

SUMMARY OF OCTOBER 2009 RATE AND RULE CHANGES

Premium Increases

Premiums will increase an average of 8% for policies written or renewed on or after October 1, 2009. In addition to the impact of selected rate changes, there are two additional changes.

- **Regular Program basic insurance limits** are increasing for all categories of building and contents coverage as follows.
 - 1-4 Family Dwelling Building Coverage: Basic limit increases from \$50,000 to \$60,000.
 - Other Residential and Non-Residential Building Coverage: Basic limit increases from \$150,000 to \$175,000.
 - Residential Contents Coverage: Basic limit increases from 20,000 to \$25,000.
 - Non-Residential Contents Coverage: Basic limit increases from \$130,000 to \$150,000
- **Standard Deductibles**
 - The NFIP is discontinuing the \$500 deductible for all properties.
 - Post-FIRM Properties: The standard deductible increases from \$500 to \$1,000.
 - Pre-FIRM Properties: The standard deductible increases from \$1,000 to \$2,000.

The premium increases vary by zones as described below.

- **V Zones** (coastal high-velocity zones)
 - Larger rate increases are being implemented again this year as a result of the Heinz Center's Erosion Zone Study, which clearly indicates that current rates significantly underestimate the increasing hazard from steadily eroding coastlines.
 - Post-FIRM V Zones: Premiums will increase 10%.
 - Pre-FIRM V Zones: Premiums will increase 10%.
- **A Zones** (non-velocity zones, which are primarily riverine zones)
 - Post-FIRM A1-A30 and AE Zones: Premiums will increase 10%.
 - Pre-FIRM AE Zones: Premiums will increase 10% to slightly decrease the amount of subsidy in our Pre-FIRM rate.
 - AO, AH, AOB and AHB Zones** (shallow flooding zones): Premiums will increase 8%.
 - Unnumbered A Zones** (remote A Zones where elevations have not been determined): Premiums will increase 10%.
 - A99 Zones** (approved flood mitigation projects e.g., levees still in the course of construction) and AR Zones: Premiums will increase 10%.
- **X Zones** (zones outside the Special Flood Hazard Area)
 - Standard Risk Policy: Premiums will increase 8%.
 - Preferred Risk Policy (PRP): Premiums will remain unchanged.
- **Mortgage Portfolio Protection Program (MPPP)**: Premiums will increase about 10%.

Unnumbered A Zone: Pre-FIRM buildings in an Unnumbered A Zone with a basement, enclosure, or crawlspace may use Post-FIRM rates if the rates are more favorable to the insured.

New Building Types: Two new building types have been added, elevated on crawlspace and non-elevated with subgrade crawlspace.

Floodproofing Eligibility: New indicators will be used to address communities that have lost their floodproofing eligibility.

Building Construction Date: WYO Companies must report the source of the building construction date..

Grandfathering Information: In addition to providing grandfathering information on the revised Flood Insurance Application form, WYO companies must also include the grandfathering indicator on the front of the flood insurance policy declarations page.

Underwriting Forms: Changes to the Flood Insurance Application, PRP Application, and General Change Endorsement forms will capture additional community, building, and construction information..

Leased Federal Properties: A new Risk Rating Method has been developed for any property leased from the Federal Government identified as being on the river-facing side of any dike, levee, or other riverine flood control structure, or seaward of any seawall or other coastal flood control structure. Such properties must be charged actuarial rates.

Presentment of Premium Date Requirements: FEMA will require WYO companies to record the presentment of premium date and payee on all new business applications and money endorsements effective on or after October 1, 2009.