



Underwriting Guidance Update

Issue Date: November 9, 2021

UPDATE: 11-2021-1

Purpose: To provide underwriting guidance updates for National Flood Insurance Program (NFIP).

This revised guidance is effective immediately and will be included in the October 2022 NFIP Flood Insurance Manual release.

Contact: For questions or comments, email NFIPUnderwritingMailbox@fema.dhs.gov.

1. Building Replacement Cost Value

Reference: FIM Section 3, Pages 3.33 & 3.34, b. Building Replacement Cost Value

FEMA is updating guidance to allow NFIP insurers to obtain the Building Replacement Cost value using common industry practices they currently may use or based on information that they already may have. This guidance is applicable in situations where NFIP insurers are to provide Building Replacement Cost value for rating purposes.

CURRENT FIM GUIDANCE	REVISED FIM GUIDANCE (update in red)
<p>ii. Occupancy Type: Other Residential Building, Residential Condominium Building, Non-Residential Building, Non-Residential Manufactured/Mobile Building, Non-Residential Unit.</p> <p>FEMA will not determine the Building Replacement Cost Value for these building occupancies. The insurer must obtain the Building Replacement Cost Value for the building or unit (including, for a building, the cost of the foundation) based on appraisals commonly used in the insurance industry. The insurer must maintain supporting documentation of the Building Replacement Cost Value. The insurer must validate the Building Replacement Cost Value information at least every 3 years. See the sample Building Replacement Cost Value notification letter in Appendix I: Policyholder Communications.</p> <p>Supporting Building Replacement Cost Value documentation is not required if:</p>	<p>ii. Occupancy Type: Other Residential Building, Residential Condominium Building, Non-Residential Building, Non-Residential Manufactured/Mobile Building, Non-Residential Unit .</p> <p>FEMA will not determine the Building Replacement Cost Value for these building occupancies. The insurer must obtain the Building Replacement Cost Value for the building or unit (including the cost of the foundation). The Building Replacement Cost Value may be obtained by using common industry practices. The method or documentation used to determine the Building Replacement Cost Value must be maintained in the policy underwriting file by the insurer. The insurer must review (and update if any changes) the Building Replacement Cost Value information at least every 3 years. See the sample Building Replacement Cost Value notification letter in Appendix I: Policyholder Communications.</p>

1. Building Replacement Cost Value	
<ul style="list-style-type: none"> The building occupancy is Non-Residential Manufactured/Mobile Building; The building description is either Storage/Tool Shed or Detached Garage; <i>or</i> The building or unit's square footage is less than 1,000 square feet. 	Supporting Building Replacement Cost Value method or documentation is not required if: <ul style="list-style-type: none"> The building occupancy is Non-Residential Manufactured/Mobile Building; The building description is either Storage/Tool Shed or Detached Garage; <i>or</i> The building or unit's square footage is less than 1,000 square feet.

2. Masonry Construction Type	
<p>References: FIM Section 3: How to Write, page 3.14, Table 7. Construction Type Determination; FIM Appendix C: Quick Start Guide, page C.4, D. Construction Type</p> <p>FEMA clarifies that the masonry construction type is based on the first full floor above a basement, walkout level, or a crawlspace.</p>	
CURRENT FIM GUIDANCE	REVISED FIM GUIDANCE (update in red)
<p>Masonry</p> <p>Use Masonry as the construction type when the:</p> <ul style="list-style-type: none"> 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); <i>or</i> Bottom floor is masonry and the next higher floor has frame construction. 	<p>Masonry</p> <p>Use Masonry as the construction type when the first full floor above ground level is constructed with masonry materials such as brick (not brick veneer), or concrete block walls for the full floor.</p> <p>Note: If the bottom floor is masonry (such as a basement, walkout level, or crawlspace), and the next higher floor has frame construction, use Frame as the construction type.</p>



Underwriting Guidance Update

Issue Date: December 13, 2021

UPDATE: 12-2021-2

Purpose: To provide underwriting guidance updates for National Flood Insurance Program (NFIP).

This revised guidance is effective immediately and will be included in the October 2022 NFIP Flood Insurance Manual release.

Contact: For questions or comments, email NFIPUnderwritingMailbox@fema.dhs.gov.

1. First Floor Height	
Reference: FIM Section 3, Pages 3.21 and 3.26	
FEMA is updating guidance to clarify that the First Floor Height (FFH) value from an Elevation Certificate (EC) when combined or compared with FEMA sourced elevation information, does not always produce the lowest premium.	
CURRENT FIM GUIDANCE	REVISED FIM GUIDANCE (update in red)
c. Elevation Certificate/Land Survey The policyholder can optionally provide an EC (or land survey completed by a licensed engineer) to provide data for a First Floor Height value. Table 14 and 15 show the steps to take when completing the First Floor Height Determination portion of the Application Form as well as how to determine the elevations to use when calculating the First Floor Height. All ECs and land surveys must be certified and accompanied by photographs. See additional documentation requirements below. Table 15 shows the elevation in Section C of the NFIP EC form (see Appendix B: Forms) to report as the Lowest Floor Elevation (LFE). The building's First Floor Height is the difference between the reported LFE and the Lowest Adjacent Grade (LAG).	c. Elevation Certificate/Land Survey The policyholder can optionally provide an EC (or land survey completed by a licensed engineer) to provide data for a First Floor Height value. Tables 15 and 16 show the steps to take when completing the First Floor Height Determination portion of the Application Form as well as how to determine the elevations to use when calculating the First Floor Height. All ECs and land surveys must be certified and accompanied by photographs. See additional documentation requirements below. Table 15 shows the elevation in Section C of the NFIP EC form (see Appendix B: Forms) to report as the Lowest Floor Elevation (LFE). The building's First Floor Height is the difference between the reported LFE and the Lowest Adjacent Grade (LAG).

1. First Floor Height	
CURRENT FIM GUIDANCE	REVISED FIM GUIDANCE (update in red)
<p>e. First Floor Height Used</p> <p>The final two fields of the First Floor Height Determination portion of the Application Form are completed by FEMA's system when the quote is returned to the insurer.</p> <ul style="list-style-type: none"> • First Floor Height Used (In Feet). FEMA's system will recognize the highest value between the FEMA Determined FFH and the EC FFH, enter it in this field, and use that value for rating purposes. • Method Used to Determine First Floor Height. FEMA's system will enter either FEMA Determined or Elevation Certificate depending on which returned the highest FFH value. 	<p>e. First Floor Height Used</p> <p>The final two fields of the First Floor Height Determination portion of the Application Form are completed by FEMA's system when the quote is returned to the insurer.</p> <ul style="list-style-type: none"> • First Floor Height Used (In Feet). FEMA's system will recognize the more favorable value between the FEMA Determined FFH and the EC FFH, enter it in this field, and use that value for rating purposes. • Method Used to Determine First Floor Height. FEMA's system will enter either FEMA Determined or Elevation Certificate depending on which returned the more favorable value. <p>Note: When EC information is provided, FEMA's system compares the premium using elevation information from the EC with the premium using FEMA-sourced elevation data. After this comparison, FEMA returns the lowest premium for the policyholder. Providing EC information will not increase a premium.</p>

2. Provisional Rating Information	
<p>References: <i>FIM Section 3: How to Write, page 3.74</i></p> <p>FEMA clarifies that Provisional Rates also can be used when directed by FEMA.</p>	
CURRENT FIM GUIDANCE	REVISED FIM GUIDANCE (update in red)
<p>A. General Information</p> <p>Insurers should use provisional rates to enable coverage when the FEMA system is unavailable, and when FEMA has provided guidance to use provisional rating.</p>	<p>A. General Information</p> <p>Insurers should use provisional rates to enable coverage when the FEMA system is unavailable, or when FEMA has provided guidance to use provisional rating.</p>
<p>B. Eligibility</p> <p>FEMA authorizes NFIP insurers to use provisional rates (at their discretion) in the following scenarios:</p> <ul style="list-style-type: none"> • Planned FEMA maintenance windows. 	<p>B. Eligibility</p> <p>FEMA authorizes NFIP insurers to use provisional rates (at their discretion) in the following scenarios:</p> <ul style="list-style-type: none"> • Planned FEMA maintenance windows.

2. Provisional Rating Information	
<ul style="list-style-type: none"> • Geolocation variable issues – When FEMA’s system does not return one or more geolocation variables required for rating (for example, distance to flooding source) based on the submitted geolocation. This does not include scenarios where FEMA’s geocoder cannot successfully produce a latitude and longitude for a submitted address. • Unplanned outages: • Unplanned FEMA system outage; <i>or</i> • Issue between FEMA and insurer system where the responsible party is unclear. If it applied provisional rates, the insurer must report the root cause of the system issue to FEMA once determined. 	<ul style="list-style-type: none"> • Geolocation variable issues – When FEMA’s system does not return one or more geolocation variables required for rating (for example, distance to flooding source) based on the submitted geolocation. This does not include scenarios where FEMA’s geocoder cannot successfully produce a latitude and longitude for a submitted address. Note: see Section B.1.b Geolocation for guidance on submitting the building’s latitude and longitude to enable geolocation. • Unplanned outages: • Unplanned FEMA system outage; <i>or</i> • • Issue between FEMA and insurer system where the responsible party is unclear. The insurer must document the quote/policy file.



Underwriting Guidance Update

Issue Date: January 10, 2022

Update 01-2022-3

Purpose: To provide underwriting guidance updates for the National Flood Insurance Program (NFIP).

This revised guidance is effective immediately and will be included in the October 2022 NFIP Flood Insurance Manual (FIM) release.

Contact: For questions or comments, email NFIPUnderwritingMailbox@fema.dhs.gov.

Floodproofing	
Reference: FIM Section 3, II. C. 6, Pages 3.31 and 3.32 FEMA is updating the instructions for submitting Floodproofing documentation for review.	
CURRENT FIM GUIDANCE	REVISED FIM GUIDANCE (update in red)
Table 18. Eligibility for a Floodproofing Discount continued, Non-Residential, third column.	Table 18. Eligibility for a Floodproofing Discount continued, Non-Residential, third column.
<ul style="list-style-type: none">The insurer must submit the required floodproofing documentation listed below so FEMA can determine eligibility for a floodproofing discount. The insurer must submit the documentation through Pivot-UCORT.If the policy is issued without the floodproofing discount and FEMA approves the floodproofing discount, then the insurer must endorse the policy to reflect the premium change.Use the Floodproofing Certificate date in place of the EC date on the Application.The insurer must validate floodproofing documentation annually.	<ul style="list-style-type: none">The insurer must submit the required floodproofing documentation listed below so FEMA can determine eligibility for a floodproofing discount. The insurer must email the documentation to NFIPUnderwritingMailbox@fema.dhs.gov.If the policy is issued without the floodproofing discount and FEMA approves the floodproofing discount, then the insurer must endorse the policy to reflect the premium change.Use the Floodproofing Certificate date in place of the EC date on the Application.The insurer must validate floodproofing documentation annually.

Floodproofing	
CURRENT FIM GUIDANCE	REVISED FIM GUIDANCE (update in red)
<p>c. Documentation Requirements for Non-Residential Floodproofing</p> <p>The insurer must submit the following floodproofing documentation through Pivot-UCORT so FEMA can determine eligibility for a floodproofing discount:</p> <ul style="list-style-type: none"> • Completed Application Form; • Completed EC; • Completed NFIP Floodproofing Certificate for Non-Residential Structures; • At least two photographs of the building that show the floodproofing measures in place, including: <ul style="list-style-type: none"> – Photographs of the exterior of the building (all sides); – Photographs of the components used to provide floodproofing protection (shields, gates, barriers); <i>and</i> • Flood Emergency Plan that includes: <ul style="list-style-type: none"> – Chain of command; – Notification procedures; – Personnel duties; – Location of floodproofing components, install procedures, repair procedures; – Evacuation procedures for building occupants; – Component maintenance procedures during flooding event; – Drill and training program (at least once a year); – Regular review and update of Flood Emergency Plan; <i>and</i> • Inspection and Maintenance Plan that includes: <ul style="list-style-type: none"> – Inspection procedures for the entire floodproofing system: wall systems, floor slab, openings, floodproofing components, valve operation, drainage and pump systems, equipment and tools required to engage floodproofing measures; <i>and</i> – Regular review and update of the Inspection and Maintenance Plan. 	<p>c. Documentation Requirements for Non-Residential Floodproofing</p> <p>The insurer must email the following floodproofing documentation to NFIPUnderwritingMailbox@fema.dhs.gov, so FEMA can determine eligibility for a floodproofing discount:</p> <ul style="list-style-type: none"> • Completed Application Form; • Completed EC; • Completed NFIP Floodproofing Certificate for Non-Residential Structures; • At least two photographs of the building that show the floodproofing measures in place, including: <ul style="list-style-type: none"> – Photographs of the exterior of the building (all sides); – Photographs of the components used to provide floodproofing protection (shields, gates, barriers); <i>and</i> • Flood Emergency Plan that includes: <ul style="list-style-type: none"> – Chain of command; – Notification procedures; – Personnel duties; – Location of floodproofing components, install procedures, repair procedures; – Evacuation procedures for building occupants; – Component maintenance procedures during flooding event; – Drill and training program (at least once a year); – Regular review and update of Flood Emergency Plan; <i>and</i> • Inspection and Maintenance Plan that includes: <ul style="list-style-type: none"> – Inspection procedures for the entire floodproofing system: wall systems, floor slab, openings, floodproofing components, valve operation, drainage and pump systems, equipment and tools required to engage floodproofing measures; <i>and</i> – Regular review and update of the Inspection and Maintenance Plan.



Underwriting Guidance Update

Issue Date: February 8, 2022

Update 02-2022-4

Purpose: To provide underwriting guidance updates for the National Flood Insurance Program (NFIP).

This revised guidance is effective immediately and will be included in the October 2022 NFIP Flood Insurance Manual (FIM) release.

Contact: For questions or comments, email NFIPUnderwritingMailbox@fema.dhs.gov.

Other Elevation Information	
Reference: FIM Section 3, II. C. 4, Page 3.26 FEMA is clarifying that datum conversion is no longer required for rating purposes.	
CURRENT FIM GUIDANCE	REVISED FIM GUIDANCE (update in red)
ii. Other Elevation Information <ul style="list-style-type: none">Existing documentation containing elevation information (for example, an older EC form, or surveyor letterhead) may transfer to Section C or E of the EC.<ul style="list-style-type: none">If Section C is completed, only a local official authorized by law or ordinance to administer the community's floodplain management ordinance may complete this transaction.The official must certify the information and provide a statement documenting the transfer of information in Section G of the EC.If Section C is completed, NFIP requires the LAG and diagram number for all new business.For all flood zones, a building official, a property owner, or an owner's representative may provide the information in Sections B and E on the EC.	ii. Other Elevation Information <ul style="list-style-type: none">Existing documentation containing elevation information (for example, an older EC form, or surveyor letterhead) may transfer to Section C or E of the EC.<ul style="list-style-type: none">If Section C is completed, only a local official authorized by law or ordinance to administer the community's floodplain management ordinance may complete this transaction.The official must certify the information and provide a statement documenting the transfer of information in Section G of the EC.If Section C is completed, NFIP requires the LAG and diagram number for all new business.For all flood zones, a building official, a property owner, or an owner's representative may provide the information in Sections B and E on the EC.

Other Elevation Information	
<ul style="list-style-type: none"> In CRS communities, building elevation information and certificates may be available through the community. 	<ul style="list-style-type: none"> In CRS communities, building elevation information and certificates may be available through the community. Conversion of elevation datums is not required for rating purposes.

New Policy After a Real Estate Transaction	
<p>Reference: FIM Section 3, II.E.4, Pages 3.49-3.50</p> <p>Clarifies that FEMA requires the Primary NAIC number to be used.</p>	
CURRENT FIM GUIDANCE	REVISED FIM GUIDANCE (update in red)
<p>4. New Policy After a Real Estate Transaction</p> <p>The new owner of an NFIP-insured building can buy a new NFIP policy and receive any statutory discount the prior policyholder received²⁹ if all of the following apply:</p> <ul style="list-style-type: none"> The building is not in condominium ownership before or after the transaction; The building was insured by the NFIP with building coverage at the time of transaction; The new NFIP policy will be effective on, or within one year after, the transaction date; <i>and</i> The insurer submits the prior NFIP policy number and NAIC number to FEMA and maintains acceptable documentation of the title transfer. 	<p>4. New Policy After a Real Estate Transaction</p> <p>The new owner of an NFIP-insured building can buy a new NFIP policy and receive any statutory discount the prior policyholder received²⁹ if all of the following apply:</p> <ul style="list-style-type: none"> The building is not in condominium ownership before or after the transaction; The building was insured by the NFIP with building coverage at the time of transaction; The new NFIP policy will be effective on, or within one year after, the transaction date; <i>and</i> The insurer must submit the prior NFIP policy number and prior NFIP policy Primary NAIC number to FEMA and have documentation of the title transfer.

Insurer's Primary NAIC Number	
<p>Reference: FIM Appendix I, Table 2, Page I-13</p> <p>Clarifies that FEMA requires the Primary NAIC number to be used.</p>	
CURRENT FIM GUIDANCE	REVISED FIM GUIDANCE (update in red)
<p>Table 2. Declarations Page Requirements continued, ID 10 row, last column.</p>	<p>Table 2. Declarations Page Requirements continued, ID 10 row, last column.</p>
Indicate the insurer's NAIC number. Only applies to WYOs.	Indicate the insurer's Primary NAIC number. Only applies to WYOs.



Underwriting Guidance Update

Issue Date: March 8, 2022

Update 03-2022-5

Purpose: To provide underwriting guidance updates for the National Flood Insurance Program (NFIP).

This revised guidance is effective immediately and will be included in the October 2022 NFIP Flood Insurance Manual (FIM) release.

Contact: For questions or comments, email NFIPUnderwritingMailbox@fema.dhs.gov.

III. Effective Dates for New Policies and Endorsements

Reference: FIM Section 2, Before You Start, III.A.3, Page 2.15

Updated the guidance to indicate a new quote must be obtained when the original payment is invalid.

CURRENT FIM GUIDANCE	REVISED FIM GUIDANCE (update in red)
<p>3. Invalid Payment</p> <p>The insurer may not use the receipt date of an invalid payment to determine the effective date of a policy transaction. A payment is invalid if it cannot be negotiated because there are non-sufficient funds (NSF) in the account, a reversal (dispute) is successfully completed on an electronic payment, or the payment is non-negotiable for any other reason. Upon notification that the payment is invalid, the insurer must:</p> <ul style="list-style-type: none">• Cancel or nullify the transaction associated with that payment; <i>and</i>• Send notification of the cancellation or nullification to the policyholder, agent, and lender(s), if applicable. <p>If the insurer receives a valid payment, the insurer must process the transaction based on the valid premium receipt date. The insurer must determine the effective date of the transaction based on the valid payment receipt date, subject to the effective date rules.</p>	<p>3. Invalid Payment</p> <p>The insurer may not use the receipt date of an invalid payment to determine the effective date of a policy transaction. A payment is invalid if it cannot be negotiated because there are non-sufficient funds (NSF) in the account, a reversal (dispute) is successfully completed on an electronic payment, or the payment is non-negotiable for any other reason. Upon notification that the payment is invalid, the insurer must:</p> <ul style="list-style-type: none">• Cancel or nullify the transaction associated with that payment; <i>and</i>• Send notification of the cancellation or nullification to the policyholder, agent, and lender(s), if applicable. <p>If the insurer receives a valid payment, the insurer must process the transaction based on the valid premium receipt date. The insurer must determine the effective date of the transaction based on the valid payment receipt date, subject to the effective date rules.</p> <p>Note: A new Application Form or endorsement request is not required for this transaction as long</p>

III. Effective Dates for New Policies and Endorsements

Note: A new Application Form or endorsement request is not required for this transaction as long as the insurer still has the original request.

as the insurer still has the original request; **however, a new quote needs to be requested from the FEMA rating engine.**

IV. Assignment of a Policy

Reference: FIM Section 4, How to Endorse, IV.B, Page 4.14

FEMA is providing guidance for how to assign a policy when the policyholder is deceased.

CURRENT FIM GUIDANCE

IV. Assignment of a Policy

The owner of an insured building may provide written consent to assign a flood insurance policy with building coverage to the purchaser of the building. Owners may not assign contents-only policies or policies on buildings under construction. The seller must sign the assignment endorsement on or before the closing date, and the new building owner has up to 30 days beyond the closing date (closing date plus 29 days) to submit the Endorsement Form to the insurer for processing.

If the building is a primary residence, the insurer must validate the primary residence status at the time of assignment for the assignee to be eligible for the primary residence status.

Note: A new owner may receive the same discounted premium as the previous owner. However, the annual increase cap (which is a component of the discounted premium) is based on the information provided by the new owner. The discounted premium does not include assessments, fees, or surcharges.

A. Assignment with Building Purchase

The owner and seller of an insured building may assign the flood policy to the purchaser of the insured building. The assignment becomes effective on the date of the ownership transfer.

B. Assignment without Building Purchase

The owner of an insured building may assign the flood policy to the new building owner, effective on the date of the ownership transfer. Examples include inheritance, gifting, divorce, estate, trust, or foreclosure.

REVISED FIM GUIDANCE (update in red)

IV. Assignment of a Policy

The owner of an insured building may provide written consent to assign a flood insurance policy with building coverage to the purchaser of the building. Owners may not assign contents-only policies or policies on buildings under construction. The seller must sign the assignment endorsement on or before the closing date, and the new building owner has up to 30 days beyond the closing date (closing date plus 29 days) to submit the Endorsement Form to the insurer for processing.

If the building is a primary residence, the insurer must validate the primary residence status at the time of assignment for the assignee to be eligible for the primary residence status.

Note: A new owner may receive the same discounted premium as the previous owner. However, the annual increase cap (which is a component of the discounted premium) is based on the information provided by the new owner. The discounted premium does not include assessments, fees, or surcharges.

A. Assignment with Building Purchase

The owner and seller of an insured building may assign the flood policy to the purchaser of the insured building. The assignment becomes effective on the date of the ownership transfer.

B. Assignment without Building Purchase

The owner of an insured building may assign the flood policy to the new building owner, effective on the date of the ownership transfer. Examples include inheritance, gifting, divorce, estate, trust, or foreclosure **(will require legal documentation).**

IV. Assignment of a Policy

Note: Policyholders cannot assign policies that cover buildings under construction or for contents only.

Note: Policyholders cannot assign policies that cover buildings under construction or for contents only.

A. No Insurable Interest

Reference: *FIM Section 6, How to Cancel, II.A, Pages 6.2 and 6.3*

FEMA is providing guidance for Required Documentation when the policyholder is deceased.

CURRENT FIM GUIDANCE		REVISED FIM GUIDANCE (update in red)	
Table: Reason Code 01: Building sold, removed, or destroyed		Table: Reason Code 01: Building sold, removed, or destroyed	
Required Documentation	<p>Evidence of the sale, transfer, removal, or destruction of the building, such as:</p> <ul style="list-style-type: none"> • Bill of sale; • Settlement statement; • Closing disclosure statement; • Proof of removal; • Proof of destruction; <i>or</i> • Court documentation for foreclosed buildings. 	Required Documentation	<p>Evidence of the sale, transfer, removal, or destruction of the building, such as:</p> <ul style="list-style-type: none"> • Bill of sale; • Settlement statement; • Closing disclosure statement; • Proof of removal; • Proof of destruction; • Court documentation for foreclosed buildings; <i>or</i> • Legal documents showing the transfer of ownership upon the death of the policyholder.