



FEMA

W-11123

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

FROM: *Jhun de la Cruz*  
Jhun de la Cruz  
Branch Chief, Underwriting  
Risk Insurance Division

SUBJECT: Displaying Current and Rated Flood Zones on Policy Declarations

When the flood zone used to rate a policy differs from the flood zone shown on the current Flood Insurance Rate Map (FIRM), issues can arise for the insured, the agent, the insurer, and the lender. The guidance below will help to clarify procedures for handling apparent flood zone discrepancies.

FEMA requires insurers to identify when new business with a policy effective date on or after October 1, 2009, is grandfathered, by including both the Rated Flood Zone and the Current Flood Zone in the policy record and on the policy declarations page. The same requirement applies to a Preferred Risk Policy (PRP) issued under the 2-year PRP eligibility extension. Insurers must also identify the Current Flood Zone, when requested, for grandfathered policies with new business effective dates prior to October 1, 2009; however, different documentation requirements will apply.

FEMA recognizes that an insurer may not have grandfathering information easily accessible for existing policies written prior to October 1, 2009. Therefore, we are allowing insurers to process certain requests related to policies with new business dates prior to October 1, 2009, without performing research or re-underwriting provided that they can verify the following:

- The policy is standard X-zone rated (B, C, or X), and the lender is requesting that the zone be changed to a Special Flood Hazard Area (SFHA) designation (A or V zone). The insurer can endorse the policy to show that the zone is grandfathered if the map information (community number, panel number, and suffix) used for rating since policy inception is earlier than the map information shown on the current FIRM.

- The policy was originally written correctly as a Preferred Risk Policy (PRP) and was converted to standard X-zone rating with continuous coverage, and the lender is requesting that the zone be changed to an SFHA designation. The insurer can endorse the policy to show that the zone is grandfathered if the map information used for rating since the conversion to standard X-zone rating is earlier than the current FIRM.
- A PRP was issued because the zone was B, C, or X at the time of application or renewal, and the property was newly mapped into the SFHA after policy issuance, but before the 2-year PRP eligibility extension could be applied. The insurer can endorse the policy showing the current and rated zone information before the policy becomes eligible for the 2-year PRP eligibility extension.

When presented with two different flood zones from sources with identical community map information, the insurer must endorse the policy to reflect the more hazardous zone except where a current Letter of Map Amendment, Letter of Map Revision, or Letter of Determination Review indicates a lower-risk zone. In this scenario, if the current policy is a PRP, the policy must be converted to a standard-rated policy. We strongly encourage the company and the agent to verify and resolve all flood zone discrepancies.

If you have any questions, please contact Joseph Cecil of my staff at 202-212-2067.

cc: Vendors, IBHS, FIPNC, and Government Technical Representative

Required Routing: Underwriting