

PRP Eligibility

Agent's Guide to Frequently Asked Questions

1. How will policies that are eligible for the PRP extension be identified?

American Bankers Insurance Company of Florida (ABIC) will be notifying, by mail, potential policyholders at least 90 days prior to their renewal. These policyholders will have undergone a map change effective on or after October 1, 2008.

2. How does an agent know if someone may be eligible?

Existing Clients (Map Change between October 1, 2008, and December 31, 2010)

- A property owner purchased a PRP prior to a map change that took effect on November 1, 2008.
- The policy was converted to the grandfathered standard-rated X-Zone policy at the 2009 renewal.
- On the first renewal on or after January 1, 2011, the standard-rated X-Zone policy may be converted back to the PRP for a period of 2 years.
- An owner of a Pre-FIRM building purchased a standard-rated AE-Zone policy as a result of a lender requirement in December 2008. Prior to October 1, 2008, the building was designated in an X Zone, and the property owner had no policy. Since the building was Pre-FIRM and not eligible for NFIP grandfathering, the property owner purchased a standard-rated AE-Zone policy.
- The policy may be converted to a PRP for 2 years on the first renewal effective on or after January 1, 2011.
- A property owner purchased a standard-rated X-Zone policy while the building was still designated in an X Zone. A map change on or after October 1, 2008, has newly included the building within the SFHA. The policy may be converted to the PRP for 2 years on the first renewal on or after January 1, 2011.

Potential Clients (Map Change after January 1, 2011)

- A property owner purchased a PRP prior to the map change that occurred within the current PRP policy year, and the PRP will expire after January 1, 2011. The new map effective after January 1, 2011, indicates the building is newly included in the SFHA. The policy may renew for 2 additional years as a PRP.

3. Is a building eligible for the 2-year PRP extension if there is no mandatory purchase requirement?

Yes, a building is eligible for the 2-year PRP extension even if there is no mandatory purchase requirement, i.e., there is no federally backed mortgage on the building.

4. If a Pre-FIRM building newly included in an SFHA is ineligible for the PRP due to loss history, and the property owner did not purchase a standard-rated X-Zone policy prior to the map change, will the property owner have 2 years of extended eligibility to purchase a grandfathered standard-rated X-Zone policy?

No, the 2-year PRP eligibility extension is distinct from existing grandfathering rules and limited in scope to buildings that would have been eligible for the PRP if the zone had not changed on a map effective within 2 years of the policy effective date.

- 5. If a building located in a newly designated SFHA has a date of construction on or after the most recent map effective date, but within 2 years of the map change, is the property eligible for the PRP eligibility extension?**

No, if the building was located in an SFHA on the map in effect at the time of construction, and the building permit or construction date is after the most current map effective date, the building is ineligible for the PRP.

- 6. If an affected property owner without flood insurance delays purchasing a PRP during the first year of extended eligibility, does the 2-year PRP eligibility extension begin on the date flood insurance became effective?**

No, the 2-year eligibility extension begins on either January 1, 2011, or the map change effective date, whichever is later. A property owner whose new policy is effective during the second year following a map change will receive only 1 year of PRP eligibility. For example, if a map change occurs on February 15, 2011, the policyholder is eligible for 2 years under the PRP if the date of application is between February 15, 2011, and February 14, 2012. Beginning February 15, 2012, through February 14, 2013, the policyholder receives only 1 year under the PRP.

Additionally, if the policy was applied for between January 16, 2011, and February 14, 2011, and had an effective date after the map change effective date of February 15, 2011, the 2-year policy extension would begin on the first renewal.

- 7. If property ownership changes hands, is the new owner granted the remainder of the 2-year PRP eligibility extension?**

Yes, a new owner is granted the remainder of the 2-year PRP eligibility extension if property ownership changes hands within 2 years of the map change effective date.

- 8. If there is lapse in coverage, can coverage be reinstated under the PRP?**

Yes, the policy can be reinstated as a PRP during the 2-year PRP eligibility extension period.

- 9. Can a policyholder receive a refund for the 2008-2009, 2009-2010, or 2010-2011 policy term if the policyholder was required to buy a standard-rated X-Zone policy prior to January 1, 2011, due to a map change that took effect on or after October 1, 2008?**

No, unless it was issued in error, any existing standard-rated policy effective prior to January 1, 2011, is not eligible for refunds.

- 10. Is there an end date to the PRP eligibility extension?**

There is no end date specified for eligibility based on map change effective dates. Beginning January 1, 2011, each policy on a building newly included in the SFHA by a map change effective October 1, 2008, or later is entitled to 2 additional years under the PRP.

11. How will lenders determining that a building is in an SFHA on the current Flood Insurance Rate Map (FIRM) recognizes that eligible PRP policies meet the mandatory purchase requirement?

All companies must indicate two flood zones on the policy declarations page issued under the 2-year PRP eligibility extension. The "Current Flood Zone" will indicate the flood zone designation of the property on the current FIRM. The "Flood Risk Rated Zone" will indicate the flood zone from the previous map used to rate the policy.

Additionally, agent will be able to email or fax the FEMA's "Important Notice to Lenders", which will be available on the abicflood.com website at any time it is requested to demonstrate compliance with the mandatory purchase requirements.

12. Will FloodSmart materials be reviewed to make sure that no conflicting information is communicated to agents? Will FloodSmart be publishing clarification documents on its site?

The FEMA Risk Insurance Division Industry and Public Relations Branch is engaged in the 2-year PRP eligibility extension outreach and will provide accurate content for FloodSmart and related agent communication.

13. Is a new application required when converting a standard-rated policy to a PRP, or when converting a PRP to a standard-rated policy?

When converting a standard-rated policy to a PRP on renewal, the agent must obtain the loss history and information requested on the PRP application. When converting a PRP to a standard-rated policy, the Application Part II information must be collected as applicable to the building.

14. Are agents and/or the writing company expected to gather ECs, photographs, and other documents that may be needed for the conversion to the standard-rated policy at the beginning or the end of the 2-year PRP eligibility extension?

Documentation needed to convert a PRP to a standard-rated policy should be obtained at the time of conversion.

15. What zone and map panel information should be recorded on new business applications for buildings eligible for the PRP under the 2-year eligibility extension?

The zone and map information from the prior map are to be entered on the PRP application.

16. In those cases where the standard-rated policy has only one kind of coverage and is rewritten as a PRP that includes contents coverage, will the 30-day waiting period apply (see page GR 11, VIII.D.7)?

No, the 30-day waiting period will not apply in those cases where the standard-rated policy has only building coverage and is rewritten as a PRP that includes contents coverage. The General Rules and Preferred Risk Policy sections of the NFIP Flood Insurance Manual will be updated accordingly.

- 17. Does the 30-day waiting period apply when a new flood insurance policy is required as a result of a lender determining that a loan on a building in an SFHA that does not have flood insurance coverage should be protected by flood insurance (see page GR 8, VIII.D.3)?**

No, the 30-day waiting period does not apply when a new flood insurance policy is required as a result of a lender determining that a loan on a building in an SFHA that does not have flood insurance coverage should be protected by flood insurance. The General Rules section of the NFIP Flood Insurance Manual will be updated accordingly, as well as the PRP application form.

- 18. If the owner of a Pre-FIRM property with no prior coverage purchases the PRP after a map change has newly designated the property within an SFHA from a non-SFHA, when the policy is converted to a standard-rated policy at the end of the PRP eligibility extension, will the policy be eligible for grandfathering to the standard-rated X-Zone policy?**

Yes, buildings insured under the PRP during the 2-year PRP eligibility extension may be rated using XZone rates when their policies are renewed as standard-rated policies at the end of the 2-year eligibility period.

- 19. If the owner of a Pre-FIRM property newly designated in an SFHA due to a map revision on or after October 1, 2008, and before January 1, 2011, purchased a standard-rated AE-Zone policy after the map revision and before the 2-year PRP eligibility extension, and converts the standard rated AE-Zone policy to a PRP for 2 years on the renewal on or after January 1, 2011, will the policy be grandfathered to a standard-rated X-Zone policy when coverage renews at the end of the 2-year eligibility extension?**

Yes, buildings insured under the PRP during the 2-year PRP eligibility extension may be rated using X Zone rates when their policies are renewed as standard-rated policies at the end of the 2-year eligibility period.

- 20. If a producer writes a new business application effective on or after January 1, 2011, for a property using the current SFHA zone, and the property was previously in a non-SFHA before a map change that took effect on or after October 1, 2008, can the policy be corrected?**

Yes, FEMA will allow a rating adjustment from the standard-rated policy to the PRP for eligible policyholders that can be made retroactive to the earliest eligibility date, which is January 1, 2011, or the map change effective date, whichever is later. Retroactive rating adjustments will be made as outlined in the prior-term refund rules for misrating.

- 21. If a standard-rated policy renews with an effective date on or after January 1, 2011, and the property is newly designated in an SFHA from a non-SFHA on a map effective on or after October 1, 2008, can the policy be corrected?**

Yes, FEMA will allow a rating adjustment from the standard-rated policy to the PRP for eligible properties that can be made retroactive to the earliest eligibility date, which is January 1, 2011, or the map change effective date, whichever is later. Retroactive rating adjustments will be made as outlined in the prior-term refund rules for misrating.

- 22. If a standard-rated policy has only building coverage and is canceled/ rewritten under the 2-year PRP eligibility extension as a PRP that includes contents coverage, does the 30-day waiting period apply?**

No, the 30-day waiting period does not apply.

- 23. How is the agency commission handled when a policy is canceled and rewritten as a PRP?**

Agent commissions will be adjusted using the new PRP premium.

- 24. Will the coverage limitations for enclosures below the lowest elevated floor of a Post-FIRM building located in Zones AI-A30, AE, AH, AR, AR/A, AR/AE, AR/AI-A30, VI-V30, or VE be applied to a PRP written under the 2-year PRP eligibility extension?**

No, the coverage limitations for enclosures below the lowest elevated floor of a Post-FIRM building located in Zones AI-A30, AE, AH, AR, ARIA, AR/AE, ARIAI-A30, VI-V30, or VE will not be applied to a PRP written under the 2-year PRP eligibility extension. The coverage will be based on Zone X.

- 25. If a property was designated in Zone D on the previous map and is newly designated in an SFHA by a map revision effective on or after October 1, 2008, may the building be insured under the PRP based on the 2-year PRP eligibility extension?**

Yes, since Zone D is not considered an SFHA, a property that was designated in Zone D on the previous map and is newly designated in an SFHA by a map revision effective on or after October 1, 2008, may be insured under the PRP based on the 2-year PRP eligibility extension.

- 26. If a property is newly included in an SFHA by the initial FIRM upon a community's entry into the Regular Program effective on or after October 1, 2008, may the building be insured under the PRP based on the 2-year PRP eligibility extension?**

No, the 2-year PRP eligibility extension applies only to policies issued in areas that have undergone a map revision after the initial FIRM has been published. Subsidized Pre-FIRM premium rates are available to those newly included in the SFHA by the initial FIRM. This rule applies even if the property was designated in a non-SFHA on a Flood Hazard Boundary Map (FHBM) published prior to the initial FIRM.