

15-Minute Flood Clinic Rating Elements Webinar Slides



ASSURANT®

There is no such thing as a “no risk” zone!



FEMA official warns flooding can occur outside hazard area

The warning comes after Hurricane Debby dropped an estimated 13 inches of rain in parts of Florida, affecting some homeowners in flood map areas designated Zone X, which face a minimal flood hazard.

THE DENVER POST

Flooding in Greeley, Colorado

“I live on a mountain. I’ll never get flooded.” We’ve all heard it. But living on a mountain doesn’t mean you are safe from flooding. This article talks about how floodwaters rose as high as 18 inches in eastern part of city, flooding homes and businesses and damaging vehicles.



Report: Most of Debby's flood damage outside hazard areas

A First Street Foundation report says 78% of properties that experienced flood damage from Hurricane Debby are not in Special Flood Hazard Areas as designated by the Federal Emergency Management Agency. **Full Story:**



Many in Midwest lack flood insurance amid storm recovery

Only about 26,500 National Flood Insurance Program policies are in place in Minnesota, Iowa, Nebraska and South Dakota, which are working to recover from recent storms. In Iowa, NFIP coverage is in place for less than 1% of single-family homes in 22 of the counties where the governor has issued disaster declarations because of recent flooding.

Property Address

Distance to flooding sources

including the distance to the coast, ocean, rivers, and Great Lakes

Ground Elevation

where the building is located relative to the elevation of the surrounding area and the elevation of nearby flooding sources.

Other Characteristics

Such as the community where the building is located and how that relates to the Community Rating System discount or whether the building is on a barrier island.

Flood Frequency

rating includes consideration of flooding sources other than those listed on the FIRM, such as urban flooding

FEMA has collaborated with companies to incorporate catastrophe modeling to identify and determine flood risks pricing in an improved way.



Construction Type

Frame:

The first floor above ground level is constructed with wood or metal frame walls; or
Other materials such as exterior brick or masonry veneer are connected to frame construction.

Masonry:

First floor above ground level is constructed with masonry including brick, or concrete block walls for the full story;

Building has a floor below the ground (for example a basement or walkout basement); or

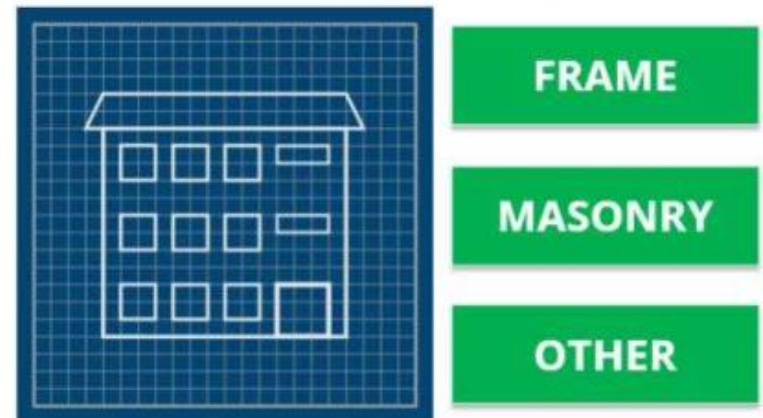
Bottom floor is masonry, and the next higher floor has frame construction.

Construction type needs to be determined **ONLY** if the building is a Single-Family and 2-4 Family Home.

Other:

Use other when the first floor above ground level is constructed with materials other than wood frame walls or masonry walls for the full story

Any portion of the wall between ground level and next higher floor is frame construction (for example, “knee walls” whose lower wall is concrete block with frame wall on the higher portion)



Cost To Rebuild

FEMA's rating engine Pivot will determine RCV:

- Single-Family Home
- Residential Manufactured / Mobile Home
- Residential Unit
- Two-to-Four Family Building

RCV is determined based on the information the agent provides on the application

Longitude/Latitude may be requested to assist in this process

If the tool is unable to determine RCV, the agent will be required to provide it by means of an appraisal or RCV estimator

FEMA's rating engine Pivot will NOT determine RCV:

- Other Residential Building
- Non-Residential Building
- Non-Residential Manufactured /Mobile Building
- Non-Residential Unit policies

For these building types documentation we can accept:

- Appraisal or cost estimator
- Declaration page from another line of insurance that shows the RCV
- Evidence of Property insurance, EX: Accord Form, referencing property carrier, policy number, insured building location, effective date, building limit, & RCV signed by Agent
- Letter from a local building official

The information must be validated and documented at least every 3 years

- Residential Condominium Building

The rules for RCBAP policies have not changed

For these building types documentation we can accept:

- An appraisal or a replacement cost value estimator must be obtained
- It must specifically indicate the Replacement Cost Value and that foundations are included
- It must be submitted with the application

Foundation Type

Risk Rating 2.0

Non-Elevated

Slab on Grade
(non-Elevated)

Includes EC Diagram Numbers
1A, 1B, and 3



Basement
(non-Elevated)

Includes EC Diagram Numbers
2A, 2B, and 4



Crawlspace
(Elevated, including non-elevated sub-grade crawlspace)

Includes EC Diagram Numbers
8 and 9



Foundation Type

Risk Rating 2.0

Elevated

**Elevated without
Enclosure
on Post, Pile or Pier**

Includes EC Diagram Number 5
(includes Hanging Floors)



**Elevated with
Enclosure
on Post, Pile or Pier**

Includes EC Diagram Number 6



**Elevated with
Enclosure
Not Post, Pile or Pier**

Includes EC Diagram Number 7



Rating Flood

First Floor Height (FFH)



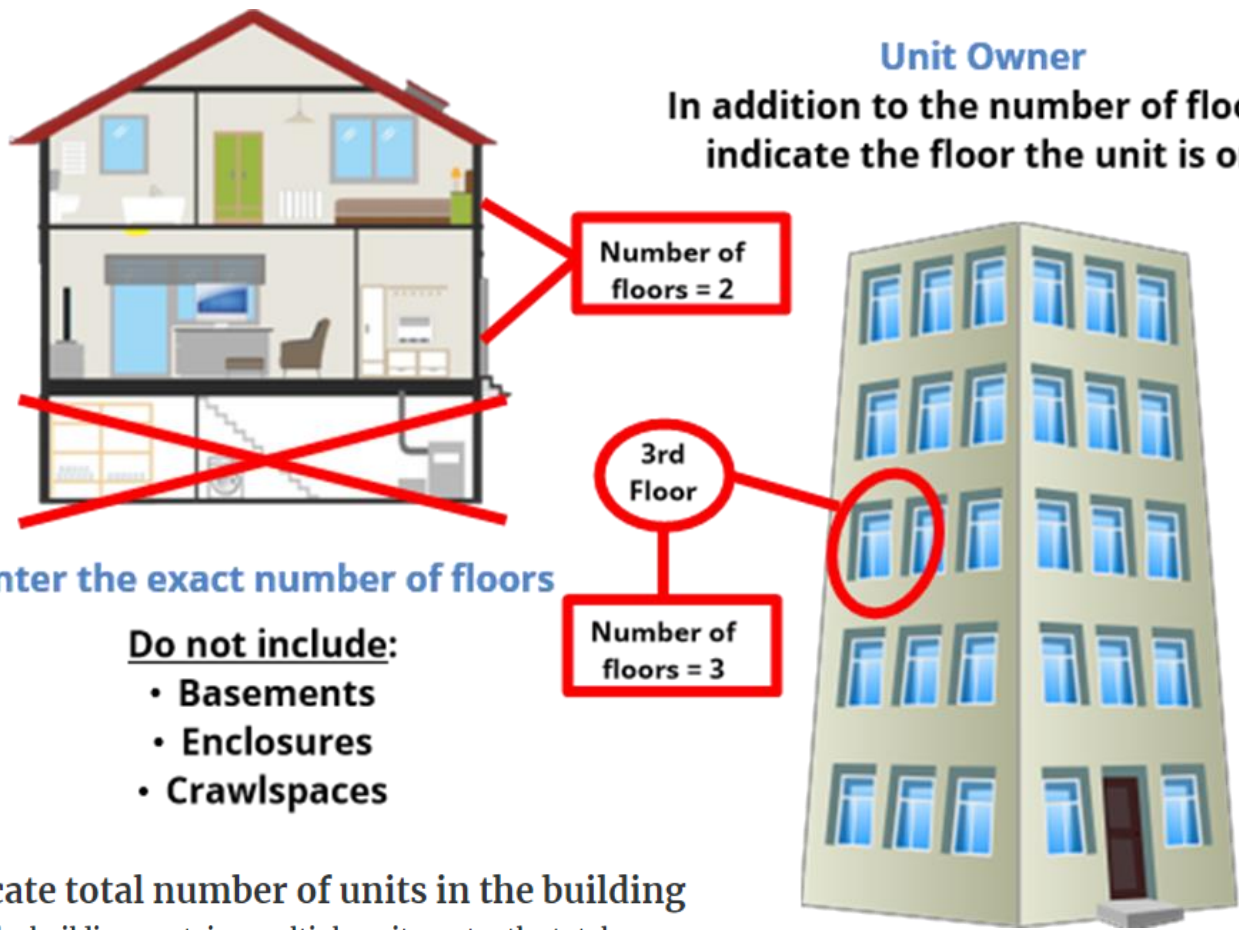
First Floor Height (FFH)
will be used in
determining rates for all
policies

**The difference between
the LAG (Lowest Adjacent
Grade) and the first floor
of the structure is the
FFH**

**FEMA's rating engine will determine a FFH for all structures quoted
An optional EC can be provided to see if it gives a more accurate FFH
Whichever provides the better premium will be used**

Number of Floors

Unit Owner
In addition to the number of floors,
indicate the floor the unit is on



Enter the exact number of floors

Do not include:

- Basements
- Enclosures
- Crawlspace

Indicate total number of units in the building

- If the building contains multiple units, enter the total number of units, even if the policy only covers a single unit
- count both residential and non-residential units

Prior Claims

CLAIM REVIEW TRIGGERED

- 2nd claim dated 4/1/2023 or later

10-YEAR WINDOW

Number of loss dates that are within 10 years of the policy effective date.

CLAIMS 4/1/23 OR LATER

- Excludes claims prior to 4/1/2023

FACTOR APPLIED

- Next renewal following triggering claim

INCLUDED CLAIM TYPES

- Any loss with a paid claim regardless of amount

Exceptions:

- Claims made within 10 days of each other are counted as one
- One claim that falls within the 10-year window

EXCLUDED CLAIM TYPES

- Increased Cost of Compliance (ICC)
- Closed Without Payment (CWOP)
- Loss Avoidance Claims

PRIOR NFIP CLAIMS FACTOR & SEVERE REPETITIVE LOSS RATING FACTOR

FEMA will not apply both the Prior NFIP Claims Rating Factor and the SRL Rating Factor on the same policy. FEMA will compare the impact of the Prior NFIP Claims Rating Factor and the SRL Rating Factor and apply whichever results in a higher premium.

Use of the Prior NFIP Claims Rating Factor does not impact the building's SRL designation or policy servicing with the Special Direct Facility.

Statutory Discounts

Annual Increase Cap aka Glidepath

PRP, PRP Newly Mapped, grandfathered, etc... whose premium will go up under Risk Rating 2.0 will have that increase phased in through an annual increase cap, also known as a glidepath.

Glidepath keeps the increase under the yearly statutory cap of 18-25% year over year. The discount adjusts each year and increases their rates until they're "Fully Risk Rated".

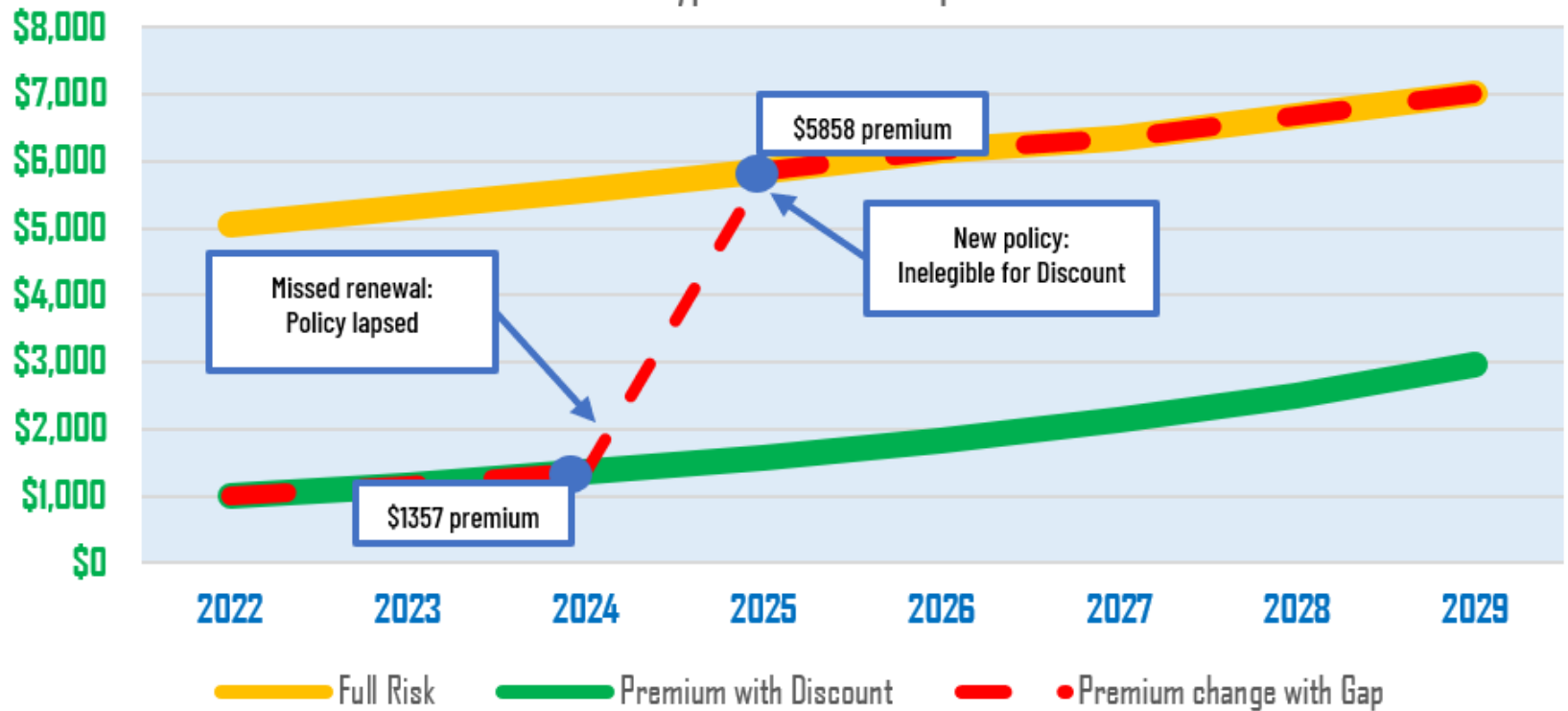
- This discount applies **ONLY** to those policies in effect prior to the implementation of Risk Rating 2.0
- Not all policies will fit into this category (*FEMA Bulletin W-14026*).
- The premium for the **current coverage only** will be calculated using the rate with the glidepath. Premium for any increased coverage will be calculated using full risk rates, without the glidepath.

Ex: Renewal policy with \$100,000 building coverage

- Option A - \$100,000 = \$100,000 building @ 18% cap
- Renew with Option B at \$110,000 = \$100,000 @ 18% cap + 10,000 @ full risk rate
- Midterm endorsement after renewal from \$100,000 to \$150,000 = \$100,000 @ 18% cap + \$50,000 @ full risk rate

Statutory Discounts

Missed Renewal: affect on Premium with Annual Cap Discount Hypothetical Example



*This is not a prediction of premium increases. It is a fictitious example that in no way guarantees any premiums, prices, or increases. This fictitious example is based on a 5% increase in full risk premium and an 18% annual cap year over year. This is not a guarantee or prediction of NFIP rate changes.

Statutory Discounts

Pre-FIRM Discount

A discount for a building with a construction date prior to 12/21/74 or the initial FIRM date for the community.

- Under Risk Rating 2.0, the only new business policies that are eligible for the Pre-FIRM discount are "Primary Residences" (SRL are not eligible).
- Only applies to the first \$35,000 Building and first \$10,000 contents
- After initial term, the discount phases out annually until it reaches full risk rating.
- New Business: If a policy is eligible for more than one statutory discount only one, the more beneficial, will be used.
- Renewal: Policies receiving the Annual Increase Cap Discount will not receive this discount.

Newly Mapped

A discount for a building that was once designated outside of the SFHA and following a map revision is designated within an SFHA (within 12 months of remapping).

- If a policy is eligible for more than one statutory discount, only one, will be used.
- Only applies to the first \$35,000 Building and first \$10,000 contents
- After initial term, the discount phases out annually until it reaches full risk rating.
- New Business: If a policy is eligible for more than one statutory discount only one, the more beneficial, will be used.
- Renewal: Policies receiving the Annual Increase Cap Discount will not receive this discount

Lapse in Coverage: In general, if a policy lapses in coverage, the policyholder will lose any statutory discount immediately and be rated using the full risk rates.

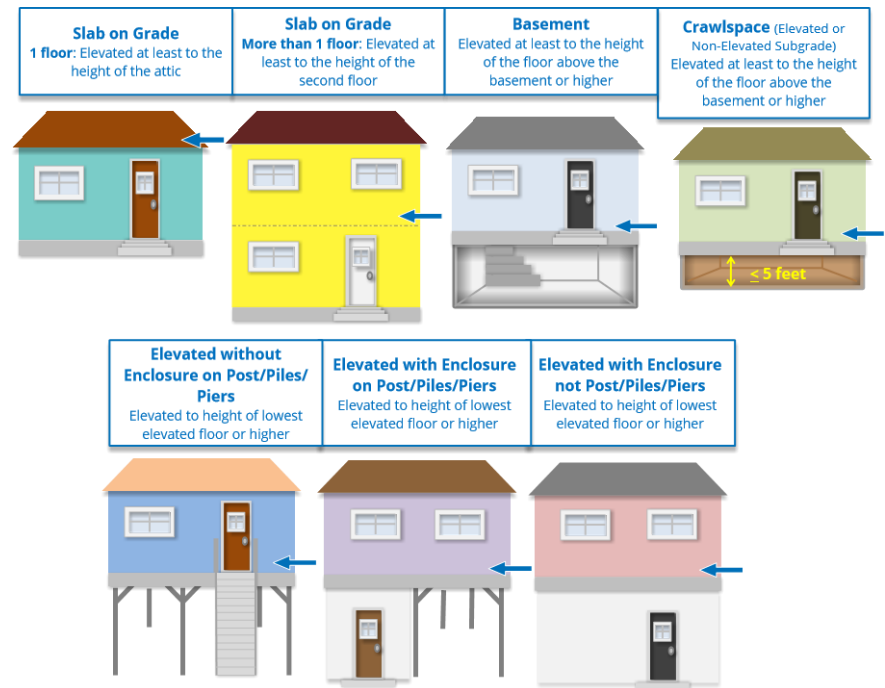
Mitigation Discounts

M&E Elevated

The discount for M&E will apply to policies in which eligible M&E is located above the first floor of their structure - regardless of them being inside or outside the building.

To qualify, all M&E listed for coverage type must be elevated.

- Building Only: Central air conditioner (including exterior compressor) / Furnace / Heat pump (including exterior compressor) / Hot water heater / Elevator machinery and equipment
- Contents Only: Clothes washers and dryers / Food freezers
- Both Coverages: all the M&E and appliances listed above must be elevated



Mitigation Discounts

Proper Flood Openings

Flood Vents allow for mitigation of foundation damage to the building.

- Any flood zone
- The application must have the proper information venting information submitted on it to receive the discount
- The agent must certify the information
- Requirements for venting must be met
 - At least 2 vents on at least 2 walls with square inches equaling the square footage within 12 inches of the ground inside or outside, will continue to be the requirement.

Flood Proofing

This alternative to elevating a building above the BFE requires a Floodproofing Certificate to factor in mitigation measures when being rated.

Certified Floodproofing may potentially provide the insured with lower premium.

- Sealed building which prevents water from entering
- Waterproof walls that don't collapse
- Floors attached to the floodproof walls which resist floating during flooding events
- Requirements for venting must be met