

## **Insurance Rate Implication Questions and Answers**

- 1. Aug 2013 all Pre-Firm grandfathering is going away when coverage lapses after 10/2012 or the property transfers ownership.**

Correct, if the policy lapses between 10/4/2012 and 7/31/2013, at the next renewal the policy will have to be rated with an EC, Provisionally or with Tentative Rates.

- 2. All Pre-Firm new flood policies purchased after 7/6/2012 and property purchased after 7/6/2012 will also lose grandfathering.**

Correct, if the policy is issued “new” (newly purchased due to property purchase or they have do not have a current NFIP policy) on or after 7/6/2012, at the next renewal the policy will have to be rated with an EC, Provisionally or with Tentative rates.

- 3. If a property owner continues to keep the property, primary or not, the zone and Pre-Firm rates continue until such time as #1 above.**

Correct, if the policy was issued prior to 7/6/2012 and has no lapse in coverage, they can continue to be rated Pre-FIRM\*\* (see questions 5 & 6).

- 4. Post-Firm and Pre-Firm rated as Post-Firm property will be affected 1/1/2014 as 1&2 above, after a change is made to the flood map and 3 above is also true for zone and rating.**

The 1/1/2014 date may change – but it will not be before that date. The rest of the statement is true.

- 5. All Pre-Firm secondary homes started receiving 25% increase per year and business start 8/1.**

No, ALL Pre-FIRM rated buildings that are rated as a Single Family dwelling (that includes residential condo units policies rated under the Dwelling Form) will start receiving the 25% increase on their policies effective **January 1, 2013**. Pre-FIRM rated buildings that are rated as non-residential will starting receiving the 25% increase on their policies effective **8/1/2013**.

- 6. I have heard 20% a year for 5 years for Post-Firm secondary homes starting 1/1/2014. Is that correct?**

No, the 20% increase a year (over 5 years) will be applied to ALL Post-FIRM rated buildings that had a map change (to a more hazardous flood zone or BFE) effective 7/6/2012\*\* or after. \*\*The date of 7/6/2012 is what is in the new flood bill, however this is something FEMA is debating if they will use the 7/6/2012 date or later. So this may change.

\*\* The answers above only effect buildings that are rated in the SFHA – not B, C and X zone rated policies.