot** of the height of the lowest elevated floor or higher.

Elevated With Enclosure on Posts, Piles or Piers

- Elevated to **at least within a foot** of the height of the lowest elevated floor or higher.

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M/E Location

Diagram Showing Location	Guidance on Location
	Elevated With Enclosure Not Posts, Piles or Piers • Elevated to at least within a foot of the height of the lowest elevated floor or higher.
	Crawlspace (Elevated or Non-Elevated Subgrade Crawlspace) • Elevated to at least within a foot of the height of the floor above the crawlspace or higher.

***Note:** Alternately, the M&E may be elevated to the BFE. An EC or other documentation that demonstrates the M&E is at or above the BFE is required.

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Elevators



Vents required in A-Zones or Breakaway walls in V-Zones

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Generators

19 Identification of Building Equipment, Appliances, Electronics, and Mechanicals

The NFIP requires the adjuster to provide identifying information (manufacturer, model and serial number, and whenever possible, capacity, etc.) on major building equipment such as furnaces, central air conditioning units, and major appliances such as refrigerators, washers, dryers, dishwashers, etc.

The adjuster must provide available identifying information on all covered flood damaged appliances, electronics, and mechanical devices to include the make, model number, and serial number, and include a photograph of any identifying tag or labeling. If this information is not available, or not available, the adjuster should document the item with a detailed description and explanation in the narrative report.

As conditioning condensers and solar panels are covered even if fast apart from the insured building, the NFIP does not cover other equipment, like generators, or compressors, and substation transformers owned by the policyholder that may serve the insured building unless the equipment is hard-wired and in an insured building as defined in the NFIP L&C or is a building physically attached to the covered structure by means of a qualifying addition or extension and is the equipment covered in building at the described location in principal property. Generators and other such equipment in a basement are not covered.

See NFIP L&C for an example of a non-covered generator. It is not a building as defined in the NFIP. See Figure 45 for an example of an attached utility shed. A generator is covered under building when it is hard-wired to the building's electrical system, is installed within an area of the insured building, such as an attached utility shed or close, or within an NFIP-covered porch.

or detached SFP-eligible garage:

Figure 44 Non-Covered Generator

Photograph credit: Generac

Figure 45 Attached Utility Shed

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Building Under Construction

- If a building under construction, alteration, or repair does not have at least two rigid exterior walls and a fully secured roof at the time of loss, then the deductible amount will be two times the deductible that would otherwise apply to a completed building.
- No interruption or stoppages for more than 90 days
 - If this occurs policy has to be canceled, **Reason Code 01** to receive a **pro-rata refund** for the remainder of the policy term.
 - When construction resumes, it can be rewritten as new business.
- When the construction is complete, then the policy must be **endorsed** to reflect that the building is **no longer under construction** and update any other rating variables as needed.
- An **Elevation Certificate** will be available.

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Substantial Damage or Substantial Improvement

- Determined by local floodplain manager
- Ask insured questions
- FEMA and communities are now using claims data to audit local government enforcement of their floodplain ordinance as a condition for participation in the NFIP

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Substantial Improvement Determination

- When a building has been substantially improved, the agent must confirm if a local community official has declared the building substantially improved.
- The Application Form must report both the original date of construction and the substantial improvement date.
- The NFIP will use the substantial improvement date for policy coverage and rating purposes.

Homeowners may be confused between their opinion, and what is defined as a substantial improvement, by the NFIP.

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Glidepath Discount

- Applied to:
 - For Newly mapped,
 - Pre-FIRM and
 - grandfathered (legacy policies),
- Rates capped at 18% primary residential; 25% for non-primary, SRL and non-residential
- If the policies lapses, discount goes way. Policy goes to full-risk rate

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CAP Increase Explained

LIMITS INCREASE TO 18%

- Individual premium increases
- Includes reserve fund fee
- Does not include:
 - HFIAA surcharge
 - Federal Policy Fee

25% ANNUAL INCREASE

- Pre-FIRM in Special Flood Hazard Areas:
 - Non-primary residences
 - Business Properties
 - Severe Rep. Loss Properties
 - Substantially Damaged
 - Substantially Improved

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Policy Lapsed – No longer eligible for the Pre-FIRM discount

- If a prior NFIP policy for the building in the current applicant's name received a Pre-FIRM discount and lapsed on or after April 1, 2016, then the policyholder is no longer eligible for a Pre-FIRM discount on the previously covered building.
- This applies if any of the applicants for the new policy was either a policyholder named on the expired or canceled policy or had an ownership interest in the building at the time of cancellation or expiration.

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Policy Lapsed – Retains eligibility for the Pre-FIRM discount

Policyholder retains eligibility for a Pre-FIRM discount on the previously covered property if either:

Policy Lapse occurred because

- no longer subject to the requirement (such as they paid off the mortgage, the property was remapped out of an SFHA, or the lender no longer required the coverage, etc.)²; or
- property was in a community suspended from the NFIP and the policyholder reinstated the policy within 180 days of the community's reinstatement as a participating NFIP community.

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Community Rating System Discounts

- Communities No Longer listed in the manual - google NFIP Community Status book
- Changes October and April every year
- Discount no showing on the policy
 - Flagged by National Violation Tracker list
 - Max Rate

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National Violation Tracker

An inventory of all previous minus-rated policies from PIVOT:

- Post-FIRM minus-rated policies listed in PIVOT as of September 30, 2021, for both CRS and non-CRS communities, are included in the NVT. For the minus rated policy buildings in A/V zones with only elevators below the BFE and all other machinery and equipment above the BFE were not included in NVT.

PVs identified during Letter of Map Change (LOMC) application reviews:

The data in the NVT includes historic and ongoing PVs identified by FEMA's contractors during the review of LOMC requests and approved by HQ FPMD prior to issuance of PV memos.

Contractor-developed CRS annual Elevation Certificate (EC) recertification reviews:

The NVT includes PVs

- identified based on submitted EC data during CRS annual EC reviews, Regional Floodplain Management and Insurance Branch and state NFIP compliance work, including
- CAVs/CACs, General Technical Assistance and other engagements: The NVT includes existing violation data from several regions that provided their historic CAV/CAC findings.

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Additional Fees

- Primary vs non-primary
- Non-residential vs business
- Surcharges
- Annual Rate Increases

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Primary Residence

- A Single Family dwelling that will be lived in for **50 percent** or more of the year.

- named insured or
- named insured's spouse

Loss settlement impact

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HFIAA Surcharges

The surcharge does apply to all other SFPs, including those for buildings rated under the Emergency Program, Mortgage Portfolio Protection Program (MPPP), Provisional Rating, and Tentative Rating except GROUP Policies. The insurer must validate primary residence eligibility before applying the \$25 HFIAA surcharge.

Class	Surcharge
Primary Residential: single-family and individual condominium units	\$25
Non-Primary Residential: single-family and individual condominium units; includes SF additions and extensions, detached garages	\$250
Multifamily Residential: condominium and other buildings	\$250
Non-Residential	\$250

Applies to a renter's contents-only policy based on the policyholder's occupancy of the building or unit.

Premium Caps: surcharge is not included in the premium
Refund Procedures: The HFIAA surcharge will not be eligible for refunds due to cancellation or reduction of coverage.

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Primary Residence Perimeters

- One address per policyholder and,
- One policy with building coverage per address may be claimed as a primary residence

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Exception to Primary Residence

- Active-duty military personnel who are deployed for 50 percent or more of the policy year in compliance with military orders;
- Policyholders displaced from a primary residence and living in a temporary residence due to:
 - a federally declared disaster or
 - a loss event on the primary residence claimed on any line of insurance for 50 percent or more of the policy year; or
- Policyholders who are absent from a primary residence for 50 percent or more of the policy year due to:
 - routine business travel;
 - Hospitalizations; and/or
 - vacation

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Primary Residence Verification

- To maintain the primary residence Pre-FIRM subsidized rate, you or your agent must submit one of the following:
 - Driver's license;
 - Automobile registration;
 - Proof of insurance for a vehicle;
 - Voter's registration;
 - Documents showing where children attend school; or
 - Homestead Tax Credit Form for Primary Residence
- Failure to provide within 30 days request:**
- your policy will be rated as a "non-primary residence" renewal premium is subject to 25% annual increases until full-risk rate achieved.

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Primary Residence and Trusts

- BENEFICIARY OF THE TRUST IS** using the building as a primary residence,
- OBTAIN** documentation that the **person using the home** as a primary residence is a **beneficiary of the trust named as the policyholder (CERTIFICATE OF TRUST).**

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Non-Primary Residence

- Non-Primary insured under a separate policy:
- detached structures, at the same address, as a primary residence
- detached garage or
- guest house,
- additions and extensions to a primary residence
- CONDOMINIUMS BUILDINGS (RCBAP)

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Federal Policy Fee

Table 33. Federal Policy Fee

Building Occupancy	Federal Policy Fee Amount
• Single-Family Home • Residential Manufactured/Mobile Home • Residential Unit • Two-to-Four Family Building	\$47
• Other Residential Building • Non-Residential Building • Non-Residential Manufactured/Mobile Building • Non-Residential Unit	\$47
Residential Condominium Building	Units 1-20
	\$47 per unit
	Units 21-40
	\$20 per unit
Residential Condominium Building	Units 41-100
	\$10 per unit
Residential Condominium Building	Units 101+
	\$2 per unit

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Reserved Fund Fee Assessment

- 18% on all Policies
- percentage of the Discounted Premium (excluding the Federal Policy Fee, HFIAA surcharge, and probation surcharge)

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Probation Surcharge

- \$50 fee for communities who are not enforcing their ordinance

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Mandatory increases above CAP

- Premiums on **subsidized policies** are being increased 25 percent for:
- Non-primary residences,
- Severe Repetitive Loss properties, and
- Substantially-damaged
- substantially improved properties.

The 25 percent premium increase on business properties will be implemented next year.

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“Business” Defined

- For rating purposes:
- a business property means a building where a licensed commercial enterprise is carried out to generate income and coverage is for one of the following:
 - A building not used for habitation or residential uses.
 - A building used as an office, retail space, wholesale space, factory, hospitality space, or for similar uses; or
 - A mixed-use building in which the total floor area devoted to non-residential uses is:
 - 50 percent or more of the total floor area within the building, if a single family building; or
 - 25 percent or more of the total floor area within the building for all other buildings

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Increase Cost of Compliance (ICC)

- Floodproofing
- Relocation
- Elevation
- Demolition

Up to \$30,000
 Available if structure is
 declared substantially
 damaged

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Increase Cost of Compliance (ICC)

- Part of the claims process and handled by the adjuster
- Letter from the community declaring the structure "substantially damaged," per the community flood ordinance.
- Up to \$30K available; total of building claim plus ICC not to exceed \$250K

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Flood Application is non-binding

- Buyer buys a policy at closing based on agent quote of \$2,500.
- *Three weeks after closing company paid, insured was notified there is a mistake. Please send us another \$9,000. Total Annual Premium \$11,500.*

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Endorsements – some examples

Submit endorsements timely – Protect E&O exposure

- Money endorsements
 - Increase/decrease/add coverage
 - RCV
 - Deductible changes
 - Commission charge backs
- Non-money endorsements
 - Name change
 - Address change

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Policy Assignments

- Provides for continuous coverage
- Current policy holder can transfer docs (e.g., elevation certificate, etc.)
- Glidepath Rates retained
- All paperwork must be signed before closing

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Insufficient Premium (Reformation)

Insufficient Premium

Type of Premium-Bearing Endorsement	Procedure if Premium is Insufficient
Elective Endorsement Including but not limited to: Coverage or deductible change	- If the insurer receives payment but less than the full amount due to purchase the endorsement requested, it must proceed with endorsing the policy to the amount of coverage that the premium received can purchase after deducting the costs of all applicable fees and surcharges. - If the insurer receives no payment, the endorsement is nullified.
Required Endorsement Including but not limited to: Rating adjustment, rating correction, rate category change	If the insurer receives no payment or a payment less than the full amount due, see the applicable procedures under the Reformation Due to Insufficient Premium or Rating Information heading in Section 2: Before You Start. The insurer must process the endorsement to correct the rating and reform the policy by reducing coverage to the amount that the premium received can purchase.

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7/1/26
NFIP MANUAL PAGE 5-4
140

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Renewals – Plan ahead

- 30-day wait applies for increase in coverage beyond Option B offer
- Does RCV need to be updated?
- Offer coverage increases or excess coverage

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Insureds' Renewal Options

The insurer may present the payor with two coverage options:

- Option A – Renewing for the Same Amounts of Insurance: This option provides the current amounts of insurance and applicable deductibles.
- Option B – Renewing for Higher Amounts of Insurance: This option provides an inflation option of 10 percent for building coverage and 5 percent for contents coverage with applicable deductibles.
- The amount of insurance offered cannot exceed the maximum limits.
- The minimum deductible may change based on the amount of insurance offered at renewal.

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Cancellations – 15 Reasons only

- No Insurable Interest
- Establish a common Effective Date
- Duplicate Coverage
- Not Eligible for Coverage
- Lender No Longer Requires Insurance
- Invalid Payment or Fraud
- Other Factors (SRL wrong carrier, prior to effect date, etc.)

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How to request Claims data?

- PROPERTY OWNER MUST INITIATE
- 1-877-336-2627
- Email: FEMAMapSpecialist@riskmapcds.com

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POLICY FORMS

National Flood Insurance Program
Dwelling Form
Standard Flood Insurance Policy
F102 / October 2021

National Flood Insurance Program
Residential Condominium Building Association Policy
Standard Flood Insurance Policy
F104 / October 2021

National Flood Insurance Program
General Property Form
Standard Flood Insurance Policy
F103 / October 2021

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Claims Process

- FEMA does not hire adjusters, adjusting firms do.
- Customer Service
 - Be empathetic and knowledgeable
 - Be respectful
 - Show willingness to be helpful
 - Be mindful of unconscious bias.

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Claims Exclusions

We do not insure for direct physical loss caused directly or indirectly by any of the following:

- The pressure or weight of ice
- Freezing or thawing
- Rain, snow, sleet, hail, or water spray
- Water, moisture, mildew, or mold that results primarily from any condition:
 - a. Substantially confined to the dwelling; or
 - b. That is within your control, including but not limited to:

Failure to inspect and maintain the property after a flood recedes

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Agent Touchpoints

Make updates before filing the claim

- Date of Loss
- Verify Contact information, may have changed
 - Contact Name and Secondary Contact
 - Phone Number
 - Email Address
- Verify the Mortgagee Information
- Notes: How high did the water get inside the building?
- What damage occurred? Encourage photos or videos
- Have the insured save "samples," note make model and serial numbers of Damaged appliances

Follow up

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Mortgagee Clause

- Mortgagee's interest is protected
- Confirm lienholder information
- Notify the carrier of any additional lienholders
- Does not apply to Coverage C (Other Coverages) or Coverage D (ICC)

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Photographs

- Photograph the address of the building
- Photograph the building damage in the same order of the scope
- Take meaningful photographs - damage and non-damage
- Single wide-angle view if adequate; others require multiple views with close-up photographs
- Address content damage the same way
- Take the proper number of photos to support the written scope of loss and/or denial recommendations

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Replacement Cost Loss Settlement

RCV – The cost to replace damaged items using similar materials and construction without a deduction for depreciation

- ☐ Must be a **SINGLE FAMILY** dwellings
- ☐ **PRINCIPAL RESIDENCE** at the time of loss meaning Insured OR insureds spouse lives there 80% of the time. Different from PRIMARY residence.
- ☐ **INSURANCE COVERAGE** is 80% or more of the full replacement cost or the maximum coverage available

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BUILDING COVERAGE

The following items of property are covered Under Building Coverage **A** only:

- a. Awnings and canopies
- b. Blinds
- c. Built-in dishwashers and microwave ovens
- d. Carpet permanently installed over unfinished flooring
- e. Central air conditioners
- f. Elevator equipment
- g. Fire sprinkler system
- h. Walk-in freezers
- i. Furnaces and radiators
- j. Garbage disposal units



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BUILDING COVERAGE (Continued)

- k. Hot water heaters, including solar water heaters
- l. Light fixtures
- m. Outdoor antennas and aerials fastened to **buildings**
- n. Permanently installed cupboards, bookcases, cabinets, paneling and wallpaper
- o. Plumbing
- p. Pumps and machinery for operating pumps
- q. Ranges, cooking stoves and ovens
- r. Refrigerators
- s. Wall mirrors, permanently installed





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CONTENTS COVERAGE

- ❖ Contents must be located in an eligible structure, with at least 2 rigid walls, and a roof.
- ❖ Contents in the open are not covered.
- ❖ If building is under construction, contents must be secured to resist flotation.



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PERSONAL PROPERTY RESTRICTIONS

Personal property located in:

- An **enclosure** of an **elevated post-FIRM building** located in a SFHA (zones A1-A30, AE, AH, AR, AR/A, AR/AE, AR/AH, AR/A1-A-30, V1-V30 or VE)
- OR in
- A **basement, regardless of the zone.**

Coverage is limited to the following items:

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




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PERSONAL PROPERTY RESTRICTIONS

Personal property located in:

- An **enclosure** of an **elevated pre-FIRM building** located in SFHA zones A1-A30, AE, AH, AR, AR/A, AR/AE, AR/AH, AR/A1-A-30, V1-V30 or VE
- OR in
- An **enclosure** in SFHA zones A, AD, A99 or V, regardless of pre or post FIRM
- OR in
- An **enclosure** in non-SFHA (B,C,X), regardless of pre or post FIRM

Full contents coverage is provided – Confirm in the policy form language.



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PERSONAL PROPERTY CONTENTS COVERAGE

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

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





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Loss Settlement - Replacement Cost

RCV – The cost to replace damaged items using similar materials and construction without a deduction for depreciation

- ❑ Must be a **SINGLE FAMILY** dwellings
- ❑ **PRINCIPAL RESIDENCE** at the time of loss meaning Insured OR insured spouse lives there 80% of the time. Different from PRIMARY residence.
- ❑ **INSURANCE COVERAGE** is 80% or more of the full replacement cost or the maximum coverage available



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Loss Settlement – Actual Cash Value Actual Cash Value

- Non-PRINCIPAL Residence
- Non-Primary Residence
- ALL Contents

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Loss Avoidance – No Deductible

The following items are considered covered flood loss avoidance expenses. To ensure eligibility, keep copies of all receipts for submission to your insurance agent, flood insurer, or adjuster.

- Water pumps**
Pumps are instrumental in moving water and other liquids away from the home, limiting damage.
- Plastic Sheeting and Lumber**
These materials used in connection with flood loss avoidance measures are covered.
- Sandbags**
Sandbags and the sand to fill them are covered. They become heavier when saturated, providing protection for your property.
- Fill to Create Temporary Levees**
This covered flood loss avoidance method is effective at diverting the flow of water from your property and belongings.
- Labor**
You may claim labor at the federal minimum wage, including your own or a family member's. You can also request reimbursement for work performed by a professional.
- Moving and Storage Expenses**
If you move personal property, it must be placed in a fully enclosed building or otherwise protected from the elements. Property removed is covered by your flood policy for 45 consecutive days from the date the move begins.

Any property removed, including a movable home that meets the definition of a building in the flood policy, must be placed above ground level or outside of a high-risk flood zone.

Does not count as a claim

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Loss Avoidance Claims Numbers

From September 2014-2024
2307 Claims Paid

Total paid **\$1,382,255**

CHECK THE NFIP CLAIMS MANUAL FOR ELIGIBLE ITEMS

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SFIP Commentary

NATIONAL FLOOD INSURANCE PROGRAM
FEMA

Section D: Property Not Insured

Prohibited construction
Construction must be in new construction or substantial improvement. The building must be constructed or substantially improved in a flood hazard area. The building must be constructed or substantially improved in a flood hazard area. The building must be constructed or substantially improved in a flood hazard area.

Section E: Exclusions

Additional flood insurance
The NFIP excludes additional flood insurance (AFL) when the building is being insured. The NFIP will not pay for additional flood insurance (AFL) when the building is being insured. The NFIP will not pay for additional flood insurance (AFL) when the building is being insured.

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Severe Repetitive Loss

- Any building that:
- Is covered under a Standard Flood Insurance Policy;
- Has incurred flood-related damage for which:
 - Four or more separate claim payments have been made under a Standard Flood Insurance Policy, with the amount of each such claim exceeding \$5,000, and with the cumulative amount of such claims payments exceeding \$20,000; or
 - At least two separate claims payments have been made under a Standard Flood Insurance Policy, with the cumulative amount of such claim payments exceed the fair market value of the insured building on the day before each loss.

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Severe Repetitive Loss - Prior NFIP Claims Rating Factor

Table 20. Applying the Prior NFIP Claims Rating Factor

TOPIC	GUIDANCE
Implementation of the Prior NFIP Claims Rating Factor	The Prior NFIP Claims Rating Factor is determined on the effective date of the next policy renewal term following the date of loss of the second claim.
Date of Loss	The Prior NFIP Claims Rating Factor is the number of NFIP claims with a date of loss of April 1, 2023 or later.
10-Year Window	Note: Claims with dates of loss within 10 days of each other will be counted as one claim. The Prior NFIP Claims Rating Factor is the number of NFIP claims with loss dates that are within 10 years of the policy effective date.

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Severe Repetitive Loss - Prior NFIP Claims Rating Factor

- The Prior NFIP Claims Rating Factor excludes the following claim types:
 - Claims with a date of loss prior to April 1, 2023;
 - Increased Cost of Compliance (ICC) claims;
 - Closed Without Payment (CWOP); and
 - Loss Avoidance claims.

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Severe Repetitive Loss - Prior NFIP Claims Rating Factor

Table 21. Policy with Prior NFIP Claims Example

Policy Effective Date	9/1/2023	9/1/2024	9/1/2025	9/1/2026	9/1/2027	9/1/2028	9/1/2029	9/1/2030	9/1/2031	9/1/2032	9/1/2033	9/1/2034	9/1/2035	9/1/2036	9/1/2037
4/1/2023															
1/1/2025															
6/1/2026															
1/1/2034															
Total Number of Prior NFIP Claims	1	1	2	3	3	3	3	3	3	2	3	2	1	1	
Does It Impact the Premium?	No	No	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	No	No	

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SRL List Correction/Removal Resetting the Prior NFIP Claims History

Correcting an Invalid Claim History Association

- Documentation that may be required to correct or update a property's claims history includes:
 - Incorrectly linked addresses and/or losses; or
 - A second address added to a Property Locator Record.

Mitigation Actions Used to Reset the Prior NFIP Claims History

- Elevation
- Floodproofing Non-Residential
- Flood Control/Stormwater Management Project
- Building Removed and Relocated
- Building Demolition
- Elevation of Machinery and Equipment

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SRL Example

Flood Loss History:

Year	Claim Paid Amount
2016	\$144,827
2015	\$7,016
2009	\$12,434
1999	\$248

Building Value \$101,00

- (Claims History since 1999 are 164% of current building value)
- They will not count the \$248 claim payment towards the total number of claims

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October 1, 2025 Program changes

Machinery and Equipment Above First Floor: Added guidance to have Machinery and Equipment (M&E) servicing the building, inside or outside the building, elevated to at least within a foot of the elevation of the floor above the building's first floor.

- Alternatively, the M&E may be elevated to the BFE. An EC or other documentation that demonstrates the M&E is at or above the BFE is required. If the building is under construction, the M&E must be permanently installed in its proper location to receive the discount. Page 3.27
- For a Slab on Grade:** Note: Documentation, such as a photograph, must be in the file to support the M&E discount. Page 3.29
- Added solar battery elements to the list of M&E that must be elevated to receive the discount.

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October 1, 2025 Program changes

- Square Footage:** For all Building Occupancies, 99999 is not a valid value. For Single-Family Homes with square footage greater than 15,000 square feet, the insurer must have documentation in the policy files that supports the building square footage. Page 3.33
- Added additional guidance for a stem wall foundation in Table 8. Page 3.16
- Incorporated guidance on how to determine the foundation type of the building in Table 8. Page 3.16
- Inserted a note for elevated buildings that coverage limitations may apply. Page 3.17
- Added additional guidance for elevated buildings with Posts, Piles, or Piers. Page 3.17
- Added guidance to the building indicators for multi-floor buildings in Table 12. Foundation Type – Elevated with Enclosure Not on Posts, Piles, or Piers (Solid Foundation Walls). Page 3.20
- Added guidance to Table 14. First Floor Height Measurement by Foundation Type indicating when supporting documentation is needed. Pages 3.21 and 3.22
- Elevation Certificate/Land Survey: Added guidance to truncate the elevations used from the Elevation Certificate. 3.23

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October 1, 2025 Program changes

- **Number of Floors in the Building:** For the following Building Occupancies, the insurer must have documentation in the policy file that supports the number of floors if greater than listed below:
 - Single-Family Home and Two-to-Four Family Building, more than 5 floors
 - Residential Manufactured/Mobile Home and Non-Residential Manufactured/Mobile Building, more than 3 floors
 - Other Residential Building, Residential Condo Association, Residential Unit, Non-Residential Building and Non-Residential Unit, more than 100 floors.
- **Note:** 99999 is not a valid value for the number of floors. Page 3.42

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Excess Flood

- Coverage above the NFIP max of \$250,000 residential or \$500,000 commercial.
- Private carrier
- Make the offer
- Keep signed waivers on file

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Private Flood

- Insurer chooses what they want to insure!
- Some may have restrictions on limitations on:
 - No historic structures
 - No pile structures
 - No mobile homes
 - No townhomes
 - Distance to water
 - Building under Construction

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Marketing Flood Insurance

- Offer everyone flood insurance or partner with someone
- Get signed waiver of they decline

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Flood Insurance Waiver

- Declining the offer to purchase flood insurance
- Declining forms of basic coverage, e.g., contents
- Declining Excess Flood Coverage, or
- Coverage limits, if under RCV
- Condo Unit owners flood policy
- Moving from NFIP to Private insured acknowledging they can lose their glidepath
- Cancellation Waiver – required by FEMA when cancelling an NFIP policy

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Disaster Assistance

- Designed for structures that were not required through the Mandatory Purchase Act to obtain flood insurance;
- Requires Presidential declaration;
- Awarded in less than 50% of occurrences;
- Typical assistance is a low interest loan;
- Duration for 30 years for SBA;
- Must obtain flood insurance policy before disaster assistance payment is paid.

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Community Actions & Impacts

- Flood hazard awareness activities
- Promoting Flood Insurance
- Community Rating System
- National Violations Tracker Corrections or Validation

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Cities Threatened by Climate Risk Still Getting AAA Bond Ratings

By Christopher Clendell
 November 2, 2018, 4:00 AM EDT

► One year later, no climate downgrades from Moody's, S&P, Fitch

► Investors say ratings still overlook risks of extreme weather

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Building/Zoning and Floodplain Management Codes/Regulations

- National Standards – one size fits all NOT
- Height Restrictions –
 - Leads to flatter roofs and/or replacement structures less (square footage, value)
 - Compromises aesthetics over safety and resiliency
- Minimum Floodplain Management Codes don't minimize flooding – last update 1989

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High Insurance Premiums & Disasters

- Takes money out of the local economy
- Affects the entire community
 - Tax base
 - Abandon structures
- Small Businesses
 - 40% failure rate. Small businesses fail to plan
 - Underinsured

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Paradise Lost

Before Hurricane Michael struck, FEMA maps showed more than 200 homes in Mexico Beach, Florida, were in a zone considered to have minimal flood risk (gray on the map). About 80 percent of those homes were either destroyed or severely damaged by Michael's storm surge.

X Zone
 Described as minimal flood risk: 0.2% chance in any year (500-year flood). No flood insurance required.

AE Zone
 Subject to inundation by a 1%-annual-chance flood event (100-year flood). Flood insurance required.

VE Zone
 Subject to inundation by a 1%-annual-chance flood event (100-year flood) with additional hazards from waves. Flood insurance required.

DAMAGE REPORT
 • Gone (71%)
 • Major damage (9%)
 • Standing (20%)

SOURCE: Western Carolina University Program for the Study of Developed Shorelines
 PAUL HOHN / InsideClimate News

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FEMA MITIGATION GRANTS

- **PRESIDENTIALLY DECLARED DISASTER**
 - BUY OUT – MUST REMAIN OPEN SPACE
 - ELEVATION
 - DEMO-REBUILD

PLUS
 ICC up to \$30K for policy holders, not to exceed \$250k .
 No duplication of benefits

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How much does elevation cost?



Approx. \$15.00-\$18.00 per square foot plus new foundation

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After the next disaster will your community be ready?




You get to choose today

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Action items for Communities

- Scope the REAL Flood Hazard beyond the FEMA Maps
 - Storm water/Drainage
 - Sea Level Rise
- JOIN CRS
- Update and Implement the Mitigation Plans
- Update local codes and ordinances
- Seek public input
- Ask for help from professional insurance agents and Realtors

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Office of the Flood Insurance Advocate



- HFIAA Created the office
- Annual Report
- When you need FEMA's help

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The Future...Rule making

Eliminate the 'one size fits all' coverage for policyholders that has been in place for 50 years.

- Possible 4th SFIP form—the "Homeowner Flood Form"
 - proposed to supersede the existing Dwelling Form
 - designed to align more closely with property casualty homeowners' insurance policies
- expand their coverage and therefore increase their policy's flood risk exposure
 - purchase the basement coverage endorsement (higher premium)
 - purchase the actual cash value endorsement (lower premium)

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FEMA Review Council Final Report | May 2026

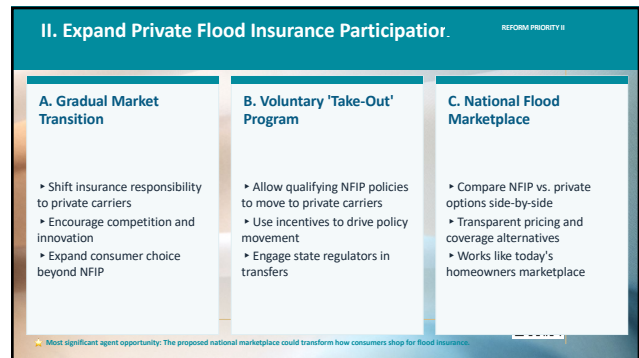
A strategic overview of flood insurance reform priorities for insurance professionals and policymakers

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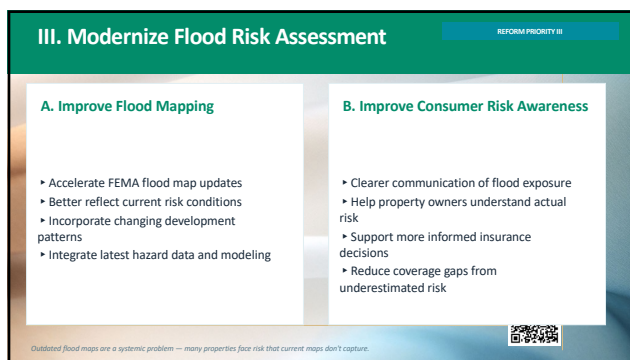
188



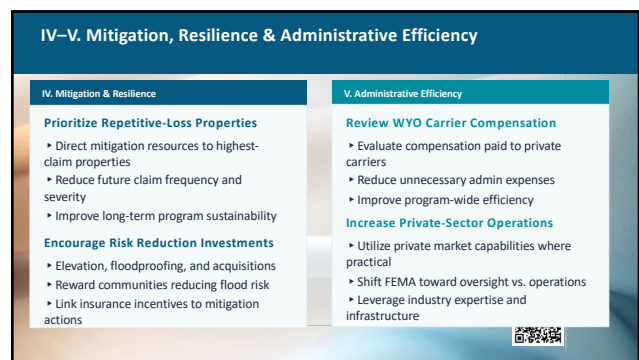
189



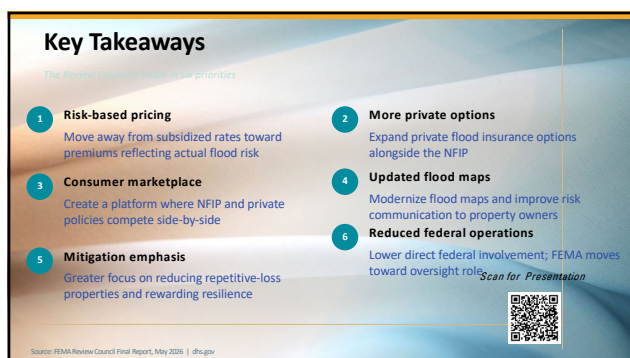
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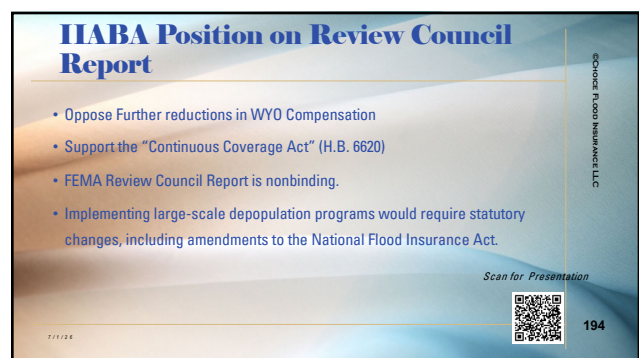
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Agent & Product Resources

- Flood Map www.msc.fema.gov
- FloodSmart.gov
 - Social Media Suggestions
 - Videos
 - Handouts
- Dam Easy Flood Barrier Coupon Code "Flood10"

SCAN FOR ADDITIONAL RESOURCES

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Some Claims resources

- **Flooded Homes Cleanup Guidance**
<https://www.epa.gov/flooded-homes>
- **EPA Flood Clean Up Guide Air Quality**
<https://www.epa.gov/sites/default/files/2015-09/documents/floods.pdf>

This is not meant to be a complete list nor should be interpreted as an endorsement by the agency, employees or presenter.

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I am not comfortable writing flood what options do I have?

- NOT offering it, is **NOT an option.**
- Not working to get your client a referral, is **NOT an option.**

Find another agent to work with, who won't compete with you, on your other lines.

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CONCLUSION

Follow me on LinkedIn for the announcement of my new Podcast launching in July!

LISA SHARRARD
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