



FEMA

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August 2, 2013

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  
Branch Chief, Underwriting  
Risk Insurance Division

SUBJECT: October 1, 2013, Program Changes Impact on NFIP Grandfather Procedures

A number of questions have arisen recently concerning the impact the October 1, 2013, National Flood Insurance Program (NFIP) changes will have on the current Grandfather procedures used for rating new policies and assigned policies. There is no change to the current NFIP Grandfather procedures as a result of the October 1, 2013, Program changes. New and assigned policies may continue to use "built-in-compliance" and "continuous coverage" grandfathering procedures, except where a new policy or an assigned policy is associated with the new purchase of a building constructed on or before December 31, 1974, or before the community's initial Flood Insurance Rate Map (FIRM), that was previously rated using Pre-FIRM subsidized rates. The Pre-FIRM subsidized rates are found in the October 1, 2012, edition of the NFIP Flood Insurance Manual in the Rating Section, Table 2, as well as in the Condominium Section, Tables 3A and 4A.

There is no change to the NFIP Grandfather procedure for any Post-FIRM or non-subsidized Pre-FIRM building that is rated using the "continuous coverage" NFIP Grandfather procedure. In addition, there is no change to the NFIP Grandfather procedure for buildings that were "built-in-compliance" with the FIRM in effect at the time of construction. This applies to all Post-FIRM buildings and to those Pre-FIRM buildings constructed on or before December 31, 1974, but after a community's initial FIRM date.

The NFIP Grandfather procedure for "continuous coverage" cannot be used in the case of a policy assignment in connection with the purchase of a Pre-FIRM property located in Zone A, AE, A1-A30, AO, AH, V, VE, V1-V30, or D that was rated using Pre-FIRM subsidized rates. If the property is located in a Special Flood Hazard Area and was previously rated with a zone other than B, C, X, A99,

AR, or AR Dual Zones without elevation information, an Elevation Certificate and photographs must be obtained (in V and D zones, only photographs are required). The current FIRM information must be used to rate the policy.

Refer to the upcoming October 1, 2013, Flood Insurance Manual and to the Questions and Answers document included as Attachment G in prior WYO Company Bulletin W-13026 (posted May 3, 2013) for additional information regarding the NFIP Grandfather procedures.

While there are significant program changes resulting from passage of the Biggert-Waters Flood Insurance Reform Act of 2012 (BW-12) regarding elimination of subsidies for some Pre-FIRM policies, these changes do not affect Grandfather procedures except as noted above. BW-12 does have provisions that will change our current Grandfathered policy eligibility rules and the rates we will charge; however, FEMA is not implementing those changes until at least late 2014.

Thank you for your attention and cooperation in this matter. If you have any questions, please contact John Hintermister of my staff at [John.Hintermister@dhs.fema.gov](mailto:John.Hintermister@dhs.fema.gov).

cc: Vendors, IBHS, FIPNC, Government Technical Representative

Suggested Routing: Accounting, Claims, Data Processing, Marketing, Underwriting

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