

W-12043

June 29, 2012

MEMORANDUM FOR: Write Your Own (WYO) Principal Coordinators and the

National Flood Insurance Program (NFIP) Servicing Agent

Edward L. Comor

FROM: Edward L. Connor

Deputy Associate Administrator for Federal Insurance Federal Insurance and Mitigation Administration

SUBJECT: Implementation of HR 5740 Section 2

On May 31, 2012, the President signed HR 5740, which extended the NFIP's authority through July 31, 2012. Section 2, Exclusion of Vacation Homes and Second Homes from Receiving Subsidized Premium Rates, amended the National Flood Insurance Act of 1968 to allow the phase-out of subsidized premium rates as follows:

- 1. The Administrator shall not estimate rates under this paragraph for any residential property which is not the primary residence of an individual.
- 2. Rates for any residential properties which are not the primary residence of an individual shall be increased by 25 percent each year until the average risk premium rate for such properties is equal to the average risk premium rates for actuarially-rated properties beginning on July 1, 2012.

FEMA is developing procedures to implement Section 2 of this legislation. Attached is the new rate table which includes the 25 percent rate increase for non-primary/non-principal residences. Policies falling under this new requirement will be identified through the Transaction Record Reporting Process (TRRP) Plan as all Single-Family occupancies and 2-4 Family and Other-Residential occupancies insured as unit owner policies in the condominium form of ownership. Because of the time required for all systems to incorporate these new rules and the necessary constraints, FEMA anticipates that use of the new rates for renewals and new business will be in place by January 1, 2013. More information will be provided at a later date.

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Thank you for your patience while procedures are being finalized. For technical assistance regarding the attachment, please contact Joe Cecil at (202) 212-2067.

Attachment

cc: Vendors, IBHS, FIPNC, Government Technical Representative

Required Routing: Accounting, Data Processing, Marketing, Underwriting



REGULAR PROGRAM – PRE-FIRM CONSTRUCTION RATES (January 1, 2013) RATES FOR NON-PRINCIPAL RESIDENCE

ANNUAL RATES PER \$100 OF COVERAGE

(Basic/Additional)

FIRM ZONES A, AE, A1-A30, AO, AH, D

OCCUPANCY			SINGLE	FAMILY	2-4	FAM (CO	NDO UNI	T)	Other Res (CONDO UNIT)					
			Building		Contents		Building		Contents		Building		Contents	
BUIL DING TYPE	No Basement/Enclosures	0.95	0.83	1.20	1.48	0.95	0.83			0.95	0.83			
	With Basement	1.02	1.22	1.20	1.24	1.02	1.22			1.02	1.22			
	With Enclosure	1.02	1.47	1.20	1.48	1.02	1.47			1.02	1.47			
	Elevated on Crawlspace	0.95	0.83	1.20	1.48	0.95	0.83			0.95	0.83			
	Non-Elevated with Subgrade Crawlspace	0.95	0.83	1.20	1.24	0.95	0.83			0.95	0.83			
	Manufactured (Mobile) Home3	0.95	0.83	1.20	1.48									
Z	Basement & Above							1.20	1.24			1.20	1.24	
TION	Enclosures & Above							1.20	1.48			1.20	1.48	
COCA	Lowest Floor Only - Above Ground Level							1.20	1.48			1.20	1.48	
CONTENTS	Lowest Floor Above Ground Level and Higher Floors							1.20	1.03			1.20	1.03	
	Above Ground Level – more than One Full Floor							0.44	0.20			0.44	0.20	
	Manufactured (Mobile) Home3													

FIRM ZONES V, VE, V1-V30

OCCUPANCY			SINGLE	FAMILY	2-4	4 FAM (CO	NDO UNI	T)	Other Res (CONDO UNIT)				
		Bu	ilding	Con	tents	Buil	lding	Con	tents	Buil	ding	Con	tents
BUILDING TYPE	No Basement/Enclosures	1.24	2.13	1.54	3.64	1.24	2.13			1.24	2.13		
	With Basement	1.33	3.17	1.54	3.08	1.33	3.17	1		1.33	3.17		
	With Enclosure	1.33	3.74	1.54	3.63	1.33	3.74	Í		1.33	3.74		
	Elevated on Crawlspace	1.24	2.13	1.54	3.64	1.24	2.13			1.24	2.13		
	Non-Elevated with Subgrade Crawlspace	1.24	2.13	1.54	3.08	1.24	2.13			1.24	2.13		
	Manufactured (Mobile) Home3	1.24	7.64	1.54	3.63								
CONTENTS LOCATION	Basement & Above			1	Λ			1.54	3.08			1.54	3.0
	Enclosures & Above			7				1.54	3.63			1.54	3.6
	Lowest Floor Only - Above Ground Level			7				1.54	3.63			1.54	3.63
	Lowest Floor Above Ground Level and Higher Floors	4						1.54	3.19			1.54	3.19
	Above Ground Level – more than One Full Floor	7 1						0.59	0.48			0.59	0.4
	Manufactured (Mobile) Home3	- 1											