



FEMA

W-10067

June 16, 2010

MEMORANDUM TO: Write Your Own (WYO) Principal Coordinators and the
National Flood Insurance Program (NFIP) Servicing Agent

Edward L. Connor

FROM: Edward L. Connor
Acting Federal Insurance and Mitigation Administrator
National Flood Insurance Program

SUBJECT: Extension of Preferred Risk Policy Eligibility
Effective January 1, 2011, for Buildings Affected by
Map Changes On or After October 1, 2008

FEMA is revising its Preferred Risk Policy (PRP) eligibility. Effective January 1, 2011, owners of buildings newly designated in a Special Flood Hazard Area following a flood map revision on or after October 1, 2008, may be able to maintain the lower cost PRP for 2 years following the effective date of the map change.

Please see the attached documents for more details on this change and the implications for policyholders and insurers:

- Attachment A – PRP Eligibility Extension Background, Description, and Requirements
- Attachment B – Questions and Answers Regarding the PRP Eligibility Extension
- Attachment C – PRP Section of the Flood Insurance Manual, effective January 1, 2011

FEMA is introducing a new “Risk Rating Method” indicator on the Transaction Record Reporting and Processing (TRRP) Plan to identify policies newly issued or renewed as a PRP under the 2-year PRP eligibility extension beginning January 1, 2011. Related changes to the TRRP Plan and Edit Specifications will be provided separately.

We appreciate your support and assistance to help us improve the NFIP and get more Americans covered by flood insurance. If you have any questions, please contact Jhun de la Cruz at (202) 212-4714.

Attachments

cc: Vendors, IBHS, FIPNC, Government Technical Representative

Suggested Routing: Data Processing, Underwriting, Marketing, Mapping

Attachment A

PRP Eligibility Extension Background, Description, and Requirements

Extension of Preferred Risk Policy Eligibility Effective January 1, 2011,
After Flood Insurance Rate Map Changes Effective On or After October 1, 2008

Background

Over the past several years, the National Flood Insurance Program (NFIP) has been engaged in several initiatives to remap areas of the United States, especially those that are subject to a high risk of flooding. These initiatives include MapMod, RiskMAP, and the Provisionally Accredited Levee (PAL) program. A growing number of concerns have been raised about the implications of the initiatives, especially the mandatory requirement to purchase flood insurance that is imposed by federally regulated lenders on those with mortgages for buildings newly included in Special Flood Hazard Areas (SFHAs) on the revised maps. The primary concern involves the cost of the flood insurance. In light of these concerns, and based on detailed financial and other analyses, the NFIP is implementing a measure that will help ease the financial burden on affected property owners. With this change, property owners should have adequate time to understand and plan for the financial implications of the newly communicated flood risk and the mandatory purchase requirement.

PRP 2-Year Eligibility Extension

For policies effective on or after January 1, 2011, FEMA is extending PRP eligibility for 2 policy years following the effective date of a map change for buildings newly included in Special Flood Hazard Areas (SFHAs). The following conditions apply for the extended eligibility:

- Buildings that were newly designated within an SFHA due to a map revision on or after October 1, 2008, and before January 1, 2011, are eligible for a PRP for 2 policy years. Property owners affected by these previous map revisions will be eligible for the PRP for the 2 policy years effective between January 1, 2011, and December 31, 2012.
- Buildings that are newly designated within an SFHA due to a map revision on or after January 1, 2011, will be eligible for a PRP for 2 policy years from the effective date of the map revision.

Buildings meeting the above requirements must also meet the PRP loss history requirements. If there are two claims or disaster relief payments for flood loss of \$1,000 or more, or three loss payments of any amount, the structure is ineligible for the PRP.

Policies issued as standard-rated policies or converted to standard-rated policies following a map change on or after October 1, 2008, may be converted to the PRP for 2 years beginning on the first renewal effective on or after January 1, 2011. In addition, unless it was issued in error, any existing standard-rated policy issued effective prior to January 1, 2011, will not be eligible for refunds.

At the end of the extended eligibility period, policies on these buildings must be written as standard-rated policies.

FEMA is implementing this extension of PRP eligibility in a way that will produce no net change of premium revenue for the NFIP due to the actuarial adjustment to all PRP rates. PRP premiums will be actuarially adjusted as a class to account for this expansion.

Underwriting Requirements

Validating PRP extended eligibility will require the writing companies to verify the current and previous flood maps and maintain documentation of the building's flood risk zone before and after the map change. Digital FIRMs are available for many communities via the internet. In some cases, historic map information is also available. Visit the FEMA Map Service Center online at <http://msc.fema.gov/webapp/wcs/stores/servlet/FemaWelcomeView?storeId=10001&catalogId=10001&langId=-1>.

Writing companies are required to provide advance notice to the current policyholders that are now eligible for this 2-year PRP extension, within 90 days prior to the policy expiration date. We strongly recommend that companies implement an automatic conversion of the standard policies to PRPs to ensure that these policies are renewed without a lapse in coverage.

Transaction Record and Recording Processing (TRRP) Plan Requirements

A new Risk Rating Method will be introduced to identify policies newly issued or renewed as a PRP under the 2-year PRP eligibility extension.

Policies effective during the first year of the 2-year PRP eligibility extension are to be reported with a Risk Rating Method of "P". Policies effective during the second year of the 2-year PRP eligibility extension are to be reported with a Risk Rating Method of "Q".

Attachment B

Questions and Answers
Regarding the PRP Eligibility Extension

Questions and Answers Regarding the Preferred Risk Policy 2-Year Eligibility Extension

ELIGIBILITY

1. Which properties are eligible for the 2-year Preferred Risk Policy (PRP) extension?

Under the provisions of the PRP 2-Year Eligibility Extension, effective January 1, 2011, a building is eligible for a PRP for 2 years after the building's flood zone is redesignated as a Special Flood Hazard Area (SFHA) through a map revision, so long as the building also meets the PRP loss history requirements. The following conditions apply for the extended eligibility:

- Buildings that were newly designated within an SFHA due to a map revision on or after October 1, 2008, and before January 1, 2011, are eligible for a PRP for 2 policy years. Buildings affected by these previous map revisions will be eligible for the PRP for the 2 policy years effective between January 1, 2011, and December 31, 2012.
- Buildings that are newly designated within an SFHA due to a map revision on or after January 1, 2011, will be eligible for a PRP for 2 policy years from the effective date of the map revision.

At the end of the extended eligibility period, policies on these buildings must be written as standard-rated policies.

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

Companies must identify all potentially eligible policies that are new or renewed for properties located on a panel that has undergone a map change effective on or after October 1, 2008. As maps continue to be revised, the potentially eligible policies can be identified by the panel number.

The following examples demonstrate the eligibility determinations:

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.

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 X-Zone rated policy at the 2009 renewal. On the first renewal on or after January 1, 2011, the standard X-Zone rated 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 rated 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 the NFIP "Grandfathering rules," 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 X-Zone rated 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.

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 X-Zone policy prior to the map change, will the property owner have 2 years of extended eligibility to purchase a grandfathered standard X-Zone rated 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 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.

NOTIFICATION

11. What information can FEMA provide about the total number of potentially eligible policies affected by map changes between October 1, 2008, and the date of the most recently available data?

As of January 31, 2010, there were approximately 241,000 NFIP policies covering properties located in a map panel that has been changed on or after October 1, 2008. Of these, almost 17,000 policies are standard X-Zone rated, while the remaining 224,000 are standard-rated policies in an SFHA. Approximately 3,000 of these policies are ineligible due to loss history. Additionally, removing V zone properties and policies with original new business dates prior to October 1, 2007, where notifications are to be considered optional, decreases the number to roughly 90,000 policies.

Policies with the following characteristics were excluded from the counts:

- Existing PRPs
- Emergency Program policies
- RCBAPs
- Non-residential condominium units
- Provisional rated policies
- Tentative rated policies
- Leased Federal Property Policies
- Group Flood Insurance Policies
- MPPPs
- Standard V-Zone Rated Policies
- Repetitive Loss Policies
- Policies with Original New Business Dates Prior to October 1, 2007
- Standard policies with a construction date on or after the most current map date

Companies may identify policies by the same criteria using the community master file, which is updated nightly. Additionally, FEMA will provide a listing of potentially eligible policies on a monthly basis beginning September 2010 through January 2011 via the FTP site.

12. How will eligible policyholders be notified that their policy may be eligible for the 2-year PRP eligibility extension?

Companies must send a notice to all potentially eligible policyholders at least 90 days prior to policy expiration. See the sample "Notice to Policyholders" in the appendix to these Questions and Answers.

It is recommended that companies send the notice to those policyholders who would have been eligible for the PRP if the zone had not changed from a non-SFHA to an SFHA within the last 2 years. See the "Potential Eligibility Determination Flowchart" in the appendix for help in identifying which policyholders should be sent notices.

Notification is optional for the following:

- Policies with original new business dates prior to October 1, 2007.
- Policies for buildings in V zones, as these buildings were unlikely to be in a non-SFHA prior to the map change.

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

Companies must send a notice to lenders, along with the policy declarations page, indicating that a PRP has been issued under the 2-year eligibility extension. See the sample “Important Notice to Lenders” in the appendix to these Questions and Answers.

14. Will FloodSmart be reviewed to make sure that no conflicting information is communicated to agents? Will they be publishing clarification documents on their site?

The FEMA Risk Insurance 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.

DOCUMENTATION

15. What information is required in the underwriting file to document eligibility for the PRP extension?

Writing companies must verify the building’s flood risk zones on the current and previous flood maps and maintain documentation of these flood risk zones in the underwriting file.

Acceptable forms of documentation for the current and prior flood risk zones are as follows:

- A Letter of Map Amendment (LOMA)
- A Letter of Map Revision (LOMR)
- A Letter of Determination Review (LODR)
- A letter, indicating the exact location and flood zone of the building (current and/or prior), that is signed and dated by a local community official
- An Elevation Certificate (EC), indicating the exact location and flood zone of the building, that is signed and dated by a surveyor, engineer, architect, or local community official
- A flood zone determination certification issued by a company that guarantees the accuracy of the information
- A copy of the appropriate flood map (most recent and/or the version effective before the most recent revision) marked to show the exact location and flood zone of the building
- A FIRMette produced on the FEMA Map Service Center web site that shows the flood zone of the building.

Digital FIRMs are available for many communities via the Internet. In some cases, historic map information is also available. Digital FIRMs are available online at the FEMA Map Service Center at <http://msc.fema.gov/webapp/wcs/stores/servlet/FemaWelcomeView?storeId=10001&catalogId=10001&langId=-1>.

16. 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 company 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. It is not necessary to use the NFIP Application form to collect this data. Companies may use their standard business practices to collect the necessary information from the agent.

17. 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.

18. 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 current map are to be entered on the PRP application.

PROCESS

19. 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 GR11, VIII.D.7)?

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.

20. If a producer writes a new business application effective on or after January 1, 2011, for a property using the current SFHA zone, unaware that 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. Which cancellation reason code is to be used to cancel/rewrite policies under the 2-year PRP eligibility extension?

The policy may be canceled/rewritten using Cancellation Reason Code 22, provided the following conditions are met:

- The request to endorse or cancel/rewrite the policy is received during the current policy term, and
- The policy has no open claim or closed paid claim on the policy term being canceled.

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 will not apply.

23. How does the company handle agency commissions when a policy is canceled and rewritten as a PRP?

Agent commissions will be handled in the same manner as they are for other misratings.

24. How does a company obtain the loss history for a building to determine its eligibility for the PRP?

The system of record's entire repetitive loss file is available to WYO Companies and NFIP Servicing Agent on the FTP site.

WYO Companies and the NFIP Servicing Agent may access the NFIP Repetitive Loss (RL) Master File, which is updated monthly and available online at <http://bsa.nfipstat.com/> under the "Repetitive Loss Master File" button. This is the full RL Master File, which contains all addresses to be used for PRP editing on your systems.

The monthly update of the full RL Master File is also available in the "Common" area of the NFIP FTP site at <ftp://bureau.nfipstat.com/ftpcommon/r1mf/>. The file name is W2MYRLEX.ZIP. The file layout is available at <ftp://bureau.nfipstat.com/ftpcommon/filelayouts/>. The file name is W2MYRLEX_REP_LOSS.doc.

Access to these resources requires a User Name and Password. See Bulletin W-10057 for further details.

25. Will the coverage limitations for enclosures below the lowest elevated floor of a Post-FIRM building located in Zones A1-A30, AE, AH, AR, AR/A, AR/AE, AR/A1-A30, V1-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 A1-A30, AE, AH, AR, AR/A, AR/AE, AR/A1-A30, V1-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.

TRRP REPORTING

26. How will policies newly issued or renewed as PRPs under the 2-year PRP eligibility extension be reported in the Transaction Record Reporting and Processing (TRRP) Plan? Will there be changes to the Edit Specifications?

A new Risk Rating Method will be introduced to identify policies newly issued or renewed as a PRP under the 2-year PRP eligibility extension.

Policies effective during the first year of the 2-year PRP eligibility extension are to be reported with a Risk Rating Method of "P". Policies effective during the second year of the 2-year PRP eligibility extension are to be reported with a Risk Rating Method of "Q".

27. Will PRP policies issued on addresses newly designated in an SFHA trigger TRRP Plan reporting errors (i.e., the PL021065 and related edit errors)?

FEMA will not apply the PRP eligibility-by-zone edits to properties located on panels that have undergone a map change within 2 years of the policy effective date. Appeals should be handled through the standard process.

**APPENDIX TO
ATTACHMENT B – QUESTIONS AND ANSWERS**

SAMPLE NOTICE TO POLICYHOLDERS

You may be entitled to a lower flood insurance premium

As a flood insurance policyholder, you may qualify for a 2-year premium reduction, effective January 1, 2011. The savings could be significant.

The National Flood Insurance Program, which is managed by the Federal Emergency Management Agency (FEMA), is offering temporary 2-year premium reductions to policyholders whose buildings have been newly designated as lying within areas subject to a high risk of flooding on FEMA's Flood Insurance Rate Maps (FIRMs) on or after October 1, 2008. These high-risk areas are denoted on the FIRM as beginning with an "A" or "V".

The 2-year period is intended to give policyholders adequate time to understand their flood risk, plan accordingly, and save to begin paying their normal premium after 2 years. Though this premium reduction is being offered to those property owners affected by maps revised since October 1, 2008, eligibility for the reduced premium does not begin until the renewal of your flood insurance policy on or after January 1, 2011.

Please contact your insurance agent to see if you will qualify for this reduced premium and discuss currently available rating options. Your insurance agent will be required to provide documentation to the insurance company of your eligibility for this extension, demonstrating that your building was not in a high-risk area on the previous FIRM, and is newly designated in a high-risk area on the current FIRM. The documentation must be maintained in your insurance company's files.

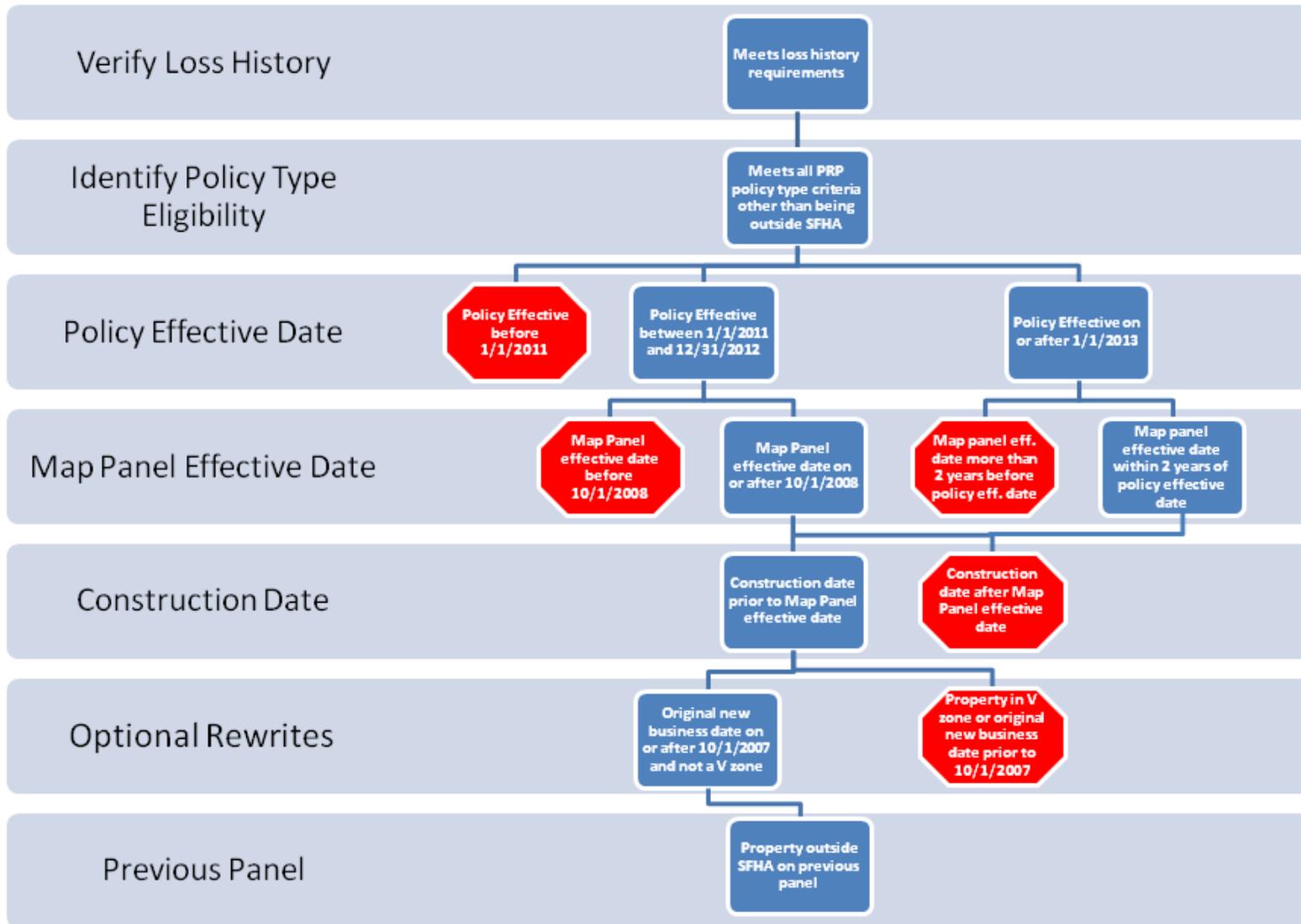
Some examples of acceptable forms of documentation, for the current and prior map information, are as follows:

- A Letter of Map Amendment (LOMA)
- A Letter of Map Revision (LOMR)
- A Letter of Determination Review (LODR)
- A copy of the appropriate flood map (most recent and/or the version effective before the most recent revision) marked to show the exact location and flood zone of the building
- A letter, indicating the exact location and flood zone of the building (current and/or prior), that is signed and dated by a local community official
- An Elevation Certificate (EC), indicating the exact location and flood zone of the building, that is signed and dated by a surveyor, engineer, architect, or local community official
- A flood zone determination certification issued by a company that guarantees the accuracy of the information.

The FEMA Map Service Center, which can be found online at <http://msc.fema.gov/webapp/wcs/stores/servlet/FemaWelcomeView?storeId=10001&catalogId=10001&langId=-1&userType=G>, has made available to the community Digital FIRMs and historic FIRMs that can be viewed and downloaded online. Historic FIRMs are maps that have been superseded by a more recent map change. In some cases, the historic FIRMs may be used to provide documentation of eligibility for this premium reduction. For more information regarding online maps, please contact a FEMA Map Specialist at 877-366-2627.

Flood insurance is a wise purchase for homeowners, renters and business owners alike. Thank you for purchasing flood insurance through the National Flood Insurance Program.

2-Year PRP Extension
Eligibility Determination Flow Chart



SAMPLE
IMPORTANT NOTICE TO LENDERS

Date:

Insured's Name:

Property Address:

Policy Number:

Loan Number:

You are receiving this notice because this policy is issued as a Preferred Risk Policy (PRP) under the National Flood Insurance Program (NFIP) PRP 2-Year Eligibility Extension. This extension allows buildings newly included in Special Flood Hazard Areas (SFHAs) as a result of Flood Insurance Rate Map (FIRM) revision to be insured under the lower-cost PRP for a period of 2 years before having to be insured under a standard-rated policy.

Under the provisions of the PRP 2-Year Eligibility Extension, effective January 1, 2011, a building is eligible for a PRP for 2 years after the building's flood zone is redesignated as an SFHA through a map revision, so long as the building also meets the PRP loss history requirements. If a building has two claims or disaster relief payments for flood loss of \$1,000 or more, or three loss payments of any amount, it is ineligible for the PRP.

In addition, buildings in areas redesignated as an SFHA by a map revision that became effective during the period from October 1, 2008, through December 31, 2010, are eligible for a PRP for 2 additional policy years beginning January 1, 2011. When the flood insurance policies (either PRPs or standard-rated policies) on these buildings are written or come up for renewal on or after January 1, 2011, they can be issued as PRPs for up to 2 policy years. At the end of the extended eligibility period, the policies on these buildings will be renewed as standard-rated policies.

Receipt of this notice should be accepted as acknowledgement by the Federal Emergency Management Agency that the captioned policy has been correctly issued as a Preferred Risk Policy, and resolution of any flood zone discrepancy will be made in favor of the policyholder.

If you have any questions or concerns about this 2-year PRP extension, please contact 1-800-XXX-XXXX.

Attachment C

PRP Section of the Flood Insurance Manual

PREFERRED RISK POLICY

I. GENERAL DESCRIPTION

The Preferred Risk Policy (PRP) offers low-cost coverage to owners and tenants of eligible buildings located in the moderate-risk **B, C, and X Zones** in NFIP **Regular Program communities**.

For residential properties, the maximum coverage combination is \$250,000 building and \$100,000 contents. Up to \$100,000 contents-only coverage is available.

For non-residential properties, the maximum coverage combination is \$500,000 building and \$500,000 contents. Up to \$500,000 contents-only coverage is available.

Only one building can be insured per policy, and only one policy can be written on each building.

II. ELIGIBILITY REQUIREMENTS

A. Flood Zone

To be eligible for coverage under the PRP, the building must be in a B, C, or X Zone on the effective date of the policy, with the following exceptions:

- Buildings that were newly designated within a Special Flood Hazard Area (SFHA) due to a map revision on or after October 1, 2008, and before January 1, 2011, are eligible for a PRP for 2 policy years if their policy effective date is between January 1, 2011, and December 31, 2012.
- Buildings that are newly designated within an SFHA due to a map revision on or after January 1, 2011, are eligible for a PRP for 2 policy years from the map revision date.

Buildings meeting the above requirement must also meet the PRP loss history requirements. At the end of the 2-year PRP eligibility extension period following a map revision, policies on these buildings must be written as standard-rated policies.

For the purpose of determining the flood zone, the agent may use the FIRM in effect at the time of application and presentment of premium. The flood map available at the time of the renewal offer determines a building's continued eligibility for the PRP. (See V. RENEWAL.) NFIP map grandfathering rules do not apply to the PRP.

B. Occupancy

Combined building/contents amounts of insurance are available for owners of all eligible occupancy types—one- to four-family properties (including individual condominium units in condominium buildings), other residential properties, and non-residential properties.

Contents-only coverage is available for tenants and owners of all eligible occupancies, except when contents are located entirely in a basement.

C. Loss History

A building's eligibility for the PRP is based on the preceding requirements and on the building's flood loss history. If one of the following conditions exists within any 10-year period, regardless of any change(s) in ownership of the building, then the building is **not eligible** for the PRP:

- 2 flood insurance claim payments, each more than \$1,000; or
- 3 or more flood insurance claim payments, regardless of amount; or
- 2 Federal flood disaster relief payments (including loans and grants), each more than \$1,000; or
- 3 Federal flood disaster relief payments (including loans and grants), regardless of amount; or
- 1 flood insurance claim payment and 1 Federal flood disaster relief payment (including loans and grants), each more than \$1,000.

In reviewing a building's flood loss history for PRP eligibility, be aware that:

- A flood insurance claim payment (building and/or contents) and a Federal flood disaster relief payment (including loans and grants) for the same loss are considered a single payment.
- Federal flood disaster relief payments (including loans and grants) are considered only if the building sustained flood damage.

THE PRP AT A GLANCE

COVERAGE TYPE	MAXIMUM LIMITS BY OCCUPANCY TYPE		
	1-4 Family	Other Residential	Non-Residential
Combined Building/ Contents	\$250,000/ \$100,000	\$250,000/ \$100,000	\$500,000/ \$500,000
Contents Only	\$100,000	\$100,000	\$500,000

III. INELIGIBILITY

For help in determining eligibility/ineligibility of various condominium risks, use the PRP Condominium Rating Chart on the next page.

- Properties in Special Flood Hazard Areas or in Emergency Program communities are **not eligible** for the PRP.
- Multi-unit residential condominium buildings eligible under the Residential Condominium Building Association Policy are **not eligible** for the PRP.
- Individual residential condominium units in non-residential condominium buildings are **not eligible** for building coverage.
- Individual non-residential condominium units are **not eligible** for building coverage.
- Contents located entirely in a basement are **not eligible** for contents-only coverage. However, contents located entirely in an enclosure are eligible.
- Condominium units are not eligible for Increased Cost of Compliance (ICC) coverage.
- Buildings on Leased Federal Property determined by the Administrator to be located 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 are **not eligible** for the PRP.

IV. DOCUMENTATION

All Preferred Risk Policy new business applications must include documentation of eligibility for the PRP. Such applications must be accompanied by one of the following:

- A Letter of Map Amendment (LOMA)
- A Letter of Map Revision (LOMR)
- A Letter of Determination Review (LODR)
- A copy of the most recent flood map marked to show the exact location and flood zone of the building
- A copy of the current and previous flood maps if the PRP is being applied for under the 2-year PRP eligibility extension
- A letter indicating the exact location and flood zone of the building, and signed and dated by a local community official
- An Elevation Certificate indicating the exact location and flood zone of the building, and signed and dated by a surveyor, engineer, architect, or local community official

- A flood zone determination certification that guarantees the accuracy of the information.

An agent writing through a Write Your Own (WYO) company should contact that company for guidance.

V. RENEWAL

An eligible risk renews automatically without submission of a new application. If, during a policy term, the risk fails to meet the eligibility requirements, it cannot be renewed as a PRP. It must be nonrenewed or rewritten as a standard-rated policy.

Effective May 1, 2008, if there has been a map change during the policy term that may affect the insured property, proof of the building's continued eligibility for the PRP must be provided for the policy to be renewed. In addition, effective January 1, 2011, PRPs renewed under the 2-year PRP eligibility extension must have the current and previous flood maps to document the building's eligibility. (See IV. DOCUMENTATION.)

VI. COVERAGE LIMITS

The elevated building coverage limitation provisions do not apply to the PRP.

VII. REPLACEMENT COST COVERAGE

Replacement cost coverage applies **only if** the building is the principal residence of the insured and the building coverage chosen is at least 80 percent of the replacement cost of the building at the time of the loss, or the maximum coverage available under the NFIP.

VIII. DISCOUNTS/FEES/ICC PREMIUM

- No Community Rating System discount is associated with the PRP.
- The \$50.00 Community Probation Surcharge is added, when applicable.
- The Federal Policy Fee of \$20.00 is included in the premium and is not subject to commission.
- The ICC premium of \$5.00 is included.

IX. DEDUCTIBLES

The standard deductible for PRPs is \$1,000 each for building and contents, applied separately. Optional deductibles are not available for PRPs.

PREFERRED RISK POLICY CONDOMINIUM RATING CHART

RESIDENTIAL SINGLE UNIT BUILDING OR TOWNHOUSE/ROWHOUSE TYPE—BUILDING WITH SEPARATE ENTRANCE FOR EACH UNIT

PURCHASER OF POLICY	Building Occupancy ¹¹	Condo Unit Indicator ¹	PRP Eligibility	Rate Table ²	Policy Form
UNIT OWNER	SINGLE FAMILY	Yes	Yes	One- to Four-Family Residential	DWELLING
ASSOCIATION (ASSOCIATION-OWNED SINGLE UNIT ONLY)	SINGLE FAMILY	Yes	Yes	One- to Four-Family Residential	DWELLING
ASSOCIATION (ENTIRE BUILDING)	N/A	N/A	No	N/A	N/A

MULTI-UNIT RESIDENTIAL BUILDING—2 TO 4 UNITS PER BUILDING

PURCHASER OF POLICY	Building Occupancy ¹	Condo Unit Indicator ¹	PRP Eligibility	Rate Table ²	Policy Form
UNIT OWNER	2-4	Yes	Yes	One- to Four-Family Residential	DWELLING
ASSOCIATION (ASSOCIATION-OWNED SINGLE UNIT ONLY)	2-4	Yes	Yes	One- to Four-Family-Residential	DWELLING
ASSOCIATION (ENTIRE BUILDING)	N/A	N/A	No	N/A	N/A

MULTI-UNIT RESIDENTIAL BUILDING—5 OR MORE UNITS PER BUILDING

PURCHASER OF POLICY	Building Occupancy ¹	Condo Unit Indicator ¹	PRP Eligibility	Rate Table ²	Policy Form
UNIT OWNER	OTHER RESIDENTIAL	Yes	Yes	Other Residential	DWELLING
ASSOCIATION (ASSOCIATION-OWNED SINGLE UNIT ONLY)	OTHER RESIDENTIAL	Yes	Yes	Other Residential	DWELLING
ASSOCIATION (ENTIRE BUILDING)	N/A	N/A	No	N/A	N/A

NON-RESIDENTIAL BUILDING

PURCHASER OF POLICY	Building Occupancy ¹	Condo Unit Indicator ¹	PRP Eligibility	Rate Table ²	Policy Form
UNIT OWNER	NON-RESIDENTIAL	Yes (BUILDING COVERAGE NOT AVAILABLE, ONLY CONTENTS)	Yes	Non-Residential Contents Only	GENERAL PROPERTY
UNIT OWNER	SINGLE FAMILY	Yes (BUILDING COVERAGE NOT AVAILABLE, ONLY CONTENTS)	Yes	One- to Four-Family Residential or Other Residential if 5 or more units	DWELLING
ASSOCIATION	NON-RESIDENTIAL	N/A	Yes	Non-Residential Building and Contents	GENERAL PROPERTY

¹When there is a mixture of residential and commercial usage within a single building, please refer to the GR Section of the *Flood Insurance Manual*.

²All building rates are based on the lowest floor of the building.

PRP COVERAGES AVAILABLE EFFECTIVE JANUARY 1, 2011

**ONE- TO FOUR-FAMILY RESIDENTIAL
BUILDING AND CONTENTS COVERAGE COMBINATIONS^{1, 2, 3}**

With Basement or Enclosure ⁵			Without Basement or Enclosure ⁶		
Building	Contents	Premium	Building	Contents	Premium
\$ 20,000	\$ 8,000	\$154	\$ 20,000	\$ 8,000	\$129
\$ 30,000	\$ 12,000	\$185	\$ 30,000	\$ 12,000	\$160
\$ 50,000	\$ 20,000	\$236	\$ 50,000	\$ 20,000	\$211
\$ 75,000	\$ 30,000	\$277	\$ 75,000	\$ 30,000	\$247
\$100,000	\$ 40,000	\$304	\$100,000	\$ 40,000	\$274
\$125,000	\$ 50,000	\$324	\$125,000	\$ 50,000	\$294
\$150,000	\$ 60,000	\$343	\$150,000	\$ 60,000	\$313
\$200,000	\$ 80,000	\$378	\$200,000	\$ 80,000	\$343
\$250,000	\$100,000	\$405	\$250,000	\$100,000	\$365

ALL RESIDENTIAL CONTENTS-ONLY COVERAGE^{1, 2, 4}

Contents Above Ground Level More Than One Floor		All Other Locations (Basement-Only Not Eligible)	
Contents	Premium	Contents	Premium
\$ 8,000	\$49	\$ 8,000	\$68
\$ 12,000	\$65	\$ 12,000	\$92
\$ 20,000	\$96	\$ 20,000	\$128
\$ 30,000	\$110	\$ 30,000	\$147
\$ 40,000	\$122	\$ 40,000	\$164
\$ 50,000	\$134	\$ 50,000	\$181
\$ 60,000	\$146	\$ 60,000	\$198
\$ 80,000	\$170	\$ 80,000	\$218
\$100,000	\$194	\$100,000	\$238

OTHER RESIDENTIAL BUILDING AND CONTENTS COVERAGE COMBINATIONS^{1, 2, 3}

With Basement or Enclosure⁵

Contents Coverage		\$8,000	\$12,000	\$20,000	\$30,000	\$40,000	\$50,000	\$60,000	\$80,000	\$100,000
Building Coverage	\$ 20,000	\$168	\$182	\$195	\$208	\$220	\$231	\$242	\$252	\$262
	\$ 30,000	\$182	\$196	\$209	\$222	\$234	\$245	\$256	\$266	\$276
	\$ 50,000	\$216	\$230	\$243	\$256	\$268	\$279	\$290	\$300	\$310
	\$ 75,000	\$232	\$246	\$259	\$272	\$284	\$295	\$306	\$316	\$326
	\$100,000	\$254	\$268	\$281	\$294	\$306	\$317	\$328	\$338	\$348
	\$125,000	\$261	\$275	\$288	\$301	\$313	\$324	\$335	\$345	\$355
	\$150,000	\$266	\$280	\$293	\$306	\$318	\$329	\$340	\$350	\$360
	\$200,000	\$297	\$311	\$324	\$337	\$349	\$360	\$371	\$381	\$391
	\$250,000	\$314	\$328	\$341	\$354	\$366	\$377	\$388	\$398	\$408

OTHER RESIDENTIAL BUILDING AND CONTENTS COVERAGE COMBINATIONS^{1, 2, 3}

Without Basement or Enclosure⁶

Contents Coverage		\$8,000	\$12,000	\$20,000	\$30,000	\$40,000	\$50,000	\$60,000	\$80,000	\$100,000
Building Coverage	\$ 20,000	\$140	\$152	\$163	\$174	\$184	\$194	\$203	\$212	\$220
	\$ 30,000	\$158	\$169	\$180	\$191	\$201	\$211	\$220	\$229	\$237
	\$ 50,000	\$193	\$204	\$215	\$226	\$236	\$246	\$255	\$264	\$272
	\$ 75,000	\$213	\$224	\$235	\$245	\$255	\$265	\$274	\$283	\$291
	\$100,000	\$231	\$242	\$253	\$263	\$273	\$283	\$292	\$301	\$309
	\$125,000	\$240	\$251	\$262	\$272	\$282	\$291	\$300	\$309	\$317
	\$150,000	\$247	\$258	\$269	\$279	\$289	\$298	\$307	\$316	\$324
	\$200,000	\$275	\$286	\$297	\$307	\$317	\$326	\$335	\$343	\$351
	\$250,000	\$290	\$301	\$312	\$322	\$332	\$341	\$350	\$358	\$366

¹Add the \$50.00 Probation Surcharge, if applicable.

²Premium includes Federal Policy Fee of \$20.00.

³Premium includes ICC premium of \$5.00. Deduct this amount if the risk is a condominium unit.

⁴Use this "All Residential Contents-Only Coverage" premium table for individual residential condominium unit contents-only policies.

⁵Do not use this section of the table for buildings with crawlspaces or subgrade crawlspaces. See footnote 6.

⁶Use this section of the table for buildings with crawlspaces or subgrade crawlspaces.

PRP COVERAGES AVAILABLE EFFECTIVE JANUARY 1, 2011 (cont'd.)

**NON-RESIDENTIAL BUILDING AND CONTENTS COVERAGE COMBINATIONS^{1, 2, 3}
With Basement or Enclosure⁴**

Contents Coverage		\$50,000	\$100,000	\$150,000	\$200,000	\$250,000	\$300,000	\$350,000	\$400,000	\$450,000	\$500,000
Building Coverage	\$ 50,000	\$ 897	\$1,156	\$1,404	\$1,640	\$1,865	\$2,079	\$2,282	\$2,473	\$2,653	\$2,822
	\$100,000	\$1,271	\$1,530	\$1,777	\$2,013	\$2,238	\$2,452	\$2,655	\$2,846	\$3,026	\$3,195
	\$150,000	\$1,546	\$1,805	\$2,052	\$2,288	\$2,513	\$2,727	\$2,930	\$3,121	\$3,301	\$3,470
	\$200,000	\$1,695	\$1,954	\$2,201	\$2,437	\$2,662	\$2,876	\$3,079	\$3,270	\$3,450	\$3,619
	\$250,000	\$1,800	\$2,059	\$2,306	\$2,542	\$2,767	\$2,981	\$3,184	\$3,375	\$3,555	\$3,724
	\$300,000	\$1,916	\$2,175	\$2,422	\$2,658	\$2,883	\$3,097	\$3,300	\$3,491	\$3,671	\$3,840
	\$350,000	\$2,044	\$2,303	\$2,550	\$2,786	\$3,011	\$3,225	\$3,427	\$3,618	\$3,798	\$3,967
	\$400,000	\$2,128	\$2,387	\$2,634	\$2,870	\$3,095	\$3,309	\$3,511	\$3,702	\$3,882	\$4,051
	\$450,000	\$2,224	\$2,483	\$2,730	\$2,966	\$3,191	\$3,405	\$3,607	\$3,798	\$3,978	\$4,147
	\$500,000	\$2,329	\$2,588	\$2,835	\$3,071	\$3,296	\$3,510	\$3,712	\$3,903	\$4,083	\$4,252

**NON-RESIDENTIAL BUILDING AND CONTENTS COVERAGE COMBINATIONS^{1, 2, 3}
Without Basement or Enclosure⁵**

Contents Coverage		\$50,000	\$100,000	\$150,000	\$200,000	\$250,000	\$300,000	\$350,000	\$400,000	\$450,000	\$500,000
Building Coverage	\$ 50,000	\$ 567	\$ 705	\$ 837	\$ 963	\$1,083	\$1,197	\$1,305	\$1,407	\$1,503	\$1,593
	\$100,000	\$ 759	\$ 897	\$1,029	\$1,155	\$1,275	\$1,389	\$1,497	\$1,599	\$1,695	\$1,785
	\$150,000	\$ 902	\$1,040	\$1,172	\$1,298	\$1,418	\$1,532	\$1,640	\$1,742	\$1,838	\$1,928
	\$200,000	\$1,051	\$1,189	\$1,321	\$1,447	\$1,567	\$1,681	\$1,789	\$1,891	\$1,987	\$2,077
	\$250,000	\$1,151	\$1,289	\$1,421	\$1,547	\$1,667	\$1,781	\$1,889	\$1,991	\$2,087	\$2,177
	\$300,000	\$1,257	\$1,395	\$1,527	\$1,653	\$1,773	\$1,887	\$1,995	\$2,097	\$2,193	\$2,283
	\$350,000	\$1,314	\$1,452	\$1,584	\$1,710	\$1,830	\$1,944	\$2,052	\$2,154	\$2,250	\$2,340
	\$400,000	\$1,377	\$1,515	\$1,647	\$1,773	\$1,893	\$2,007	\$2,115	\$2,217	\$2,313	\$2,403
	\$450,000	\$1,446	\$1,584	\$1,716	\$1,842	\$1,962	\$2,076	\$2,184	\$2,286	\$2,382	\$2,472
	\$500,000	\$1,521	\$1,659	\$1,791	\$1,917	\$2,037	\$2,151	\$2,259	\$2,361	\$2,457	\$2,547

NON-RESIDENTIAL CONTENTS-ONLY COVERAGE^{1, 2}

Contents Above Ground Level More Than One Floor		All Other Locations (Basement-Only Not Eligible)	
Contents	Premium	Contents	Premium
\$ 50,000	\$162	\$ 50,000	\$ 347
\$100,000	\$237	\$100,000	\$ 517
\$150,000	\$312	\$150,000	\$ 687
\$200,000	\$387	\$200,000	\$ 857
\$250,000	\$462	\$250,000	\$1,027
\$300,000	\$537	\$300,000	\$1,197
\$350,000	\$612	\$350,000	\$1,367
\$400,000	\$687	\$400,000	\$1,537
\$450,000	\$762	\$450,000	\$1,707
\$500,000	\$837	\$500,000	\$1,877

¹Add the \$50.00 Probation Surcharge, if applicable.

²Premium includes Federal Policy Fee of \$20.00.

³Premium includes ICC premium of \$5.00. Deduct this amount if the risk is a condominium unit.

⁴Do not use this section of the table for buildings with crawlspaces or subgrade crawlspaces. See footnote 5.

⁵Use this section of the table for buildings with crawlspaces or subgrade crawlspaces.

X. ENDORSEMENTS

The PRP may be endorsed to:

- Increase coverage mid-term, subject to the coverage limits in effect when the policy was issued or renewed. See page END 5 for an example.
- Correct misratings, such as incorrect building description or community number.

XI. CONVERSION OF STANDARD RATED POLICY TO PRP DUE TO MISRATING

A policy written as a standard B, C, or X Zone policy and later found to be eligible for a PRP may be endorsed or rewritten as a PRP for only the current policy term. In addition, effective January 1, 2011, standard-rated policies, regardless of zone, found to be eligible for the 2-year PRP extension may be endorsed or rewritten.

When the risk has been rated with other than B, C, or X Zone rates, but is later found to be in a B, C, or X Zone and eligible for a PRP, the writing company will be allowed to endorse or cancel/rewrite up to 6 years.

The policy may be canceled/rewritten using Cancellation Reason Code 22 if both of the following conditions are met:

- The request to endorse or cancel/rewrite the policy is received during the current policy term.
- The policy has no open claim or closed paid claim on the policy term being canceled.

The new PRP building and/or contents coverage will be equal either to the building limit issued under the Standard B, C, or X Zone policy or the next higher limit available under the PRP if there is no PRP option equal to the Standard B, C, or X Zone building limit. For a standard contents-only policy, the contents coverage will be equal to the limit issued under the standard policy or the next higher limit. If building coverage is desired, the policy should be endorsed for building and contents coverage with a 30-day waiting period applied.

XII. CONVERSION OF STANDARD RATED POLICY TO PRP DUE TO THE 2-YEAR PRP ELIGIBILITY EXTENSION

Effective January 1, 2011, a policy written as a standard-rated policy and determined to be eligible for extended PRP rating may be

endorsed or rewritten as a PRP for two policy terms at its next renewal following a map change that occurred on or after October 1, 2008, and before January 1, 2011. The policy may be canceled/rewritten using Cancellation Reason Code 22 if both of the following conditions are met:

- The request to endorse or cancel/rewrite the policy is received during the current policy term.
- The policy has no open claim or closed paid claim on the policy term being canceled.

When converting a standard-rated policy to a PRP due to the 2-year PRP eligibility extension, the 30-day waiting period will not apply if the standard-rated policy has only building coverage and is rewritten as a PRP that includes contents coverage.

XIII. CONVERSION OF STANDARD RATED POLICY TO PRP DUE TO MAP REVISION, LOMA, OR LOMR

A standard-rated policy may be canceled and rewritten as a PRP as a result of a map revision, LOMA, or LOMR if the effective date of the map change was on or after February 1, 2005.

The policy may be canceled/rewritten using Cancellation Reason Code 24 under the following conditions:

- The request to cancel/rewrite the standard policy must be received during the policy term or within 6 months of the policy expiration date.
- The standard policy has no open claim or closed paid claim on the policy terms being canceled.
- The property meets all other PRP eligibility requirements.

The building and/or contents coverage on the new PRP must be equal either to the building limit and/or contents limit issued under the standard policy, or to the next higher limit available under the PRP if there is no PRP option equal to the standard policy building and/or contents limit.

XIV. CONVERSION OF PRP TO STANDARD RATED POLICY

A Preferred Risk Policy must be canceled and rewritten to a standard rated policy if the risk no longer meets the PRP eligibility requirements.

The building and/or contents coverage on the new standard policy must be equal to the building limit and/or contents limit issued under the PRP. If new coverage is desired, the policy should be endorsed with a 30-day waiting period applied.

XV. COMPLETING THE FLOOD INSURANCE PREFERRED RISK POLICY APPLICATION

A. Policy Status

In the upper right corner of the form, check the appropriate box to indicate if the application is for a NEW policy or a RENEWAL of an existing policy. If the application is for a renewal, enter the current NFIP policy number.

B. Policy Term

The PRP is available only for 1-year terms.

1. Check the appropriate box to indicate who should receive the renewal bill. If BILL FIRST MORTGAGEE is checked, complete "First Mortgagee" section. If BILL SECOND MORTGAGEE, BILL LOSS PAYEE, or BILL OTHER is checked, provide mailing instructions in "Second Mortgagee or Other" section.
2. Enter the policy effective date and policy expiration date (month-day-year). The effective date of the policy is determined by adding the appropriate waiting period to the date of application in the "Signature" section. Above these dates, check the appropriate box to indicate whether the waiting period is STANDARD 30-DAY or LOAN TRANSACTION-NO WAITING. Refer to the General Rules section, pages GR 8-9, for the applicable waiting period.

C. Agent Information

Enter the agent's (producer's) name, agency name and number, address, city, state, ZIP Code, telephone number, fax number, and Tax I.D. Number.

D. Insured's Mailing Address

1. Enter the name, mailing address, city, state, ZIP Code, and telephone number of the insured.
2. If the insured's mailing address is a post office box or a rural route number, or if the address of the property to be insured is different from the mailing address, complete the "Property Location" section of the application.

E. Disaster Assistance

1. Check YES if flood insurance is being required for disaster assistance. Enter the insured's Case File Number, Disaster Assistance Number, or Tax I.D. Number on the line for CASE FILE NUMBER.
2. In the "Second Mortgagee or Other" block, identify the government (disaster) agency, and enter the complete name and mailing address of the disaster agency.
3. If NO is checked, no other information is required.

F. First Mortgagee

Enter the name, mailing address, city, state, ZIP Code, telephone number, and fax number of the first mortgagee. Enter the loan number.

G. Second Mortgagee or Other

1. Identify additional mortgagees by checking the appropriate box and entering the loan number, mortgagee's name, mailing address, telephone number, and fax number.
2. If more than one additional mortgagee or disaster assistance agency exists, provide the requested information on the producer's letterhead.

H. Property Location

1. Check YES if the location of the property being insured is the same as the address entered in the "Insured's Mailing Address" section. Leave the rest of this section blank unless there is more than one building at the property location.
2. If more than one building is at the location of the insured property, use this section to specifically identify the building to be insured. Briefly describe the building or submit a sketch showing the location of insured buildings to assist the NFIP in matching the policy number to the specific building insured.
3. If NO, provide the address or location of the property to be insured.
4. If the insured's mailing address is a post office box or rural route number, give the street address, legal description, or geographic location of the property.

I. Community

1. Enter the name of the county or parish where the property is located.
2. Enter the community identification number, map panel number, and revision suffix for the community where the property is located. Use the FIRM in effect and that has been published at the time of presentment of premium and completion of application. Community number and status may be obtained by calling the writing company, consulting a local community official, or referencing the NFIP *Community Status Book* online at www.fema.gov/fema/csb.shtm.
3. Enter the Flood Insurance Rate Map zone.
4. Identify the information source.
5. Check YES if the building is located on federal land; otherwise, check NO.

NOTE: If the property is federally leased, refer to the Leased Federal Property Section for guidance.

J. Building and Contents

Complete all required information in this section.

1. Check building occupancy: Single Family, 2-4 Family, Other Residential, or Non-Residential (incl. Hotel/Motel).
2. Enter date of construction.
3. Check building type. If the building has a basement, enclosure, crawlspace, or subgrade crawlspace, count the basement, enclosure, crawlspace, or subgrade crawlspace as a floor. If the building type is a manufactured (mobile) home/travel trailer on foundation, enter the make, model, and serial number in the block at the bottom of this section.
4. Check YES, if the building is under a Condominium Form of Ownership; otherwise check NO. (A homeowners association [HOA] may differ from a condominium form of ownership.)
5. Check location of building's contents. (Contents located entirely in a basement are not eligible for contents-only coverage.)
6. Check YES if the building is the insured's principal residence; otherwise, check NO.

7. Using normal company practice, estimate the replacement cost value and enter the value in the space provided. Include the cost of the building foundation when determining the replacement cost value.
8. Indicate whether the building has a Basement, Enclosure, Crawlspace, or Subgrade Crawlspace.

K. Notice

If the answer to either question A or question B is YES, this risk is not eligible for the Preferred Risk Policy, except for buildings eligible under the 2-year PRP eligibility extension.

L. Premium

1. Enter the coverage selected, and the premium, from the appropriate table on pages PRP 4-5.
2. Add the \$50.00 Probation Surcharge, if applicable. Deduct \$5.00 if this is an application for a condominium unit.

M. Signature

The producer must sign the Preferred Risk Policy Application and is responsible for the completeness and accuracy of the information provided on it. Enter the date of application (month/day/year). The waiting period is added to this date to determine the policy effective date of the policy listed in the Policy Term section. A check or money order for the Total Prepaid Amount, payable to the NFIP, must accompany the application.

Electronics transactions are permitted if the business process includes authentication of signatures and dates of receipt of premium. WYO companies are responsible for determining the business practices and transaction authentication methods they will use to ensure the security and integrity of such transactions.

A credit card payment by VISA, MasterCard, Discover, or American Express will also be acceptable if a disclaimer form, signed by the insured, is submitted with the Preferred Risk Policy Application. The disclaimer will state that cancellation of a policy due to a billing dispute will be permitted only for a billing error or fraud. If the credit card information is taken over the telephone by the producer, the producer may sign the authorization form on behalf of the payor only after having read the disclaimer to the payor.

**THIS LAYOUT OF THE REVISED PREFERRED RISK POLICY APPLICATION IS PROVIDED FOR YOUR REFERENCE.
THE FINAL FORM IS AWAITING OMB APPROVAL AND NOT YET AVAILABLE.**

<input type="checkbox"/> NEW	CURRENT POLICY NUMBER _____
<input type="checkbox"/> RENEWAL	IF NEW, LEAVE BLANK

IMPORTANT – PLEASE PRINT OR TYPE

POLICY TERM	DIRECT BILL INSTRUCTIONS: <input type="checkbox"/> BILL INSURED <input type="checkbox"/> BILL FIRST MORTGAGEE <input type="checkbox"/> BILL SECOND MORTGAGEE <input type="checkbox"/> BILL LOSS PAYEE <input type="checkbox"/> BILL OTHER		WAITING PERIOD: <input type="checkbox"/> STANDARD 30-DAY <input type="checkbox"/> LOAN TRANSACTION - NO WAITING	
	NAME, ADDRESS, TELEPHONE NO., AND FAX NO. OF LICENSED PROPERTY OR CASUALTY INSURANCE AGENT OR BROKER: _____ _____ _____ AGENCY NO.: _____ AGENT'S TAX ID _____		POLICY PERIOD IS FROM _____ TO _____ 12:01 A.M. LOCAL TIME AT THE INSURED PROPERTY LOCATION	
AGENT INFORMATION	IS INSURANCE REQUIRED FOR DISASTER ASSISTANCE? YES <input checked="" type="checkbox"/> NO <input type="checkbox"/> IF YES, CHECK THE GOVERNMENT AGENCY: <input type="checkbox"/> SBA <input type="checkbox"/> FHA <input type="checkbox"/> FEMA <input type="checkbox"/> OTHER (SPECIFY): _____ CASE FILE NUMBER _____		IF SECOND MORTGAGEE, LOSS PAYEE OR OTHER IS TO BE BILLED, THE FOLLOWING MUST BE COMPLETED, INCLUDING THE NAME, TELEPHONE NO., FAX NO., AND ADDRESS. <input type="checkbox"/> 2ND MORTGAGEE <input type="checkbox"/> DISASTER AGENCY, SPECIFY _____ <input type="checkbox"/> LOSS PAYEE <input type="checkbox"/> IF OTHER (SPECIFY) _____	
	NAME, TELEPHONE NO., FAX NO., AND ADDRESS OF FIRST MORTGAGEE INCLUDING LOAN NUMBER: _____ _____ LOAN NUMBER _____		NAME, TELEPHONE NUMBER AND MAILING ADDRESS OF INSURED: _____ _____ _____ INSURED'S MAILING ADDRESS	
DISASTER ASSISTANCE	NAME, TELEPHONE NO., FAX NO., AND ADDRESS OF FIRST MORTGAGEE INCLUDING LOAN NUMBER: _____ _____ LOAN NUMBER _____		IF SECOND MORTGAGEE, LOSS PAYEE OR OTHER IS TO BE BILLED, THE FOLLOWING MUST BE COMPLETED, INCLUDING THE NAME, TELEPHONE NO., FAX NO., AND ADDRESS. <input type="checkbox"/> 2ND MORTGAGEE <input type="checkbox"/> DISASTER AGENCY, SPECIFY _____ <input type="checkbox"/> LOSS PAYEE <input type="checkbox"/> IF OTHER (SPECIFY) _____	
	IS INSURED LOCATION SAME AS INSURED MAILING ADDRESS? <input checked="" type="checkbox"/> YES <input type="checkbox"/> NO IF NO, ENTER PROPERTY ADDRESS, IF RURAL, DESCRIBE PROPERTY LOCATION (DO NOT USE P.O. BOX) _____ _____		IF SECOND MORTGAGEE, LOSS PAYEE OR OTHER IS TO BE BILLED, THE FOLLOWING MUST BE COMPLETED, INCLUDING THE NAME, TELEPHONE NO., FAX NO., AND ADDRESS. <input type="checkbox"/> 2ND MORTGAGEE <input type="checkbox"/> DISASTER AGENCY, SPECIFY _____ <input type="checkbox"/> LOSS PAYEE <input type="checkbox"/> IF OTHER (SPECIFY) _____	
FIRST MORTGAGEE	IS INSURED LOCATION SAME AS INSURED MAILING ADDRESS? <input checked="" type="checkbox"/> YES <input type="checkbox"/> NO IF NO, ENTER PROPERTY ADDRESS, IF RURAL, DESCRIBE PROPERTY LOCATION (DO NOT USE P.O. BOX) _____ _____		IF SECOND MORTGAGEE, LOSS PAYEE OR OTHER IS TO BE BILLED, THE FOLLOWING MUST BE COMPLETED, INCLUDING THE NAME, TELEPHONE NO., FAX NO., AND ADDRESS. <input type="checkbox"/> 2ND MORTGAGEE <input type="checkbox"/> DISASTER AGENCY, SPECIFY _____ <input type="checkbox"/> LOSS PAYEE <input type="checkbox"/> IF OTHER (SPECIFY) _____	
	NAME, TELEPHONE NO., FAX NO., AND ADDRESS OF FIRST MORTGAGEE INCLUDING LOAN NUMBER: _____ _____ LOAN NUMBER _____		NAME, TELEPHONE NUMBER AND MAILING ADDRESS OF INSURED: _____ _____ _____ INSURED'S MAILING ADDRESS	
PROPERTY LOCATION	IS INSURED LOCATION SAME AS INSURED MAILING ADDRESS? <input checked="" type="checkbox"/> YES <input type="checkbox"/> NO IF NO, ENTER PROPERTY ADDRESS, IF RURAL, DESCRIBE PROPERTY LOCATION (DO NOT USE P.O. BOX) _____ _____		IF SECOND MORTGAGEE, LOSS PAYEE OR OTHER IS TO BE BILLED, THE FOLLOWING MUST BE COMPLETED, INCLUDING THE NAME, TELEPHONE NO., FAX NO., AND ADDRESS. <input type="checkbox"/> 2ND MORTGAGEE <input type="checkbox"/> DISASTER AGENCY, SPECIFY _____ <input type="checkbox"/> LOSS PAYEE <input type="checkbox"/> IF OTHER (SPECIFY) _____	
	NAME, TELEPHONE NO., FAX NO., AND ADDRESS OF FIRST MORTGAGEE INCLUDING LOAN NUMBER: _____ _____ LOAN NUMBER _____		NAME, TELEPHONE NUMBER AND MAILING ADDRESS OF INSURED: _____ _____ _____ INSURED'S MAILING ADDRESS	
BUILDING	BUILDING OCCUPANCY: <input type="checkbox"/> SINGLE FAMILY <input type="checkbox"/> 2-4 FAMILY <input type="checkbox"/> OTHER RESIDENTIAL <input type="checkbox"/> NON-RESIDENTIAL (INCL. HOTEL/MOTEL)		ESTIMATED REPLACEMENT COST AMOUNT \$ _____	
	CONSTRUCTION DATE _____ <input type="checkbox"/> BUILDING PERMIT DATE <input type="checkbox"/> DATE OF CONSTRUCTION <input type="checkbox"/> SUBSTANTIAL IMPR. DATE <input type="checkbox"/> MANUFACTURED (MOBILE) HOMES / TRAVEL TRAILERS LOCATED IN A MOBILE HOME PARK OR SUBDIVISION: CONSTRUCTION DATE OF MOBILE HOME PARK OR SUBDIVISION FACILITIES <input type="checkbox"/> MANUFACTURED (MOBILE) HOMES / TRAVEL TRAILERS LOCATED OUTSIDE A MOBILE HOME PARK OR SUBDIVISION: DATE OF PERMANENT PLACEMENT		BUILDING USE: <input type="checkbox"/> MAIN HOUSE/BUILDING <input type="checkbox"/> DETACHED GUEST HOUSE <input type="checkbox"/> DETACHED GARAGE <input type="checkbox"/> AGRICULTURAL BUILDING <input type="checkbox"/> WAREHOUSE <input type="checkbox"/> POOLHOUSE, CLUBHOUSE, REC. BLDG <input type="checkbox"/> TOOL/STORAGE SHED <input type="checkbox"/> OTHER: _____	
BUILDING	INSURED'S PRINCIPAL RESIDENCE? <input checked="" type="checkbox"/> YES <input type="checkbox"/> NO BUILDING TYPE (INCLUDING BASEMENT/ENCLOSURE): <input type="checkbox"/> ONE FLOOR <input type="checkbox"/> SPLIT LEVEL <input type="checkbox"/> TWO FLOORS <input type="checkbox"/> THREE OR MORE FLOORS <input type="checkbox"/> MANUFACTURED (MOBILE) HOME/TRAVEL TRAILER ON FOUNDATION CONDO FORM OF OWNERSHIP <input checked="" type="checkbox"/> YES <input type="checkbox"/> NO COVERAGE FOR CONDO UNIT <input checked="" type="checkbox"/> YES <input type="checkbox"/> NO TOWNHOUSE/ROWHOUSE CONDO UNIT <input checked="" type="checkbox"/> YES <input type="checkbox"/> NO		CONTENTS LOCATED IN: <input type="checkbox"/> ENCLOSURE ONLY (BASEMENT ONLY NOT ELIGIBLE) <input type="checkbox"/> BASEMENT/ENCLOSURE AND ABOVE <input type="checkbox"/> LOWEST FLOOR ONLY ABOVE GROUND LEVEL <input type="checkbox"/> LOWEST FLOOR ABOVE GROUND LEVEL AND HIGHER FLOORS <input type="checkbox"/> ABOVE GROUND LEVEL MORE THAN ONE FULL FLOOR	
	CONSTRUCTION DATE _____ <input type="checkbox"/> BUILDING PERMIT DATE <input type="checkbox"/> DATE OF CONSTRUCTION <input type="checkbox"/> SUBSTANTIAL IMPR. DATE <input type="checkbox"/> MANUFACTURED (MOBILE) HOMES / TRAVEL TRAILERS LOCATED IN A MOBILE HOME PARK OR SUBDIVISION: CONSTRUCTION DATE OF MOBILE HOME PARK OR SUBDIVISION FACILITIES <input type="checkbox"/> MANUFACTURED (MOBILE) HOMES / TRAVEL TRAILERS LOCATED OUTSIDE A MOBILE HOME PARK OR SUBDIVISION: DATE OF PERMANENT PLACEMENT		ESTIMATED REPLACEMENT COST AMOUNT \$ _____ BUILDING USE: <input type="checkbox"/> MAIN HOUSE/BUILDING <input type="checkbox"/> DETACHED GUEST HOUSE <input type="checkbox"/> DETACHED GARAGE <input type="checkbox"/> AGRICULTURAL BUILDING <input type="checkbox"/> WAREHOUSE <input type="checkbox"/> POOLHOUSE, CLUBHOUSE, REC. BLDG <input type="checkbox"/> TOOL/STORAGE SHED <input type="checkbox"/> OTHER: _____	
BUILDING	CONSTRUCTION DATE _____ <input type="checkbox"/> BUILDING PERMIT DATE <input type="checkbox"/> DATE OF CONSTRUCTION <input type="checkbox"/> SUBSTANTIAL IMPR. DATE <input type="checkbox"/> MANUFACTURED (MOBILE) HOMES / TRAVEL TRAILERS LOCATED IN A MOBILE HOME PARK OR SUBDIVISION: CONSTRUCTION DATE OF MOBILE HOME PARK OR SUBDIVISION FACILITIES <input type="checkbox"/> MANUFACTURED (MOBILE) HOMES / TRAVEL TRAILERS LOCATED OUTSIDE A MOBILE HOME PARK OR SUBDIVISION: DATE OF PERMANENT PLACEMENT		ESTIMATED REPLACEMENT COST AMOUNT \$ _____ BUILDING USE: <input type="checkbox"/> MAIN HOUSE/BUILDING <input type="checkbox"/> DETACHED GUEST HOUSE <input type="checkbox"/> DETACHED GARAGE <input type="checkbox"/> AGRICULTURAL BUILDING <input type="checkbox"/> WAREHOUSE <input type="checkbox"/> POOLHOUSE, CLUBHOUSE, REC. BLDG <input type="checkbox"/> TOOL/STORAGE SHED <input type="checkbox"/> OTHER: _____	
	MAKE, MODEL AND SERIAL NUMBER OF MANUFACTURED (MOBILE) HOME/TRAVEL TRAILER _____		ESTIMATED REPLACEMENT COST AMOUNT \$ _____ BUILDING USE: <input type="checkbox"/> MAIN HOUSE/BUILDING <input type="checkbox"/> DETACHED GUEST HOUSE <input type="checkbox"/> DETACHED GARAGE <input type="checkbox"/> AGRICULTURAL BUILDING <input type="checkbox"/> WAREHOUSE <input type="checkbox"/> POOLHOUSE, CLUBHOUSE, REC. BLDG <input type="checkbox"/> TOOL/STORAGE SHED <input type="checkbox"/> OTHER: _____	
NOTICE	THE FOLLOWING CONDITIONS SHOULD BE USED TO DETERMINE A BUILDING'S ELIGIBILITY FOR A PRP: A) IS THE BUILDING LOCATED IN A SPECIAL FLOOD HAZARD AREA ON A FLOOD HAZARD BOUNDARY MAP, OR ON A FLOOD INSURANCE RATE MAP ZONE A, AE, A1-A30, AO, AH, A99, V, VE, V1-V30, AR, AR DUAL ZONE S, AR/AE, AR/AH, AR/AO, AR/A1-A30, AR/A? <input checked="" type="checkbox"/> YES <input type="checkbox"/> NO B) DO ANY OF THESE CONDITIONS, ARISING FROM ONE OR MORE OCCURRENCES IN ANY 10-YEAR PERIOD, EXIST? 2 LOSS PAYMENTS, EACH MORE THAN \$1,000 <input checked="" type="checkbox"/> YES <input type="checkbox"/> NO 3 OR MORE LOSS PAYMENTS, REGARDLESS OF AMOUNT <input checked="" type="checkbox"/> YES <input type="checkbox"/> NO 2 FEDERAL DISASTER RELIEF PAYMENTS, EACH MORE THAN \$1,000 <input checked="" type="checkbox"/> YES <input type="checkbox"/> NO 3 FEDERAL DISASTER RELIEF PAYMENTS, REGARDLESS OF AMOUNT <input checked="" type="checkbox"/> YES <input type="checkbox"/> NO 1 FLOOD INSURANCE CLAIM PAYMENT AND 1 FLOOD DISASTER RELIEF PAYMENT (INCLUDING LOANS AND GRANTS), EACH MORE THAN \$1,000 <input checked="" type="checkbox"/> YES <input type="checkbox"/> NO INSURANCE IS AVAILABLE UNDER THIS APPLICATION ONLY IF THE ANSWERS TO THESE QUESTIONS ARE NO, EXCEPT FOR BUILDINGS ELIGIBLE UNDER THE 2-YEAR PRP ELIGIBILITY EXTENSION		ENTER SELECTED OPTION FROM THE PREMIUM TABLES IN THE FLOOD INSURANCE MANUAL. BUILDING AND CONTENTS COVERAGE COMBINATION BUILDING: \$ _____ CONTENTS: \$ _____ PREMIUM: \$ _____ CONTENTS-ONLY COVERAGE AMOUNT: \$ _____ PREMIUM: \$ _____	
	MAKE, MODEL AND SERIAL NUMBER OF MANUFACTURED (MOBILE) HOME/TRAVEL TRAILER _____		ENTER SELECTED OPTION FROM THE PREMIUM TABLES IN THE FLOOD INSURANCE MANUAL. BUILDING AND CONTENTS COVERAGE COMBINATION BUILDING: \$ _____ CONTENTS: \$ _____ PREMIUM: \$ _____ CONTENTS-ONLY COVERAGE AMOUNT: \$ _____ PREMIUM: \$ _____	
SIGNATURE	ONE BUILDING PER POLICY - BLANKET COVERAGE NOT PERMITTED			
	THE ABOVE STATEMENTS ARE CORRECT TO THE BEST OF MY KNOWLEDGE. THE PROPERTY OWNER AND I UNDERSTAND THAT ANY FALSE STATEMENTS MAY BE PUNISHABLE BY FINE OR IMPRISONMENT UNDER APPLICABLE FEDERAL LAW. SIGNATURE OF INSURANCE AGENT/BROKER _____ DATE _____ (MM/DD/YYYY)			

NON-FIP COPY

This page intentionally left blank.