

# FLOOD FACTS

A newsletter for agents of American Bankers Insurance Company of Florida

[www.abciflood.com](http://www.abciflood.com)

October 2009



ASSURANT

Specialty  
Property

## Claims Information

American Bankers Insurance  
Company of Florida

PO Box 6099

Scottsdale AZ 85261-6099

8655 E Via De Ventura

Scottsdale, AZ 85258

### Email

[claims.department@assurant.com](mailto:claims.department@assurant.com)

**Phone** 1-800-245-1505

**Fax** 1-800-224-4170

**Hours of operation: "24 Hours"**

Mon-Fri 5:30am-5:00pm PST

**Claim status, please call:**

**1-800-245-1505**

**If you need help to submit a claim via AccessFlood, call the Flood Service Center at 1-800-423-4403.**

[www.floodsmart.gov](http://www.floodsmart.gov)

An official site of the National Flood Insurance Program (NFIP)

**WATERMARK** is published 3 times a year by the National Flood Insurance Program (NFIP). The current issue and selected back issues of

**Watermark** are available at:

[www.fema.gov/business/nfip/wm.shtm](http://www.fema.gov/business/nfip/wm.shtm)

## New Flood Service Center Hours

6:00 am – 4:00 pm (MST)

### NFIP Flood Insurance Manual October 2009

The updated NFIP Flood Manual (revised October 2009) is now available online. (<http://www.fema.gov/business/nfip/manual200910.shtm>) Please note - to view the whole Manual, please download/view the ZIP file.

### Answers to Possible Questions Regarding the October 2009 National Flood Insurance Program (NFIP) Changes

On October 1, 2009, important changes to the NFIP will take effect. There will be an increase in rates, the standard deductibles, and the basic insurance limits. These combined changes will result in an average premium increase of 8 percent. Many policyholders will have questions about these changes. To help you best serve your clients, we have developed a number of "answers to possible questions" to help your customers better understand how these changes will affect them.

**Q:** Why are my premiums going up?

**A:** It is not uncommon for insurance companies to implement annual rate increases to help offset their increased costs, including inflation. The NFIP, like most insurance companies, has found it necessary to implement these important program changes to ensure that current premiums more accurately reflect the current risks.

**Q:** Are the rates increasing to collect the premium dollars that were used to pay for claims as a result of Hurricane Katrina?

**A:** No. It is a misconception that rate increases happen to offset debts attributed to Hurricane Katrina or any past event. Actually, Federal regulations clearly state that the NFIP cannot raise rates to recoup for previous losses. Simply put, NFIP premiums only reflect expected future losses and expenses. There is no charge contained in the premium to recoup past losses.

**Contact Information**

New Business Applications,  
 Rollovers, Endorsements,  
 Cancellations and Other  
 Correspondence  
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 Flood Service Center  
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**Overnight Mail**

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**Hours of Operation**

Mon-Fri 6:00am-4:00pm MST

**Lockbox Address for  
 Renewal Payments Only**

American Bankers Insurance  
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 PO Box 29861  
 Phoenix, AZ 85038-9861

**2009 Holiday Schedule**

11/26 Thanksgiving  
 11/27 Day after Thanksgiving  
 12/25 Christmas Day

**Q:** Why is my deductible doubling?

**A:** The NFIP's previous minimum deductibles were in place for more than 10 years. The NFIP found it necessary to discontinue the minimum deductible of \$500 and increase the new standard deductibles to avoid overall larger premium increases. It is important to remember, that in most cases the deductible is only a fraction of the average flood insurance claim, which can cost tens of thousands of dollars.

**Q:** Why are the basic limits of coverage on the Standard Flood Insurance Policy (SFIP) for residential and non-residential buildings increasing?

**A:** The NFIP takes many steps to financially prepare for future flooding. In order to do so, the basic limit of coverage, the level that sustains the most damage in a flood, needs to be brought into better alignment with the typical NFIP paid claim.

If you purchase flood insurance beyond the basic limit, you will receive more coverage at a lesser charge. And, to get full replacement cost for your home in the event of a flood, you must insure your building to at least 80 percent of its replacement value (or \$250,000, whichever is less).

**Summary of October 1, 2009 Changes/Clarification**

**RATING:**

**Building Type:** For all Pre-FIRM and Post-FIRM buildings in Flood Zones A, AE, A1-A30, AO, AH, A99, V1-V30\* VE\*, D, B, C, and X, Crawlspace and Subgrade Crawlspace has now been added to the building type section for rating.

Building Type: No Basement/Enclosure	With Basement
With Enclosure	Elevated on Crawlspace
Non-Elevated with Subgrade Crawlspace	
Manufactured Mobile Home (includes Travel Trailers)	

\*Only applies to Pre-FIRM and 75-81 V1-V30 and VE Flood Zones

**Basic and Additional Limits of Coverage:**

**Single Family Dwelling and 2-4 Family Dwellings**

- **Building Coverage:** Basic \$60,000 Additional (up to) \$190,000 = \$250,000
- **Contents Coverage:** Basic \$25,000 Additional (up to) \$75,000 = \$100,000

**Other Residential**

- **Building Coverage:** Basic \$175,000 Additional (up to) \$75,000 = \$250,000
- **Contents Coverage:** Basic \$25,000 Additional (up to) \$75,000 = \$100,000

**Nonresidential**

- **Building Coverage:** Basic \$175,000 Additional (up to) \$325,000 = \$500,000
- **Contents Coverage:** Basic \$150,000 Additional (up to) \$350,000 = \$500,000

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**Hours of Operation**

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**Residential Condominium Building Association Policy ONLY**- Low Rise Building Coverage: Basic \$60,000 x # of units- High Rise Building Coverage: Basic \$175,000

Additional Limits for Building Coverage is up to the Replacement Cost of the Condominium Building, or the Maximum Amount of Insurance Available Under the Program, which ever is less.

- Contents Coverage: Basic \$25,000 Additional (up to) \$75,000 = \$100,000

**Deductible Options:** The NFIP has eliminated the \$500 deductible for all policies; therefore, the standard deductibles have been changed to:

Pre-FIRM buildings in Flood Zones A, AE, A1-A30, AO, AH, V, V1-V30, and VE is now \$2,000. Policyholders who wish to reduce their deductible from the new standard deductible may opt to purchase a \$1,000 deductible for building and contents coverage for an additional premium.

Post-FIRM buildings in Flood Zones A, AE, A1-A30, AO, AH, V, V1-V30, VE, as well as Pre and Post-FIRM buildings located in B, C, X, A99 and D Zones the standard deductible is \$1,000.

**Pre-FIRM Unnumbered A Zones with Basement, Enclosure or Crawlspace:**

Pre-FIRM buildings with basement/enclosure/crawlspace/subgrade crawlspace may use the Unnumbered A Zone Post-FIRM rate table if the rates are more favorable to the insured.

**Preferred Risk Policy (PRP):**

Standard Deductible for PRPs is \$1,000 each for building and contents, applied separately. Buildings on Leased Federal Property determined by the Administrator are NOT eligible for the PRP.

**Unmapped Areas in Communities with Maps:** The flood hazards for some areas within mapped communities remain undetermined and are unmapped. These unmapped areas are to be treated as Zone D. The designation of Zone D can also be used for rating when one community incorporates portions of another community's area where no map has been prepared.

For a complete summary of the October 2009, Program Changes – Clarification and Revisions log onto <http://bsa.nfipstat.com/wyobull/w-09035.pdf>

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**Letter of Map Revision (LOMR)**

A LOMR is an official revision to the currently effective FEMA map. It is used to change flood zones, floodplain and floodway delineations, flood elevations, and planimetric features. All requests for LOMRs must be made to FEMA through the chief executive officer of the community, since it is the community that must adopt any changes and revisions to the map. A LOMR is usually followed by a physical map revision. Property owners can contact their community official for a letter stating that their structure was removed from the SFHA by a multi-property LOMR or Letter of Map Amendment (LOMA).

**What is the definition of a basement? When is a basement not a basement?**

A basement is any area of a building/structure, including a crawlspace, having its floor below ground level (subgrade) on all sides. This means that any floor finished or not, regardless of the depth of excavation below ground level, is a basement. If the floor area is AT or ABOVE grade (ground level) on ANY side, that floor is NOT a basement. Some people are surprised to learn their "walk-out basement" isn't classified as a basement – but is defined as an enclosure.

**What is covered in a basement under a Standard Flood Insurance Policy?**

There is limited coverage in basements – under Coverage "A" – Building Coverage, the flood policy will pay for flood-related cleanup, for damage to the furnace, water heater, water softener if installed in their functioning location and attached to a power source, electrical and damaged foundation elements. The flood policy will pay to replace drywall (for walls and ceilings); the flood policy will NOT pay for paneling, doors, millwork, wallpaper, painted surfaces, carpet nor for any finishes in the basement. For a complete listing of coverages located in a basement under Coverage "A", refer to the flood policy.

If Coverage "B", Personal Property Coverage was purchased, the flood policy will only pay for flood damage to clothes washer, clothes dryer, freezer (but not for a refrigerator nor refrigerator/freezer combination) and the food in the freezer, and portable and window air conditioners as long as they are located in their "functioning location" and attached to a power source.

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**Training:****Continuing Education Requirements**

State Departments of Insurance are taking various actions to establish training requirements for insurance agents who sell flood insurance, as outlined in Section 207 of the Flood Insurance Reform Act of 2004 (Public Law 108-264). All but two States (Montana and Georgia), Puerto Rico and the U.S. Virgin Islands have published training requirement documents.

A listing of training requirements by State is located at  
[http://www.fema.gov/business/nfip/state\\_actions.shtm](http://www.fema.gov/business/nfip/state_actions.shtm).

**Training Options:**

The National Flood Insurance Program (NFIP) Basic Agent Tutorial is a web-based flood insurance training course for agents. It is available free of charge on the NFIP Training Station Website:

<http://www.nfipbureau.fema.gov/training/index.html>.

All but three States (Montana, Michigan, and Massachusetts), Puerto Rico and the U.S. Virgin Islands have agreed to award three (3) continuing education credits to agents who successfully complete the Basic Agent Tutorial course.

Registration instructions are also provided on the training website. Enhancements to the training system include user-friendly navigation and a personal page allowing students to track their training progress.

On the NFIP training web page, insurance agents, lenders, and claims adjusters can also find a schedule of instructor-led workshops offered in locations across the country. They can register online for these workshops through the training web page.

American Bankers Insurance Company of Florida offers two different Flood Insurance Training Classes for our agents and producers

- The Fundamentals of Flood Insurance class is 4 hours (4 CE Credits) in most states.
- Advanced Flood Insurance class that is 4 hours (4 CE Credits). For more information on our CE Classes, please visit our website at [www.abicflood.com](http://www.abicflood.com) and select Education.

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**AccessFlood Web Training**

The Flood Service Center is committed to providing the best training programs to our agents. Have you signed up to have an AccessFlood training class? It will take no more than 1.5 hours. Call or email to schedule a training session and let us help you write more flood business. Please contact: Jayne Stotts at 800-423-4403 x346, or (email: [Jayne.Stotts@Assurant.com](mailto:Jayne.Stotts@Assurant.com)).

