FACT SHEET FOR INSURANCE AGENTS

NFIP Map & Zone Grandfather Rules

NATIONAL FLOOD INSURANCE PROGRAM

WHAT IS THE GRANDFATHER RULE?

A community will occasionally make structural improvements (dams, levees, etc.) to reduce the potential effects of flooding; experience new development aggravating the flooding situation, thereby expanding the floodplain; revise geographical boundaries resulting in the designation of additional flood hazard areas; or provide information to better delineate the Base Flood Elevation (BFE) and/or flood insurance risk zones. When these situations occur, the Flood Insurance Rate Map (FIRM) is revised and republished.

The implementation of a new FIRM raises the question-- HOW DOES THE NEW MAP AFFECT FLOOD INSURANCE RATES?

To recognize policyholders **who have remained *loyal customers of the NFIP*** by maintaining continuous coverage and/or ***who have built in compliance with the FIRM***, the Federal Emergency Management Agency has "Grandfather rules" to allow such policyholders to benefit in the rating for that building.

PRE-FIRM (CONSTRUCTION PRIOR TO THE DATE OF THE COMMUNITY'S INITIAL FIRM OR PRIOR TO JANUARY 1, 1975)

1. If a policy was obtained prior to the effective date of a map change, the policyholder is eligible to maintain the prior zone and Base Flood Elevation as long as continuous coverage is maintained. The policy can be assigned to a new owner at the option of the policyholder.

2. Exception: If the community's first FIRM was effective *prior* to January 1, 1975, and a building has not been substantially damaged or improved since its original construction, the rates can be based on the FIRM zone and/or the BFE on the FIRM in effect at the time of construction. In this case, proper documentation must be provided. In all other instances, new policies for Pre-FIRM buildings must use the FIRM in effect when the coverage is applied for.

POST-FIRM (CONSTRUCTION ON OR AFTER THE DATE OF THE COMMUNITY'S INITIAL FIRM)

1. If a policy was obtained prior to the effective date of a map change, the policyholder is eligible to maintain the prior zone and base flood elevation as long as continuous coverage is maintained. The policy can be assigned to a new owner at the option of the policyholder.

2. If a building was constructed in compliance with a specific FIRM, the owner is always eligible to obtain a policy using the zone and Base Flood Elevation from that FIRM, provided that proof (refer to the Flood Insurance Manual, Rating section for acceptable documentation) is submitted to the insurance company. Continuous coverage is not required.

PREFERRED RISK POLICIES

1. Buildings written on Preferred Risk Policies are required to be located in zones B, C, or X on the FIRM in effect on the date of application and on the date of each subsequent renewal.

2. A building, which becomes ineligible for a Preferred Risk Policy due to a map change to a Special Flood Hazard Area, can be rewritten on a standard rated policy using zones B, C, or X.

FOR MORE INFORMATION, REFER TO THE FLOOD INSURANCE MANUAL, RATE PAGE 21
Go to http://www.fema.gov/nfip/manual.shtm