



FEMA

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

*Jhun de la Cruz*

FROM: Jhun de la Cruz  
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SUBJECT: Submit-for-Rate Workshop Questions and Answers

On March 14–15, 2011, the NFIP Bureau held a Submit-for-Rate workshop in Washington, D.C. The purpose of this memorandum is to share with you the Question-and-Answer summary from the workshop.

This information clarifies and provides further direction on several underwriting-related issues. Feel free to share it with other personnel as needed. Please contact the NFIP Bureau Underwriters at [underwriting@ostglobal.com](mailto:underwriting@ostglobal.com) with any questions.

Attachment

cc: Vendors, IBHS, FIPNC, Government Technical Representative

Suggested Routing: Underwriting

# ***Submit-For-Rate Workshop***

***March 14-15, 2011***

## ***Questions and Answers – Day 1***

1. When do I have to do a conversion from NGVD to NAVD?  
*A) If there is anything on the Elevation Certificate (EC) to indicate that a different datum has been used for the Base Flood Elevation (BFE) and the Lowest Floor Elevation (LFE), the data conversion process must be used to ensure that all numbers reflect the same datum. The Underwriting Bulletin dated July 27, 2009, states that when an existing EC provides the building elevations referenced to NGVD 29, and the BFEs on the Flood Insurance Rate Map (FIRM) are referenced to NAVD 88, the NGVD 29 elevations must be converted to NAVD 88.*
2. Why do I have to convert all of the floor and grade elevations? Why can't I just convert the BFE to match the datum shown in Section C of the EC?  
*A) It is not acceptable to convert the BFE to match the elevations shown in Section C because the datum conversion factor is already included in the new BFE.*
3. If the EC is signed by a licensed surveyor/engineer on page 1, is the signature required on page 2 if comments are present?  
*A) As long as the signature and seal or the signature and license number are shown on the first page, the EC is valid and can be used to rate a flood policy. However, if the Comments Section contains elevation information that may be used for rating (e.g., previous FIRM information, natural grade elevation), the licensed surveyor/engineer must also sign page 2 of the EC.*
4. If the surveyor's signature is included in Section D, do you need the signature and seal on the first page?  
*A) Yes. The signature and license number or the signature and seal are required for the first page.*
5. Should the AH Zone be added to the Elevated Building Determination Form (EBDF) since elevated building coverage limitations apply in that zone?  
*A) The AH Zone will be added to the EBDF.*
6. Is the EBDF required for all elevated buildings?  
*A) The EBDF is required for all elevated buildings, with the exception of those in an unnumbered A or AO zone where coverage limitations do not apply.*

7. If you can't determine which floor elevations are referenced on the EC in C2.a, C2.b, and so on, can a sketch of the buildings showing the appropriate elevations be used for clarification?
- A) *Yes, a sketch can be requested from the surveyor for clarification.*
8. What logic was used to determine the acceptable thickness of lattice or slats, and are there exceptions?
- A) *The NFIP floodplain management regulations in CFR 44 Section 60.3 allow open lattice, insect screening, and non-bearing solid breakaway walls below an elevated building in the coastal high hazard area. Using the best practices approach, FEMA engineers agreed that wooden or plastic slats or shutters with at least 40% of their area open and made of material no thicker than 1 inch (lattice no thicker than ½ inch) will allow flood waters and waves to pass beneath an elevated building, minimize the transfer of flood forces to the building foundation, and preclude the deflection or redirection of flood forces that could damage the elevated building. Any request for exception must be submitted to the NFIP Bureau for review and approval.*
9. Why can't other types of elevated Pre-FIRM buildings be rated using submit-for-rate rates?
- A) *Elevated building coverage limitations do not apply to Pre-FIRM buildings, so the lower rates would not reflect the risk.*
10. If a house built on a crawlspace has an attached garage with its floor at the same elevation as the crawlspace floor, and the garage is converted into a living space, does the building continue to be rated as an elevated building, or is the rating changed to slab-on-grade?
- A) *The building must be rated slab-on-grade, and the lowest floor for rating is the floor of the converted living area.*
11. An insured has an elevated building in a Post-81 V zone. Below the elevated floor is a half wall on one side, a full wall on one side, and the other two sides are open. The half wall is open on the bottom and on the top. Why do I have to use "with obstruction" rates?
- A) *The Rating Section (page Rate 20, item 2.b) of the May 2011 Flood Insurance Manual (FIM) contains a clarification for partial enclosures in V zones. The NFIP does not distinguish between full and partial walls. The enclosure described above is considered an obstruction. An open area at the bottom of a wall in an A zone may qualify as a proper opening.*
12. If there is an enclosure below the elevated floor in an A zone, without proper openings, and the BFE is at or below the enclosure floor elevation, must I use With Enclosure rates?
- A) *Yes. Since the enclosure floor is used for rating, the "With Enclosure" rate table must be used.*
13. A building is shown on the EC as a diagram #7; however, the masonry foundation is only a couple of feet above ground, and stud walls are used to enclose the remaining area between the ground floor and the next higher floor. Is this an elevated building or a non-elevated building?

- A) *This is a non-elevated building. In order for it to be considered an elevated building, the floor must be raised above the foundation by piers, piles, posts, or masonry walls. If it doesn't meet the elevated building criteria, the building is considered non-elevated.*

## **Questions and Answers – Day 2**

14. Is there a surcharge for a condo unit over water?  
A) *No, not unless it is a townhouse/rowhouse building.*
15. How are mobile home parks in the co-op form of ownership covered?  
A) *They will be treated just like any other co-op: the policy will be written in name of the co-op. A tenant can purchase an individual contents-only policy.*
16. What is the FEMA's reporting requirement when a building was a submit-for-rate using special rates and later becomes a non-submit-for-rate?  
A) *You must send the information to the NFIP Bureau at the time you revise the policy so that the NFIP records can be updated.*
17. If I have dual foundations, which have not been specifically addressed, how do I rate the building?  
A) *If part of the building is slab-on-grade and part is elevated by posts, piers, piles, or foundation walls, use the lowest part of the building in determining the correct building description. This means that if the slab-on-grade part of the building is lower than the elevated portion of the building, you must describe the building as a non-elevated building.*
18. When do I have to be concerned about wave height on an EC?  
A) *If the map panel date is after October 1, 1981, wave height has been taken into consideration in the BFE. You only need to be concerned about the wave height on an EC for BFEs taken from map panels dated prior to October 1, 1981.*
19. Why do I have to get a new EC if the building is shown on the pictures as having two walls and a roof?  
A) *If an EC is completed showing "Building Under Construction" and the photographs taken and attached to the EC show that the building is walled and roofed, you do not need to get a new EC; however, if the building is elevated on posts, piers, piles, or columns and the lower level is open, a new EC and photographs are required.*

*You may also request a copy of the building plans to determine if the lower level will be left open or enclosed. If the plans show the lower level will not be enclosed, there is no need to request a new EC. If, however, the EC was completed based on construction drawings, you must get a new EC.*

*If you have a Building Under Construction EC and the photographs presented were not taken by the surveyor and attached as part of the EC, you must get an "as built" EC to renew the policy, since you cannot tell what stage the building construction was in when the elevations were determined.*

20. Why are there three levels -- under 50%, 50% to 74%, and 75% to 100% -- for rating buildings in Post-81 V zones?

*A) These levels are based on the probability of total loss; thus, higher rates apply to buildings with lower insurance-to-value ratios.*

21. What do I do if the area below the elevated floor of a VE zone building is represented as having breakaway walls and the area is enclosed using masonry walls?

*A) You must obtain a signed letter from a community building official, an engineer, or an architect stating that the walls are breakaway.*

22. What should I do if the agent says a newly constructed (Post-81) VE zone building has solid perimeter walls?

*A) Make sure you question and validate this statement – Building code requirements indicate these walls must be breakaway. In most instances, the walls will be breakaway and the agent may not recognize it.*

23. When is a variance statement required for elevated buildings in V zones with breakaway-wall enclosures without machinery and equipment (M&E)?

*A) If the area is finished, a variance form must be completed. If the variance form is not available, a signed statement from the agent or insured to that effect is acceptable. Also, a variance is needed if the enclosure is used for other than parking, building access, or storage.*

24. How do I rate a building with an enclosure in an AO, AH, or unnumbered A zone when the enclosure is at or above the BFE or BFD?

*A) Use rates from the NFIP Flood Insurance Manual, but use Risk Rating Method 2, and take the ICC premium from the Specific Rating Guidelines.*

25. If a Lowest Adjacent Grade (LAG) is provided, and it is apparent that the LAG is not the elevation immediately next to the structure, what is required?

*A) You must request and receive a statement from the surveyor to clarify the correct LAG or to explain that the LAG was taken from another area. If you cannot get the statement from*

*the surveyor, try to get additional photographs and a statement from the agent or applicant describing the adjacent elevations of the area surrounding the building.*

## **Additional Notes from Day 2**

- Contents coverage is the only available coverage for a residential condominium unit in a non-residential condominium building. NOTE: Coverage for a non-residential condominium building cannot be written on the RCBAP (See FIM page CONDO 4).
- FEMA 's requirement to include the value of the elevator car and any other elevator equipment in determining the M&E loadings has been suspended until October 1, 2011. Revisions will be included in the October 1, 2011, *Flood Insurance Manual*.
- If there is a shed outside of the footprint of the main structure, it will not be considered an enclosure or an obstruction. The shed will be considered an appurtenant structure, and contents coverage will be available if the shed meets the definition of a building (including being tied down or permanently affixed to the site.) Note: Except for a detached garage, appurtenant structures must have building coverage purchased separately.
- To rate a Pre-FIRM AH zone building with a subgrade crawlspace where the crawlspace floor is not below the BFE, use the Pre-FIRM "elevated on crawlspace" rate table. The October 1, 2011, *Flood Insurance Manual* changes will provide optional rates for this scenario. You may want to advise insureds whose buildings meet this description that it may be to their benefit to apply for a LOMA. In addition, the writing companies will have the opportunity to program their rating systems using the elevation information to systematically rerate those policies that are eligible for a lower rate.
- When rating oil-change facilities, you may submit the building's underwriting information to FEMA for special consideration. Include the Application, EC, variance, clear exterior and interior pictures of the pit, the size of the pit, and a list and value of the M&E that services the building and is located below the BFE.

## **October 1, 2011, Changes**

- Rates will increase an average of 4% for October 1, 2011.
- A bulletin providing advance notice of changes will be posted April 1, 2011.
- CRS discounts will be eliminated for SRL properties. This change affects approximately 8,300 SRL properties. Update: This change will be delayed until May 2012.

- FEMA has received complaints regarding the conversion of PRPs to the standard-rated flood policies. The notices to policyholders do not clearly explain the options available to the policyholders (outside of the 2-year PRP Eligibility Extension). FEMA wants the companies to be proactive in identifying and notifying the policyholders in advance. FEMA will allow coverage changes within 30 days of the notification. This option will be effective October 1, 2011, going forward. Update: This procedure may be implemented sooner, but no later than October 1, 2011.
- Effective October 1, 2011, an EC will be required to obtain flood insurance for all buildings in unnumbered A, AO, and AH zones.

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