



FEMA

W-21013

September 1, 2021

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

FROM:

A handwritten signature in black ink, appearing to read "Jeffrey Jackson".

Jeffrey Jackson
Acting Assistant Administrator for Federal Insurance
Federal Insurance and Mitigation Administration

SUBJECT: April 2021 Flood Insurance Manual with October 2021 Update

This memorandum provides notification of an update to the *National Flood Insurance Program (NFIP) Flood Insurance Manual* effective April 1, 2021, to reflect the October 1, 2021, program changes previously announced April 1, 2021, with bulletin [W-21004](#). Program changes effective October 1, 2021, represent changes in the final rule [“Conforming Changes To Reflect the Biggert-Waters Flood Insurance Reform Act of 2012 \(BW-12\) and the Homeowner Flood Insurance Affordability Act of 2014 \(HFIAA\), and Additional Clarifications for Plain Language”](#) published in the Federal Register in July 2020. 85 *Fed. Reg.* 43946.

FEMA considered the confusion that could result from having two flood insurance manuals with the same effective date, given the October 1, 2021, implementation of Risk Rating 2.0 (RR 2.0): Equity in Action and ensuing RR 2.0 Flood Insurance Manual. Therefore, FEMA is delivering regulatory compliance updates to the April 2021 Flood Insurance Manual through this bulletin. For policies renewing under the legacy rating plan with a policy effective date between October 1, 2021 and March 31, 2022 only, please use the April 2021 Flood Insurance Manual and consult Attachment A of this bulletin to make the required language substitutions, additions, and deletions.

The *April 2021 Flood Insurance Manual with the October 2021 update* is applicable only for policies renewing with a policy effective date between October 1, 2021, and March 31, 2022. All policies issued using Risk Rating 2.0 must use the RR 2.0 Flood Insurance Manual.

The July 2020 final rule codifies certain provisions of previous NFIP legislation and makes additional substantive and non-substantive changes to NFIP regulations and the Standard Flood Insurance Policy forms. FEMA already implemented most BW-12 and HFIAA legislative reforms in previous manuals and other NFIP guidance documents, but this *April 2021 Flood Insurance Manual with the October 2021 update* includes additional changes to a waiting period exception, reformation procedures, cancellation reason codes, and definitions.

The *April 2021 Flood Insurance Manual with the October 2021 Update* incorporates the following changes:

Section 2 – Before You Start

- Changes the term “building in the course of construction” to “building under construction.”
- Updates Flood in Progress subsection.
- Updates Post-Wildfire Exception subsection.
- Updates Reformation subsection.
- Changes the term “payment” to “full amount due” where applicable.

Section 3 – How to Write

- Changes the term “building in the course of construction” to “building under construction.”
- Removes “Reformation” subsection.
- Corrects an incorrect SRL percentage for Rating Example 5. The correct percentage is 15%.

Section 4 – How to Endorse

- Changes the term “payment” to “full amount due” where applicable.
- Changes the term “building in the course of construction” to “building under construction.”

Section 6 – How to Cancel

- Updates the section entirely for cancellations effective October 1, 2021 or later.

Appendix A – Policy

- Updates the current October 2015 Standard Flood Insurance Policy forms to the October 2021 Standard Flood Insurance Policy forms.

Appendix I – Severe Repetitive Loss Properties

- Revised severe repetitive loss properties sample letters.

Appendix L – Definitions and Acronyms

- Changes the term “building in the course of construction” to “building under construction” and updates the definition.
- Updates the definition of “deductible.”

Thank you for your continued support for the NFIP and for your service to our policyholders. Together, we can make America more flood resilient and build a culture of preparedness by closing the nation’s insurance gap.

Attachment

cc: Vendors, IBHS, FIPNC, Government Technical Representative

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

ATTACHMENT A

**THE APRIL 2021 NFIP FLOOD INSURANCE MANUAL CHANGES
EFFECTIVE OCTOBER 1, 2021**

National Flood Insurance Program

October 1, 2021 Changes to the April 2021 Flood Insurance Manual

The changes outlined in this bulletin apply to the April 2021 Flood Insurance Manual for renewals that will become effective between October 1, 2021 and March 31, 2022 only. The guidance below indicates which subsections should be substituted with new language.

These changes are due to the July 2020 final rule “Conforming Changes To Reflect the Biggert-Waters Flood Insurance Reform Act of 2012 (BW-12) and the Homeowner Flood Insurance Affordability Act of 2014 (HFIAA), and Additional Clarifications for Plain Language.”

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Section 2 Before You Start

On page 2-6, in Table 4. Buildings the NFIP Insures, the building type “building in the course of construction” is changed to “building under construction” as follows:

April 2021 FIM	April 2021 FIM with October 2021 Update
Building in the Course of Construction	Building Under Construction
<p>The NFIP will insure a building in the course of construction before it is walled and roofed using the NFIP-issued rates based on the construction designs and the intended use of the building.</p> <p>Buildings in the course of construction that are not walled and roofed are not eligible for coverage when construction stops for more than 90 days and/or if the lowest floor for rating purposes is below the BFE. The NFIP will not insure materials or supplies intended for use in such construction, alteration, or repair unless they are contained within an enclosed building on the premises or adjacent to the premises.</p> <p>Important: If a building under construction, alteration, or repair does not have at least two rigid exterior walls and a fully secured roof at the time of loss, then the deductible amount will be two times the deductible that would otherwise apply to a completed building. See SFIP Sec. VI.A.</p>	<p>The NFIP will insure a building under construction, alteration, or repair before it is walled and roofed, using the NFIP-issued rates based on the construction designs and the intended use of the building.</p> <p>A building under construction that is not walled and roofed is not eligible for coverage if construction stops for more than 90 days or the lowest floor, including the basement floor, of a non-elevated building or the lowest elevated floor of an elevated building is below the BFE. The NFIP will not insure materials or supplies intended for use in such construction, alteration, or repair unless they are contained within an enclosed building on the premises or adjacent to the premises.</p> <p>Important: If a building under construction, alteration, or repair does not have at least two rigid exterior walls and a fully secured roof at the time of loss, then the deductible amount will be two times the deductible that would otherwise apply to a completed building. See SFIP Sec. VI.A.</p>

On page 2-9, in Table 6 NFIP Coverage Exclusions and Limitations, the type of exclusion and limitation “flood in progress” is replaced as follows:

April 2021 FIM	April 2021 FIM with October 2021 Update
Flood in Progress	Flood in Progress

<p>The SFIP excludes coverage of losses caused directly or indirectly by a flood that is already in progress at the time and date:</p> <ol style="list-style-type: none"> 1. The policy's first term begins; or 2. Coverage is added at the policyholder's request. <p>Therefore, damage from a flood that begins before the policy's first term begins is not covered even if the flood does not damage the insured property until after the policy term begins. When coverage is added to an existing policy at the request of the policyholder and a flood is already in progress, damage that occurs to insured property from that same flood event after the effective date of the increased coverage will only be covered under the lesser policy limits.</p>	<p>The SFIP will not pay for a loss caused by a flood that was a continuation of a flood that existed:</p> <ul style="list-style-type: none"> • On or before the date the waiting period for coverage began; or • If the coverage became effective as of the time of a loan closing (under the loan exception to the 30-day waiting period), before coverage became effective. <p>In other words, the SFIP does not insure damage from a flood that began before a new policy's waiting period (or coverage, if no waiting period) began, even if the flood did not damage the insured property, until after the waiting period (or coverage) began. If a flood was already in progress before a policyholder requested an increase in coverage on an existing policy, the SFIP will only insure damage that occurred to the insured property from that same flood event after the waiting period (or increased coverage, if no waiting period) began, under the lesser policy limits.</p> <p>See the NFIP Claims Manual for additional guidance.</p>
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On page 2-15, subsection IX, Assignment is changed to substitute instances of “buildings in the course of construction” to “buildings under construction.”

April 2021 FIM	April 2021 FIM with October 2021 Update
IX Assignment	IX Assignment
<p>The owner of an insured building may, with their written consent, assign a flood insurance building policy to the purchaser of the building. The seller must sign the assignment endorsement on or before the closing date. If the building is a primary residence, the insurer must validate the primary residence status at the time of assignment in order for the assignee to be eligible for the primary residence status.</p> <p>Owners may not assign policies on buildings in the course of construction or on contents only.</p>	<p>The owner of an insured building may, with their written consent, assign a flood insurance building policy to the purchaser of the building. The seller must sign the assignment endorsement on or before the closing date. If the building is a primary residence, the insurer must validate the primary residence status at the time of assignment in order for the assignee to be eligible for the primary residence status.</p> <p>Owners may not assign policies on buildings under construction or on contents only.</p>

Subsection XI “Reforming the Policy” beginning on page 2-15 is removed in its entirety and replaced with Subsection XI “Reformation Due to Insufficient Premium or Rating Information” as follows:

XI. Reformation Due to Insufficient Premium or Rating Information

A. General Information

A policy can provide only the amount of coverage that the premium received will purchase for a full policy term (or the applicable portion of the policy term). An NFIP insurer must reform a policy if it discovers at any time (at writing, endorsement, renewal, or before or after a loss) that the:

- Premium the insurer received for the policy (or endorsement) is insufficient to buy the amount of building or contents coverage requested; or
- Rating information is insufficient and, when complete, indicates that the premium paid is insufficient.

Examples of situations that require reformation include:

- Underpayment of a bill (though not an invalid payment, such as a check returned by the bank for non-sufficient funds) to purchase an initial policy, policy renewal, or endorsement;
- A rating adjustment requiring additional premium after a mid-term event (for example, a renovation or damage from another peril) changes one or more rating characteristics;
- A rating correction requiring additional premium;
- Discovery that an incorrect SFIP form was used (or a different SFIP form is needed now) and the premium paid is insufficient to purchase the originally requested coverage amount under the correct policy form; and
- Endorsement of a policy from a provisional rate to a full-risk-rate policy, if the premium paid is insufficient under the full-risk-rate policy.

Reformation does not apply when renewing by Application Form or recertification questionnaire a policy otherwise subject to non-renewal.

B. General Reformation Procedures

The insurer must bill the additional premium required to restore the originally requested amount of coverage. If the rating information is insufficient to determine the correct premium amount, the insurer must request additional information. To restore the originally requested amount of coverage without a waiting period, the insurer must receive the additional rating information, if applicable, within 60 days of the request, and the additional premium within 30 days from the date of the bill. If the policyholder provides the additional premium (and additional information, if applicable) but not within the specified timeframes, the insurer must increase the coverage to the originally requested amount by endorsement with a 30-day waiting period. **Table 11** describes the general procedures an insurer must follow when it discovers – either before or after a loss – that the premium paid is insufficient to purchase the amount of coverage requested.

Table 11. General Procedures to Reform a Policy

STEP	DESCRIPTION
1. Calculate Coverage and Premium Amounts	<ul style="list-style-type: none"> • The insurer must calculate: <ul style="list-style-type: none"> - The amount of coverage that the premium received can purchase after deducting the costs of all applicable fees and surcharges; <i>and</i> - The additional premium required to restore the originally requested amount of coverage, including adjusting the total amount of the bill as

	needed if the initial amount charged for any fees or surcharges was incorrect.
2. Request Additional Information If the Rating Information Is Insufficient	<ul style="list-style-type: none"> • If the rating information is insufficient the insurer must request the required information and receive it within 60 days. • After receiving the requested information, the insurer will: <ul style="list-style-type: none"> - If the premium is insufficient, determine the reduced amount of coverage and calculate the additional premium due; <i>or</i> - If the premium was overpaid, follow the guidance on refunds in Section 4: How to Endorse. • If the insurer does not receive the required information within 60 days, the insurer must contact FEMA Underwriting for additional guidance.
3. Reduce the Coverage to the Amount the Payment Received Will Purchase	<ul style="list-style-type: none"> • In accordance with its standard business practice, the insurer must then reduce the coverage to the lower amount by either: <ul style="list-style-type: none"> - Immediately reducing the coverage; or - Preparing to reduce the coverage to that same amount if it does not receive the additional premium (or rating information) within the timeframes specified in this table. • In either case, the guidance in Table 12 below determines the effective date of this reduction in coverage (see Table 14 in the case of an incorrect flood zone).
4. Bill the Additional Premium Due	<ul style="list-style-type: none"> • The insurer must send the payor an underpayment letter (copying all other parties listed on the declarations page) billing them for the additional premium required to restore the originally requested coverage amount.
5. Increase Coverage to the Originally Requested Amount	<ul style="list-style-type: none"> • If the insurer receives the additional premium within 30 days from the date of the bill (and additional rating information, if applicable, within 60 days of the request), the insurer must increase coverage to the originally requested amount (but not any higher amount) without applying any waiting period. • If the insurer receives the additional premium (and additional information, if applicable) but not within the specified timeframes, the insurer must increase the coverage by endorsement with a 30-day waiting period. • If the policyholder requests to increase coverage above the originally requested amount, the insurer must follow the standard endorsement procedures including effective date rules (see Section 4: How to Endorse).

6. Consequences If Additional Premium (or Additional Information) Not Received	<ul style="list-style-type: none"> • If the insurer does not receive the required rating information, it may not increase coverage. The insurer must contact FEMA Underwriting for additional guidance. • If the insurer has or receives complete rating information but does not receive the additional premium due, the reduction in coverage amount applies (see Table 12 to determine the effective date of this reduction) and the insurer may only increase coverage through the standard endorsement procedures (see Section 4: How to Endorse). • If the premium received, after deducting the costs of all applicable fees and surcharges, is insufficient to buy any amount of coverage, and the policyholder does not pay the additional amount of premium owed to increase coverage to the originally requested amount or to a lesser amount, the insurer must cancel the policy and refund the payment. However, if a claim was paid on a policy in this situation before discovery of the insufficient premium, the insurer must contact FEMA for additional underwriting and claims guidance.
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Table 12 provides guidance on when to apply the initial reduction in coverage, the timeframe when additional premium is due, and the effective date of the increase to the originally requested coverage amount. In this table, “within specified timeframes” refers to receipt of additional rating information, if applicable, within 60 days and the additional premium within 30 days, as specified in Table 11.

Table 12. Reformation Timeframes and Effective Dates

	Timeframe When the Premium Paid Is Insufficient	
	Scenario 1: Full Policy Term (for example, underpayment of a renewal bill, a rating correction, or endorsement from a provisional rate to a full-risk-rate policy)	Scenario 2: Portion of the Policy Term (after an endorsement that increased coverage or other mid-term event affecting premium)
Effective Date of Reduced Coverage	Beginning of the policy term	<ul style="list-style-type: none"> • Effective date of the endorsement; <i>or</i> • Date of the event
Timeframe When Additional Premium Applies	Full policy term	Remainder of the policy term after the: <ul style="list-style-type: none"> • Effective date of the endorsement; <i>or</i> • Date of the event

Effective Date of Increased Coverage	Additional Premium (and Rating Information) Received <i>Within</i> Specified Timeframes	Beginning of the policy term	<ul style="list-style-type: none"> • Effective date of the endorsement; <i>or</i> • Date of the event
	Received <i>But NOT Within</i> Specified Timeframes	Only by endorsement with a 30-day waiting period	Only by endorsement with a 30-day waiting period

Table 13 describes how the insurer must handle a claim when there is insufficient premium or rating information, whether it discovers the issue before or after a loss. Again, “within specified timeframes” refers to receipt of additional rating information, if applicable, within 60 days and the additional premium within 30 days, as specified in Table 11.

Table 13. How to Handle a Claim Involving Policy Reformation

ADDITIONAL PREMIUM (and Rating Information)	GUIDANCE
Received <i>Within</i> Specified Timeframes	<ul style="list-style-type: none"> • The insurer must settle the claim based on the originally requested coverage amount <p>Note: If the policyholder provides the insurer notice within 30 days of the underpayment notice, they may request that the insurer deduct the additional premium due from the claim payment.</p>
Received <i>But NOT Within</i> Specified Timeframes	<ul style="list-style-type: none"> • If the rating information is insufficient, the insurer may not pay the claim until it receives complete rating information or additional guidance from FEMA Underwriting. • If the rating information is sufficient, the insurer must settle the claim based on the reduced amount of coverage. <p>Note: After 30 days has elapsed since the underpayment notice, the policyholder may still request that the insurer deduct the additional premium due from the claim payment but the claim payment will be based on the reduced amount of coverage. Restoration of the original coverage amount is subject to the 30-day waiting period.</p>
Not Received	<ul style="list-style-type: none"> • If the insurer does not receive the required rating information, it may not pay the claim until it receives complete rating information or additional guidance from FEMA Underwriting. • If the insurer has or receives complete rating information but does not receive the additional premium due, it must settle the claim based on the reduced coverage amount (see Table 12 to determine the effective date of this reduction). • If the premium received, after deducting the costs of all applicable fees and surcharges, is insufficient to buy any amount of coverage, and the policyholder does not pay the additional amount of

	premium owed to increase coverage to the originally requested amount within 30 days of the underpayment notice, the insurer must cancel the policy, refund the payment, and withhold payment on the claim. However, if a prior claim was paid on a policy in this situation before discovery of the insufficient premium, the insurer must contact FEMA for additional underwriting and claims guidance.
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C. Exception When Reforming a Policy Due to an Incorrect Base Flood Elevation or Flood Zone

There is an exception to the general reformation guidance when an incorrect base flood elevation or flood zone resulted in insufficient premium. In this case, the insurer must:

- Reduce the amount of coverage effective the date of discovery; *and*
- Calculate the additional premium due (to restore the original coverage amount for the remainder of the policy term) prospectively from the date of discovery.

For the portion of the policy term before the date the insurer discovered the incorrect base flood elevation or flood zone (the “date of discovery”), the policyholder receives the originally requested coverage amount without paying additional premium (or providing additional rating information, if insufficient). For the remainder of the policy term after the date of discovery, the general reformation procedures described in Table 11 apply. Refer to **Table 14** to determine when to apply the initial reduction in coverage, the timeframe when additional premium is due, and the effective date of the increase to the originally requested coverage amount. Again, “within specified timeframes” refers to receipt of additional rating information, if applicable, within 60 days and the additional premium within 30 days, as specified in Table 11.

**Table 14. Reformation Timeframes and Effective Dates
When Base Flood Elevation or Flood Zone Is Incorrect**

Timeframe When Additional Premium Applies		Remainder of the policy term after the date of discovery
	Received <i>But NOT Within</i> Specified Timeframes	Only by endorsement with a 30-day waiting period

Table 15 describes how the insurer must handle any claim when there is insufficient premium due to an incorrect base flood elevation or flood zone.

**Table 15. How to Handle a Claim Involving Policy Reformation
When the Base Flood Elevation or Flood Zone Is Incorrect**

TIMING OF LOSS

Before Discovery of Insufficient Premium	After Discovery of Insufficient Premium
<ul style="list-style-type: none"> • The insurer must settle the claim without delay based on the originally requested coverage amount, regardless of whether: <ul style="list-style-type: none"> - The rating information is sufficient; <i>or</i> - It receives additional premium for the remainder of the policy term. • However, the insurer may, at the policyholder's option, deduct the additional premium due from the claim payment. • If the flood zone was incorrect, the insurer must use the correct flood zone for the building location when applying the SFIP's coverage limitations by building type and flood zone. For example, if a policy for a Post-FIRM elevated building was written incorrectly in a non-SFHA (for example, Zone X) and at the time of loss the property was determined to be located in an SFHA (for example, Zone AE), then the insurer must pay the claim in accordance with the coverage limitations applicable to the correct SFHA zone. 	<p>Follow the guidance in Table 13 above.</p>

Section 3: How to Write

Subsection VI.C “Provisional Rating - Reformation” on page 3-64 is removed entirely.

Subsection VIII.C.2, Completing an EC - Photographs on page 3-68 revises instances of “building in the course of construction” to “building under construction” as follows:

April 2021 FIM	April 2021 FIM with October 2021 Update
2. Photographs	2. Photographs
<p>The NFIP will not accept an EC for rating purposes without photographs, except for a building in the course of construction. The photograph requirements apply to all policies rated with an EC.</p> <ul style="list-style-type: none"> • Photograph Requirements: <ul style="list-style-type: none"> - A minimum of two clear/legible photographs that show the front and back of the building. - Photographs dated within 90 days of submitting the EC to the insurer (not the certification date, if that date is earlier). - Photographs must be at least 3"×3" and may be analog (film) or digital. The NFIP prefers color photographs. • Building in the course of construction: <ul style="list-style-type: none"> - The NFIP waives the photograph requirement when the building is in the course of construction. - The NFIP requires a revised EC with photographs when the construction is complete. - The NFIP requires as-built building elevations when construction is complete. 	<p>The NFIP will not accept an EC for rating purposes without photographs, except for a building under construction. The photograph requirements apply to all policies rated with an EC.</p> <ul style="list-style-type: none"> • Photograph Requirements: <ul style="list-style-type: none"> - A minimum of two clear/legible photographs that show the front and back of the building. - Photographs dated within 90 days of submitting the EC to the insurer (not the certification date, if that date is earlier). - Photographs must be at least 3"×3" and may be analog (film) or digital. The NFIP prefers color photographs. • Building under construction: <ul style="list-style-type: none"> - The NFIP waives the photograph requirement when the building is in the course of construction. - The NFIP requires a revised EC with photographs when the construction is complete. - The NFIP requires as-built building elevations when construction is complete.

The incorrect SRL premium percentage of 18% in Rate Example 5 on page 3-83 is corrected to 15%.

Section 4: How to Endorse

Instances of “payment” are changed to “full amount due” on page 4-2, Table 1 Endorsement Effective Date with a 30-day Waiting Period, are changed as follows:

April 2021 FIM		April 2021 FIM with October 2021 Update	
Table 1. Endorsement Effective Date with a 30-day Waiting Period		Table 1. Endorsement Effective Date with a 30-day Waiting Period	
RECEIPT DATE	EFFECTIVE DATE	RECEIPT DATE	EFFECTIVE DATE
If the insurer receives the endorsement and payment within 10 calendar days from the endorsement request date (endorsement request date plus 9 days).	The effective date will be 12:01 a.m. (local time) on the 30th calendar day after the endorsement request date	If the insurer receives the endorsement and full amount due within 10 calendar days from the endorsement request date (endorsement request date plus 9 days).	The effective date will be 12:01 a.m. (local time) on the 30th calendar day after the endorsement request date
If the endorsement request and payment are mailed by certified mail within 4 calendar days from the endorsement request date (endorsement request date plus 3 days) regardless of when the insurer receives them.	The effective date will be 12:01 a.m. (local time) on the 30th calendar day after the endorsement request date	If the endorsement request and full amount due are mailed by certified mail within 4 calendar days from the endorsement request date (endorsement request date plus 3 days) regardless of when the insurer receives them.	The effective date will be 12:01 a.m. (local time) on the 30th calendar day after the endorsement request date
If the insurer receives the endorsement request and payment after 10 or more calendar days from the endorsement request date (endorsement request date plus 9 days) and the endorsement request and payment were NOT mailed by certified mail within 4 calendar days from the endorsement request date (endorsement request date plus 3 days).	The effective date will be 12:01 a.m. (local time) on the 30th calendar day after the insurer's receipt date	If the insurer receives the endorsement request and full amount due after 10 or more calendar days from the endorsement request date (endorsement request date plus 9 days) and the endorsement request and payment were NOT mailed by certified mail within 4 calendar days from the endorsement request date (endorsement request date plus 3 days).	The effective date will be 12:01 a.m. (local time) on the 30th calendar day after the insurer's receipt date

Instances of “payment” are replaced with “full amount due” on pages 4-2 and 4-3, Subsection III.A.1.b, “1-day Waiting Period” as follows:

April 2021 FIM	April 2021 FIM with October 2021 Update
b. 1-Day Waiting Period	b. 1-Day Waiting Period
A 1-day waiting period applies when the NFIP revises a Flood Hazard Boundary Map (FHBM) or a Flood Insurance Rate Map (FIRM) showing that the building is now in the Special Flood Hazard Area (SFHA) where it was not previously. To qualify for the 1-day waiting period, the insurer must receive the endorsement request and payment within 13 months from the effective date of the map revision. If the insurer receives the endorsement request and payment after 13 months from the effective date of the map revision, the 30-day waiting period applies. The 1-day waiting period rule applies for all buildings, including those owned by condominium associations.	A 1-day waiting period applies when the NFIP revises a Flood Hazard Boundary Map (FHBM) or a Flood Insurance Rate Map (FIRM) showing that the building is now in the Special Flood Hazard Area (SFHA) where it was not previously. To qualify for the 1-day waiting period, the insurer must receive the endorsement request and full amount due within 13 months from the effective date of the map revision. If the insurer receives the endorsement request and full amount due after 13 months from the effective date of the map revision, the 30-day waiting period applies. The 1-day waiting period rule applies for all buildings, including those owned by condominium associations.

Instances of “payment” are replaced with “full amount due” on page 4-3, Table 2 Endorsement Effective Date with a 1-day Waiting Period, as follows:

April 2021 FIM		April 2021 FIM with October 2021 Update	
Table 2. Endorsement Effective Date with a 1-day Waiting Period		Table 2. Endorsement Effective Date with a 1-day Waiting Period	
RECEIPT DATE	EFFECTIVE DATE	RECEIPT DATE	EFFECTIVE DATE
The insurer receives the endorsement and payment within 10 calendar days from the endorsement request date (endorsement request date plus 9 days).	The effective date will be 12:01 a.m. (local time) on the next calendar day after the endorsement request date .	The insurer receives the endorsement and full amount due within 10 calendar days from the endorsement request date (endorsement request date plus 9 days).	The effective date will be 12:01 a.m. (local time) on the next calendar day after the endorsement request date .
If the endorsement request and payment are mailed by certified mail within 4 calendar days from the endorsement request date (endorsement request date plus 3 days) regardless of when the insurer receives them.	The effective date will be 12:01 a.m. (local time) on the next calendar day after the endorsement request date .	If the endorsement request and full amount due are mailed by certified mail within 4 calendar days from the endorsement request date (endorsement request date plus 3 days) regardless of when the insurer receives them.	The effective date will be 12:01 a.m. (local time) on the next calendar day after the endorsement request date .
If the insurer receives the endorsement request and payment after 10 or more calendar days from the endorsement request date (endorsement request date plus 9 days) and the endorsement request and payment were NOT mailed by certified mail within 4 calendar days from the endorsement request date (endorsement request date plus 3 days).	The effective date will be 12:01 a.m. (local time) on the next calendar day after the insurer's receipt date .	If the insurer receives the endorsement request and full amount due after 10 or more calendar days from the endorsement request date (endorsement request date plus 9 days) and the endorsement request and full amount due were NOT mailed by certified mail within 4 calendar days from the endorsement request date (endorsement request date plus 3 days).	The effective date will be 12:01 a.m. (local time) on the next calendar day after the insurer's receipt date .

Instances of “payment” are changed to “full amount due” on page 4-4, Table 3 Endorsement Effective Date with No Waiting Period as follows:

April 2021 FIM		April 2021 FIM with October 2021 Update	
Table 3. Endorsement Effective Date with No Waiting Period		Table 3. Endorsement Effective Date with No Waiting Period	
RECEIPT DATE	EFFECTIVE DATE	RECEIPT DATE	EFFECTIVE DATE
		If the lender, title company or settlement attorney pays the premium	
If the insured requests the endorsement on or before the loan transaction closing, and the insurer receives the endorsement request and payment within 30 calendar days from the closing (closing	The effective date will be on the date of the loan closing.	If the insured requests the endorsement on or before the loan transaction closing, and the insurer receives the endorsement request and full amount due within 30 calendar days from the closing (closing date plus 29 days).	The effective date will be on the date of the loan closing.
If the insured requests the endorsement on or before the loan transaction closing, and the insurer receives the endorsement request and payment after 30 or more calendar days from the closing (closing date plus 29 days).	The effective date will be on the insurer's receipt date .	If the insured requests the endorsement on or before the loan transaction closing, and the insurer receives the endorsement request and full amount due after 30 or more calendar days from the closing (closing date plus 29 days).	The effective date will be 12:01 a.m. (local time) on the 30th calendar day after the insurer's receipt date.
If the insured or other party not listed above pays the premium		If the insured or other party not listed above pays the premium	
If the insured requests the endorsement on or before the loan transaction closing, and the insurer receives the endorsement request and payment within 10 calendar days from the loan closing (closing date plus 9 days).	The effective date will be on the date of the loan closing.	If the insured requests the endorsement on or before the loan transaction closing, and the insurer receives the endorsement request and full amount due within 10 calendar days from the loan closing (closing date plus 9 days).	The effective date will be on the date of the loan closing.
If the insured requests the endorsement on or before the loan transaction closing, and the insurer receives the endorsement and payment after 10 or more calendar days from the closing (closing date plus 9 days).	The effective date will be on the insurer's receipt date .	If the insured requests the endorsement on or before the loan transaction closing, and the insurer receives the endorsement and full amount due after 10 or more calendar days from the closing (closing date plus 9 days).	The effective date will be 12:01 a.m. (local time) on the 30th calendar day after the insurer's receipt date.

Page 4-9 Subsection IX, Assignment of a Policy is changed to substitute an instance of “buildings in the course of construction” to “buildings under construction.”

April 2021 FIM	April 2021 FIM with October 2021 Update
IX. Assignment of a Policy	IX. Assignment of a Policy
Insureds may assign policies for insured buildings due to transfers of ownership. Insureds may not assign policies that cover buildings in the course of construction or for contents only. The seller must sign the endorsement assigning the policy on or before the closing date. The insurer must receive the seller's signature and documentation authorizing the assignment.	Insureds may assign policies for insured buildings due to transfers of ownership. Insureds may not assign policies that cover buildings under construction or for contents only. The seller must sign the endorsement assigning the policy on or before the closing date. The insurer must receive the seller's signature and documentation authorizing the assignment.

Section 6: How to Cancel

Procedures concerning How to Cancel are replaced completely as follows:

6. How to Cancel

Under certain circumstances, NFIP insurers may cancel flood insurance policies through the remainder of a policy's term or for the entire term. NFIP insurers may also nullify or void a policy through the policy's entire term, where eligible. This section describes the procedures for canceling, nullifying, or voiding a policy and whether the policyholder is entitled to a full, partial, or no refund.

I. General Information

- To cancel or nullify (void) a policy, a completed cancellation/nullification or similar request with proper documentation must be submitted to the insurer.
- The receipt date of the cancellation or nullification request is the date the insurer receives the request with the proper documentation. If additional documentation is required by the insurer, it must be received within 60 days of the insurer's notification in order to retain the original receipt date. If received more than 60 days after the notification, then the receipt date will be the date the additional documentation was received.
- Unless otherwise specified within the reason code description, a policy may be canceled for up to 5 years prior to the receipt date of the cancellation request, if applicable. Insurers must include any lapse in coverage when determining the number of years allowed for a refund as a lapse in coverage does not extend the number of policy terms allowed.
- If there is an open claim on a policy, then the policy cannot be canceled.
- If there is a closed paid claim on a policy term, then that policy term cannot be canceled, except under reason codes 1, 2, 3, 4, 10, and 21 which allow cancellation after the loss date.
- If there is a claim closed without payment on a policy term, the policy term can be canceled.
- After processing a cancellation or nullification request, the insurer must provide the policyholder and all interested parties with a notice advising of the cancellation or nullification. Interested parties include any additional policyholders, additional lenders, loss payees, trustees, or disaster assistance agencies.

Note: A copy of the Flood Insurance Cancellation/Nullification Request Form is in Appendix B: Forms.

II. Valid Cancellation Reason Codes

The tables that follow provide the valid reason codes for canceling or nullifying an NFIP policy, with specific conditions applicable to each. **Table 1** shows how the valid reason codes are grouped by topic rather than numerical order.

Table 1: Valid Cancellation Reason Codes

TOPIC	REASON CODES
A. No Insurable Interest	01 - Building sold, removed, or destroyed 02 - Contents sold, removed, or destroyed 07 - Property closing did not occur
B. Establish a Common Expiration Date	03 - Policy canceled and rewritten to establish a common expiration date with other insurance coverage for the same building
C. Duplicate Coverage	04 - Duplicate NFIP policies 10 - Condominium unit or association policy converting to RCBAP 26 - Duplicate policy from a source other than NFIP
D. Not Eligible for Coverage	06 - Property not eligible for coverage at time of application 27 - Property becomes ineligible for coverage during policy term 29 - Building physically altered and no longer eligible for NFIP coverage
E. Lender No Longer Requires Insurance	28 - Insurance no longer required by lender
F. Invalid Payment or Fraud	05 - Invalid payment 23 - Fraud or Misrepresentation 30 - Insufficient premium to retain coverage
G. Other Reason Codes	13 - Nullification prior to policy effective date 20 - SRL written with incorrect insurer 21 - Continuous lake flooding or closed basin lakes 22 - Cancel and rewrite due to administrative error

For specific guidance on each reason code please see the tables below.

Note: Over time FEMA has retired some reason codes.

A. No Insurable Interest

Reason Code 01	Building sold, removed, or destroyed ¹
Conditions	<p>The insurer may cancel the policy if the policyholder had an insurable interest in the insured property during the policy term, but no longer has an insurable interest. For example:</p> <ul style="list-style-type: none"> The policyholder sold or transferred ownership of the insured building and no longer has an insurable interest in the insured building. Relocation or destruction of the insured building. The builder or developer requests to cancel a policy mid-term because ownership transferred to a newly-created condominium association and the association purchased a policy under its name. The lienholder foreclosed on the building.
Cancellation Effective Date	The date the policyholder ceased to have an insurable interest in the building. Examples include the date of the sale of the building or the date the policyholder removed the building from the described location.
Policy Terms Eligible for Refund	The term the policyholder ceased to have an insurable interest and subsequent renewed policy terms but no more than 5 years prior to the date of the cancellation request
Type of Refund	A pro-rata premium refund excluding the Federal Policy Fee and Probation Surcharge is applied to the policy term canceled. For any subsequent renewed terms eligible for refund, full premium refunds including surcharges and fees apply.
Required Documentation	<p>Evidence of the sale, transfer, removal, or destruction of the building, such as:</p> <ul style="list-style-type: none"> Bill of sale; Settlement statement; Closing disclosure statement; Proof of removal; Proof of destruction; <i>or</i> Court documentation for foreclosed buildings.

Reason Code 02	Contents sold, removed, or destroyed ²
Conditions	<p>The insurer may cancel a contents-only policy if the policyholder had an insurable interest in the insured property during the policy term, but no longer has an insurable interest. For example:</p> <ul style="list-style-type: none"> The policyholder sold or transferred ownership of the insured contents. The contents were completely removed or relocated from the described location. The contents were destroyed by any peril.

¹ 44 CFR Part 61, Appendix A(1)-(3), VIII.D.2; 44 CFR § 62.5(b)

² 44 CFR Part 61, Appendix A(1)-(3), VIII.D.2; 44 CFR § 62.5(b)

Reason Code 02	Contents sold, removed, or destroyed²
Cancellation Effective Date	The date the policyholder ceased to have an insurable interest in the contents at the described location, or the removal date of the contents from the described location.
Policy Terms Eligible for Refund	The term the policyholder ceased to have an insurable interest and subsequent renewed policy terms but no more than 5 years prior to the date of the cancellation request.
Type of Refund	A pro-rata premium refund excluding the Federal Policy Fee and Probation Surcharge is applied to the policy term canceled. For any subsequent renewed terms eligible for refund, full premium refunds including surcharges and fees apply.
Required Documentation	Evidence of contents sold, removed, or destroyed such as: Bill of sale; Inventory record; Proof of destruction; <i>or</i> In the case of residential contents, a signed statement from the policyholder or a policyholder's representative.

Reason Code 07	Property closing did not occur³
Conditions	The insurer may nullify (void) a policy when the policyholder never had an insurable interest in the property listed on the Flood Insurance Application Form because the property closing did not occur. This typically occurs when: The anticipated transfer of the property (typically, but not always, a loan closing) does not take place.
Cancellation Effective Date	The policy will be nullified from the beginning of the policy term.
Policy Terms Eligible for Refund	Current policy term.
Type of Refund	Full premium refund including fees and surcharges, less any claim payments made during the nullified policy term.
Required Documentation	A signed cancellation request or a signed statement from the policyholder that the closing did not occur. See the sample verification letter in Appendix I: Policyholder Communications.

³ 44 CFR Part 61, Appendix A(1)-(3), VIII.B.1.c

B. Establish a Common Expiration Date

Reason Code 03	Policy canceled and rewritten to establish a common expiration date with other insurance coverage for the same building ⁴
Conditions	<p>The insurer may cancel and rewrite an NFIP policy with building coverage to establish a common expiration date with other insurance coverage if:</p> <ul style="list-style-type: none"> • The other insurance coverage is for building coverage on the same building insured by the existing NFIP policy being canceled and rewritten; • The agent submits a new Application Form and premium; • The insurer remains the same for the new NFIP policy with the same or higher amounts of coverage; <i>and</i> • The coverage for the new policy is effective before cancelling the existing policy. <p>Note: The new policy is not subject to a waiting period. However, coverage beyond the limits of the canceled policy will be subject to a 30-day waiting period.</p>
Cancellation Effective Date	The cancellation effective date is the effective date of the new flood policy.
Policy Terms Eligible for Refund	Current policy term.
Type of Refund	Pro-rated premium refund calculated from the effective date of the new policy to the end date of the previous policy, including ICC premium, and Reserve Fund Assessment, but not the HFIAA Surcharge Federal Policy Fee or Probation Surcharge.
Required Documentation	<ul style="list-style-type: none"> • A copy of the new flood policy declaration page • A copy of the other insurance policy declaration <p>Note: These pages must show the building address and policy effective dates.</p>

⁴ 44 CFR Part 61, Appendix A(1)-(3), VIII.C; 44 CFR § 62.5(d)

C. Duplicate Coverage

Reason Code 04	Duplicate NFIP policies ⁵
Conditions	<p>Duplicate Policies with Same Policyholder</p> <p>If the same policyholder has more than one policy covering the same building, contents, or both, then the insurer must cancel the policy with the later effective date. The policy with the earlier effective date will continue.</p> <p>However, if both policies have the same policy effective date, the policyholder may choose which policy will remain in effect.</p> <p>Notwithstanding the above, the insurer may cancel the policy with the earlier effective date for one of the following reasons:</p> <ul style="list-style-type: none"> • Cancellation of the earlier policy to establish a common expiration date with other insurance coverage for the same building (see Reason Code 03). • Cancellation of a Dwelling Form policy with only building coverage on a residential condominium unit that is also insured by a Residential Condominium Building Association Policy (RCBAP) on the building that was issued at the maximum limit for building coverage (see Reason Code 10). • Cancellation of an NFIP lender force-placed Mortgage Portfolio Protection Program (MPPP) policy because the borrower purchased an NFIP flood policy. The insurer must receive a copy of the lender's force-placement letter and the new flood policy declarations page with the Cancellation/Nullification Request form. • The policy with the earlier effective date expired more than 30 days before the cancellation request. • The policy with the earlier effective date is a Group Flood Insurance Policy (GFIP) and the policy with the later effective date is a regular SFIP.
	<p>Duplicate Policies with Different Policyholders</p> <p>If different policyholders have more than one policy covering the same building, the building owner must choose which policy to keep and the building owner must be named as a policyholder. For example, if a tenant purchased building coverage, the insurer must either remove the building coverage from the policy, endorse the policy to add the building owner as a policyholder, or cancel the policy.</p>
Cancellation Effective Date	<p>Consistent with the guidance above, the cancellation effective date will be either:</p> <ul style="list-style-type: none"> • If the duplicate policies have the same effective date, then the effective date of the policy the insured chooses to cancel; <i>or</i> • If the duplicate policies have different effective dates, then the effective date of the later policy.

⁵ 44 CFR Part 61, Appendix A(1)-(3), VIII.D.3; 44 CFR § 62.5(e)

Reason Code 04	Duplicate NFIP policies ⁵
	<p>Note: If the premiums for the two policies differ, the insurer must verify that the rating of the policy that will remain in effect is correct.</p>
Policy Terms Eligible for Refund	<p>The policy term the duplicate coverage began and subsequent renewed policy terms but no more than 5 years prior to the date of the cancellation request.</p>
Type of Refund	<p>If a duplicate policy with same effective date or later effective date is canceled, then a full premium refund including surcharges and fees applies to the policy term canceled and any subsequent renewed terms.</p> <ul style="list-style-type: none"> • If an exception to allow cancellation of the earlier policy applies, then a pro-rata premium refund excluding the Federal Policy Fee and Probation Surcharge is applied to the policy term canceled. For any subsequent renewed terms eligible for refund, full premium refunds including surcharges and fees apply. When the policy with the earlier effective date expired more than 30 days before the cancellation request: <ul style="list-style-type: none"> - If the earlier policy was a Dwelling Form policy with only building coverage on a condominium unit canceled due to a duplicate RCBAP issued at the maximum limit for building coverage, then the refund provisions of Reason Code 10 apply. - If the earlier policy is canceled to establish a common expiration date with other insurance coverage for the same building, then the refund provisions of Reason Code 03 apply. - No refund of premium, surcharges, or fees applies to a canceled GFIP.
Required Documentation	<p>Copies of the duplicate policies' declarations pages.</p>

Reason Code 10	Condominium unit or association policy converting to RCBAP ⁶
Conditions	<p>An insurer may cancel a Dwelling Form policy for a residential condominium unit (whether the unit owner is a policyholder or the condominium association) if:</p> <ul style="list-style-type: none"> • The Dwelling Form policy has only building coverage and is replaced by an RCBAP; <i>and</i> • The combined limits of the Dwelling Form policy and the RCBAP exceed either: <ul style="list-style-type: none"> - The maximum amount of building coverage available for the individual unit; <i>or</i> - The building replacement cost value of the unit.
Cancellation Effective Date	The cancellation effective date is the effective date of the RCBAP.
Policy Terms Eligible for Refund	The term the RCBAP coverage became effective in and subsequent renewed policy terms but no more than 5 years prior to the date of the cancellation request.
Type of Refund	A pro-rata premium refund excluding the Federal Policy Fee and Probation Surcharge is applied to the policy term canceled. For any subsequent renewed terms eligible for refund, full premium refunds including surcharges and fees apply.
Required Documentation	<ul style="list-style-type: none"> • A copy of the RCBAP declaration page • Documentation showing the replacement cost value of the unit, if applicable.

⁶ 44 CFR Part 61, Appendix A(1)-(3), VIII.C & VIII.D.3; 44 CFR § 62.5(e)(2)(v)

Reason Code 26 Duplicate policy from a source other than NFIP ⁷	
Conditions	<p>An NFIP insurer may cancel a policy if</p> <ul style="list-style-type: none"> (1) The policy was replaced by a non-NFIP flood insurance policy; <i>and</i> (2) The policyholder did not intend to purchase or renew the NFIP policy because they purchased a duplicate non-NFIP flood insurance policy; <i>and</i> (3) The request was submitted within 60 days of the NFIP policy becoming effective. <p>The NFIP will presume that a policyholder did not intend to renew their policy if they purchased a duplicate non-NFIP policy on or before the NFIP policy's purchase or renewal date.</p> <p>If the policyholder requested to cancel or not renew the NFIP policy before the NFIP policy effective date, see Reason Code 13 "Nullification prior to the effective date."</p> <p>Note: FEMA must review and approve all other requests under this reason code that do not meet the above conditions. These requests with supporting documentation can be emailed to NFIPUnderwritingmailbox@fema.dhs.gov with an explanation of the circumstances.</p>
Cancellation Effective Date	The effective date of the NFIP policy (nullified).
Policy Terms Eligible for Refund	Current policy term.
Type of Refund	Full premium refund, including fees and surcharges.
Required Documentation	Evidence of a valid duplicate non-NFIP flood insurance policy, such as a declaration page or copy of the Application Form and paid receipt

D. Not Eligible for Coverage

Reason Code 06 Property not eligible for coverage at time of application ⁸	
Conditions	<p>An insurer issues a policy for an ineligible property. See the Standard Flood Insurance Policy (SFIP) and Eligibility for NFIP Coverage heading in Section 2: Before You Start for guidance on properties not eligible for coverage.</p> <p>Examples of a property not eligible at the time of application include:</p> <ul style="list-style-type: none"> • Structures that do not meet the definition of a building. • Contents not located in an eligible building.

⁷ 44 CFR Part 61, Appendix A(1)-(3), VIII.C

⁸ 44 CFR Part 61, Appendix A(1)-(3), VIII.B.1&2; 44 CFR § 62.5(a)(1)

Reason Code 06	Property not eligible for coverage at time of application ⁸
	<ul style="list-style-type: none"> • Policies issued under an incorrect community number for buildings not located in an NFIP participating community. • Buildings located in a Coastal Barrier Resources System (CBRS). • Buildings declared in violation of local floodplain management requirements pursuant to section 1316 of the NFIA before purchase of the flood insurance policy.
Cancellation Effective Date	The insurer must nullify (void) the policy from its initial effective date.
Policy Terms Eligible for Refund	All policy terms since the date of commencement of the policy, but no more than 5 years prior to the date of receipt of verifiable evidence that the property was ineligible for coverage at the time of the initial application.
Type of Refund	<p>A full premium refund including fees and surcharges, less the amount of any claims paid during the nullified policy terms.</p> <p>If the policy has any paid claims and the policyholder does not return the claim payment(s), the insurer must verify the loss history of the property with FEMA (NFIPUnderwritingMailbox@fema.dhs.gov) before issuing refunds for more than two policy terms:</p> <ul style="list-style-type: none"> • If the premium refund is greater than the amount of any paid claims, the net refund paid to the policyholder is the difference between the premium refund and the amount of the paid claims. • If the premium refund is less than the amount of any paid claims, the insurer must reimburse FEMA for the difference between the premium refund amount and the paid claims.
Required Documentation	<p>A cancellation request that identifies the basis for ineligibility and the date the property became ineligible, with supporting documentation.</p> <p>Examples of supporting documentation that may demonstrate ineligibility include:</p> <ul style="list-style-type: none"> • Property tax records • A Section 1316 declaration (floodplain management violation) • Coastal Barrier Resources Act (CBRA) determination • Photographs.

Reason Code 27	Property becomes ineligible for coverage during policy term ⁹
Conditions	A property eligible for coverage at time of application becomes ineligible during the policy term. See the Standard Flood Insurance Policy (SFIP) and Eligibility for NFIP Coverage heading in Section 2: Before You Start for guidance on properties not eligible for coverage.

⁹ 44 CFR § 62.5(a)(2)

Reason Code 27	Property becomes ineligible for coverage during policy term ⁹
	<p>Examples of a property eligible at the time of application but later ineligible include:</p> <ul style="list-style-type: none"> • Buildings declared in violation of local floodplain management requirements pursuant to section 1316 of the NFIA prior to renewal of the flood insurance policy. • Buildings located in an NFIP participating community suspended after the issuance of the flood policy. • Annexation of the property to a non-participating community after issuance of the flood policy. <p>Note: This reason code does not cover a building physically altered such that it is no longer eligible for NFIP coverage. See Reason Code 29.</p>
Cancellation Effective Date	The insurer may not renew the policy. If the policy has renewed, the insurer must nullify (void) the policy from the first renewal date after the property became ineligible.
Policy Terms Eligible for Refund	All policy terms since the first renewal date after the property became ineligible, but no more than 5 years before the date of receipt of verifiable evidence that the property was eligible for coverage at the time of the initial application, but later became ineligible for coverage.
Type of Refund	<p>A full premium refund including fees and surcharges, less the amount of any claims paid during the nullified policy terms.</p> <p>If the policy has any paid claims and the policyholder does not return the claim payment(s), the insurer must verify the loss history of the property with FEMA (NFIPUnderwritingMailbox@fema.dhs.gov) before issuing refunds for more than two policy terms:</p> <ul style="list-style-type: none"> • If the premium refund is greater than the amount of any paid claims, the net refund paid to the policyholder is the difference between the premium refund and the amount of the paid claims. • If the premium refund is less than the amount of any paid claims, the insurer must reimburse FEMA for the difference between the premium refund amount and the paid claims.
Required Documentation	<p>Identification of the basis for ineligibility and the date the property became ineligible, with supporting documentation.</p> <p>Examples of supporting documentation that may demonstrate ineligibility include:</p> <ul style="list-style-type: none"> • Property tax records • A Section 1316 declaration (floodplain management violation) • Coastal Barrier Resources Act (CBRA) determination • Photographs

Reason Code 29	Building physically altered and no longer eligible for NFIP coverage ¹⁰
Conditions	A policy insuring a building or its contents, or both, where the building has been physically altered in such a manner that the building and its contents are no longer eligible for flood insurance coverage. (For example, the policyholder removes a mobile home from a permanent foundation and places it on wheels.)
Cancellation Effective Date	The date the building became ineligible for coverage.
Policy Terms Eligible for Refund	Current policy term.
Type of Refund	A pro-rata premium refund excluding the HFIAA Surcharge, Federal Policy Fee and Probation Surcharge.
Required Documentation	Documentation verifying the building's ineligibility for NFIP coverage, such as photographs.

E. Lender No Longer Requires Insurance

Reason Code 28	Insurance no longer required by lender ¹¹
Conditions	<p>The policyholder was subject to a requirement by a lender, loss payee, or other federal agency to obtain and maintain flood insurance pursuant to statute, regulation, or contract, but there is no longer such a requirement. Examples of such situations include but are not limited to:</p> <ul style="list-style-type: none"> • Required for a loan closing, but it was later discovered that the building was not located in an SFHA at the time of closing. • Required because a building was located in an SFHA but FEMA issued a map revision, Letter of Map Revision (LOMR), or Letter of Map Amendment (LOMA) that removed the building from the SFHA. • Required because a building was located in an SFHA but FEMA issued a LODR indicating the building is not located in an SFHA. • Determined that flood insurance is no longer required for a structure on a residential property that is detached from the primary residential structure and not itself a residence. • Required as part of a loan closing and the borrower has paid off the mortgage loan. • Mortgage paid off on an MPPP policy.

¹⁰ 44 CFR Part 61, Appendix A(1)-(3), VIII.D.4; 44 CFR § 62.5(f)(3)

¹¹ 44 CFR Part 61, Appendix A(1)-(3), VIII.C; 44 CFR § 62.5(c)

Reason Code 28	Insurance no longer required by lender ¹¹
	<ul style="list-style-type: none"> Insurers must inform eligible insureds with standard-rated policies for a property in a non-SFHA of their option to convert to a PRP prior to canceling the policy. <p>Note: Lenders have discretion to impose flood insurance requirements beyond the mandatory purchase requirement. For example, they may require flood insurance outside of SFHAs. Therefore, insurers may use this cancellation reason even for properties not located in SFHAs, if the lender no longer requires the policy.</p>
Cancellation Effective Date	The date the insurer receives the request.
Policy Terms Eligible for Refund	Current policy term.
Type of Refund	A pro-rata premium refund excluding the HFIAA Surcharge, Federal Policy Fee and Probation Surcharge applies to the policy term canceled. For any subsequent renewed terms eligible for refund, full premium refunds including surcharges and fees apply.
Required Documentation	In lieu of a signed cancellation request, a signed statement from the policyholder that the lender no longer requires a flood policy. See the sample verification letter regarding the requirement to maintain flood insurance coverage in Appendix I: Policyholder Communications.

F. Invalid Payment or Fraud

Reason Code 05	Invalid payment ¹²
Conditions	<p>Valid reasons to nullify (void) the policy for an invalid payment include:</p> <ul style="list-style-type: none"> A policyholder's check payment to the agent or insurer is returned for non-sufficient funds or rejected. A policyholder's electronic payment to the agent or insurer is rejected or disputed. <p>Note: Reason Code 05 is not valid if an agent advances insurance agency funds without first receiving payment from the policyholder.</p>
Cancellation Effective Date	The policy is nullified as of the effective date of the policy.

¹² 44 CFR Part 61, Appendix A(1)-(3), VIII.B.1.d

Reason Code 05	Invalid payment ¹²
Policy Terms Eligible for Refund	Current policy term. However, if a claim was paid for a policy that is void, the policyholder must return the claim payment to FEMA, or the insurer must offset the amount of the claim payment from the premiums to be refunded, before the insurer will process the refund.
Type of Refund	<p>When invalid payment is presented to the agent:</p> <ul style="list-style-type: none"> The insurer must provide a full refund to the agent, including all fees and surcharges, for returned or rejected policyholder payments to the agent. <p>When invalid payment is presented to the insurer:</p> <ul style="list-style-type: none"> There is no refund for returned or rejected payments paid by the policyholder directly to the insurer.
Required Documentation	The notice of returned or rejected payment.

Reason Code 23	Fraud or Misrepresentation ¹³
Conditions	<ul style="list-style-type: none"> NFIP insurers must cancel a policy for fraud committed by the policyholder or the agent. NFIP insurers may cancel a policy for misrepresentation of a material fact by the policyholder or agent.
Cancellation Effective Date	The date of the fraudulent act or material misrepresentation of fact.
Policy Terms Eligible for Refund	N/A
Type of Refund	<ul style="list-style-type: none"> The policyholder is not eligible for a refund of any premiums, fees, or surcharges. If the agent did not commit or participate in the fraud or misrepresentation, there is no reduction to the insurer's expense allowance.
Required Documentation	Notification from FEMA that the situation qualifies for cancellation under this reason code.

¹³ 44 CFR Part 61, Appendix A(1)-(3), VIII.A; 44 CFR § 62.5(f)(1)

Reason Code 30	Insufficient premium to retain coverage ¹⁴
Conditions	<p>Consistent with the reformation procedures described under the Reformation Due to Insufficient Premium or Rating Information heading in Section 2: Before You Start, an insurer may cancel a policy if:</p> <ul style="list-style-type: none"> • The premium the insurer received for the policy, after deducting the costs of all applicable fees and surcharges, is insufficient to buy any amount of coverage; <i>and</i> • The policyholder does not pay the additional amount of premium owed to increase coverage to the originally requested amount or to a lesser amount within 30 days of the underpayment notice. <p>Note: This cancellation code does not apply in the case of an incorrect geolocation or flood zone, due to the exception to general reformation rules described in Section 2: Before You Start. For the portion of the policy term before the date the insurer discovered the incorrect geolocation or flood zone (the “date of discovery”), the policyholder receives the originally requested coverage amount without paying additional premium (or providing additional rating information, if insufficient). Therefore, the insurer cannot cancel the policy.</p>
Cancellation Effective Date	The policy effective date.
Policy Terms Eligible for Refund	The term when the insurer discovered the premium was insufficient and, if the policy renewed before reformation occurred, the subsequent renewal term.
Type of Refund	A full premium refund, including fees and surcharges, will apply to the current policy term and subsequent renewal terms if the policy renewed. However, if a claim was paid before discovery of the insufficient premium, the insurer must contact FEMA for additional underwriting and claims guidance.
Required Documentation	A copy of the underpayment letter sent due to reformation of the policy, along with documentation showing the original amount of coverage and premium paid.

G. Other Reason Codes

Reason Code 13	Nullification prior to policy effective date ¹⁵
Conditions	<ul style="list-style-type: none"> • The policyholder paid the premium for a policy renewal or a new policy; • Before the effective date of the new or renewal policy, the policyholder decided they do not want the policy to go into effect; and • The property is not subject to a requirement to obtain and maintain flood insurance pursuant to any statute, regulation, or contract.

¹⁴ 44 CFR Part 61, Appendix A(1)-(3), VIII.D.1

¹⁵ 44 CFR Part 61, Appendix A(1)-(3), VIII.B.1.e; 44 CFR § 62.5(a)(3)

Reason Code 13	Nullification prior to policy effective date ¹⁵
Cancellation Effective Date	The policy is nullified from the effective date of the policy term.
Policy Terms Eligible for Refund	Nullified policy term.
Type of Refund	Full premium refund, including fees and surcharges. However, if a claim was paid for the policy, the policyholder must return the claim payment to FEMA, or the insurer must offset the amount of the claim payment from the premiums to be refunded, before the insurer will process the refund.
Required Documentation	A signed statement from the policyholder to nullify the new or renewal policy and that the lender no longer requires flood insurance. See sample verification letter regarding the requirement to maintain flood insurance coverage in Appendix I: Policyholder Communications.

Reason Code 20	SRL written with incorrect insurer ¹⁶
Conditions	A WYO company issues or renews a policy that FEMA requires to be serviced by the NFIP Direct's Special Direct Facility (SDF) because the policy covers a Severe Repetitive Loss (SRL) property.
Cancellation Effective Date	The cancellation effective date will be the effective date of the policy term when the property was designated as SRL.
Policy Terms Eligible for Refund	Current policy term.
Type of Refund	Full premium refund including fees and surcharges is sent to the SDF.
Required Documentation	Property address is identified as an SRL property on the FEMA Repetitive Loss list.

Reason Code 21	Continuous lake flooding or closed basin lakes
Conditions	<ul style="list-style-type: none"> FEMA notification of a continuous lake flooding or closed basin lakes property. The cancellation can be for only one term of a policy

¹⁶ 44 CFR § 62.5(f)(2)

Reason Code 21	Continuous lake flooding or closed basin lakes
Cancellation Effective Date	Must be day after the date of loss.
Policy Terms Eligible for Refund	N/A
Type of Refund	No premium refund allowed.
Required Documentation	FEMA notification of a continuous lake flooding or closed basin lakes property.

Reason Code 22	Cancel and rewrite due to administrative error ¹⁷
Conditions	<p>Provided there are no paid or pending claims for the applicable policy term(s), the insurer may cancel and rewrite a policy to correct an administrative error, including but not limited to:</p> <ul style="list-style-type: none"> • An incorrect policy effective date; • To cancel and rewrite ineligible PRPs or MPPP policies within the same company; • To cancel a standard-rated policy that is eligible for a PRP due to misrating, as defined in the How to Endorse section of this manual. This includes a standard-rated policy incorrectly rated in an SFHA, or failure to apply for a Newly Mapped property; • System constraints that prevent a legitimate correction; • A rating correction; <i>or</i> • Incorrect use of the Dwelling Form when the RCBAP Form was appropriate, or vice versa.
Cancellation/ Rewrite Effective Dates	The cancellation date and the rewritten policy's effective date must be the effective date of the policy term when the administrative error first occurred.
Policy Terms Eligible for Refund	In determining the number of policy years for refund eligibility, do not include terms that expired before a lapse in coverage.
Type of Refund	Full premium refund including fees and surcharges. The insurer will apply the refund to the newly rewritten policy and refund any excess premium, fees, surcharges, or assessments paid.

¹⁷ 44 CFR § 62.5(f)(2)

Reason Code 22	Cancel and rewrite due to administrative error ¹⁷
Required Documentation	Documentation of the administrative error.

I. Processing a Cancellation or Nullification Request

A. Signatures

The insurer may accept electronic submissions if their business process includes signature authentication and records receipt dates. Please see the Electronic Signatures heading in Section 2: Before You Start for more information.

Policyholder's Signature

In general, all policyholders must sign and date a cancellation or nullification request, except—

- All requests using reason codes 5, 6, 21, 22, 23, 27 and 30.
- Requests using reason code 1, if the building was foreclosed on and the lender is entitled to the refund.
- Requests using reason code 29, if the covered building that was eligible for coverage became ineligible midterm due to physical alteration of the building.
- Request using reason code 4, where the insurer created a duplicate policy.

Agent Signature

Agents must sign and date the cancellation or nullification request for all cancellation reason codes, except 6, 21, 22, 23, 27 and 30.

B. Premium Refunds

Insurers must process the return premium on policy terms for which they are the insurer of record.

If the premium refund is for more than two policy terms and the insurer is unable to process the additional terms within their system, then the insurer may submit the request and documentation for the additional terms to FEMA for processing. The documentation must include:

- A policy cancellation request and the premium refund calculation for each policy term.
- The insurer's statistical records or declarations pages for each policy term and evidence of premium payments.
- A completed Prior Term Refund (PTR) Worksheet.

Insurers may send requests and documentation to FEMA by email to:

NFIPUnderwritingMailbox@fema.dhs.gov.

FEMA notifies the insurers of the premium refunded and the Expense Allowance due to the NFIP. The insurers must maintain this documentation as part of their underwriting files. FEMA will return rejected refund requests.

C. Cancellation Processing Outcomes

Reason Code	Signature Required	PREMIUM REFUND (Including ICC, and Reserve Fund Assessment)		HFIAA Surcharge			Probation Surcharge		Federal Policy Fee		PRODUCER COMMISSION (Direct Business Only)		
	Policyholder Agent, or Both	Full Refund	Pro Rated	Full Refund	Pro Rated	No Refund	Full Refund	No Refund	Full Refund	No Refund	Full Deduction	Pro Rated	Retained
A. No Insurable Interest													
1	*		x		x			x		x		x	
2	Both		x		x			x		x		x	
7	Both	x		x			x		x		x		
B. Establish Common Expiration Date													
3	Both		x			x		x		x		x	
C. Duplicate Coverage													
4	*		x*		x*			x*		x*		x*	
10	Both		x		x			x		x		x	
26	Both	x		x			x		x		x		
D. Not Eligible for Coverage													
6	*	x		x			x		x		x		
27	*	x		x			x		x		x		
29	*		x			x		x		x		x	
E. Lender No Longer Requires Insurance													
28	Both		x			x		x		x		x	
F. Payment Issue or Fraud													
5	Agent	x		x			x		x		x		
23	*	NO REFUND OF PREMIUM, FEDERAL POLICY FEE, RESERVE FUND ASSESSMENT, OR HFIAA SURCHARGE ALLOWED											x
30	*	x		x			x		x		x		
G. Other Reason Codes													
13	Both	x		x			x		x		x		
20	Both	x		x			x		x		x		
21	*	NO REFUND OF PREMIUM, FEDERAL POLICY FEE, RESERVE FUND ASSESSMENT, OR HFIAA SURCHARGE ALLOWED											x

Reason Code	Signature Required	PREMIUM REFUND (Including ICC, and Reserve Fund Assessment)		HFIAA Surcharge			Probation Surcharge		Federal Policy Fee		PRODUCER COMMISSION (Direct Business Only)		
	Policyholder Agent, or Both	Full Refund	Pro Rated	Full Refund	Pro Rated	No Refund	Full Refund	No Refund	Full Refund	No Refund	Full Deduction	Pro Rated	Retained
22	*	X		X			X		X		X		

* See the Signatures heading above.

X* See Reason Code 04 description for when a full refund may apply.

Updated Cancellation Verification Letter

SAMPLE VERIFICATION LETTER VERIFICATION THAT THERE IS NO REQUIREMENT TO MAINTAIN FLOOD INSURANCE COVERAGE

<Insured Property Address>

I, _____, am not required by a lender, loss payee, landlord, or any Federal agency to maintain flood insurance through the National Flood Insurance Program for the above-referenced property pursuant to any statute, regulation, or contract, and I am aware that by canceling my coverage, I may lose eligibility for any subsidized premium rates made available through the National Flood Insurance Program.

Check the reason that best applies:

- ☐ Property Closing Did Not Occur
- ☐ Insurance No Longer Required by Mortgagee Because Property is No Longer in a Special Flood Hazard Area
- ☐ Coverage No Longer Required by Mortgagee for a Detached Structure
- ☐ Mortgage Paid Off
- ☐ Nullification Prior to Effective Date

Policyholder Name (Printed)

Policyholder Signature

Date

Appendix A: Policy

FEMA updated the October 2015 Standard Flood Insurance Policy (SFIP) forms in conformance with the requirements stipulated in the final rule FEMA published in July 2020 “Conforming Changes To Reflect the Biggert-Waters Flood Insurance Reform Act of 2012 (BW-12) and the Homeowner Flood Insurance Affordability Act of 2014 (HFIAA), and Additional Clarifications for Plain Language.” The new October 2021 SFIP forms replace the October 2015 SFIP forms.

National Flood Insurance Program

Dwelling Form

Standard Flood Insurance Policy

F-122 / October 2021



FEMA

Standard Flood Insurance Policy

Dwelling Form

Please read the policy carefully. The flood insurance provided is subject to limitations, restrictions, and exclusions.

I. AGREEMENT

A. This policy insures the following types of property only:

1. A one to four family residential building, not under a condominium form of ownership;
2. A single-family dwelling unit in a condominium building; *and*
3. Personal property in a building.

B. The Federal Emergency Management Agency (FEMA) provides flood insurance under the terms of the National Flood Insurance Act of 1968 and its amendments, and Title 44 of the Code of Federal Regulations.

C. We will pay you for direct physical loss by or from flood to your insured property if you:

1. Have paid the full amount due (including applicable premiums, surcharges, and fees);
2. Comply with all terms and conditions of this policy; *and*
3. Have furnished accurate information and statements.

D. We have the right to review the information you give us at any time and revise your policy based on our review.

E. This policy insures only one building. If you own more than one building, coverage will apply to the single building specifically described in the Flood Insurance Application.

F. Subject to the exception in I.G below, multiple policies with building coverage cannot be issued to insure a single building to one insured or to different insureds, even if separate policies were issued through different NFIP insurers. Payment for damages may only be made under a single policy for building damages under Coverage A—Building Property.

G. A Dwelling Form policy with building coverage may be issued to a unit owner in a condominium building that is also insured under a Residential Condominium

Building Association Policy (RCBAP). **However, no more than \$250,000 may be paid in combined benefits for a single unit under the Dwelling Form policy and the RCBAP. We will only pay for damage once. Items of damage paid for under an RCBAP cannot also be claimed under the Dwelling Form policy.**

II. DEFINITIONS

A. In this policy, “you” and “your” refer to the named insured(s) shown on the Declarations Page of this policy and the spouse of the named insured, if a resident of the same household. Insured(s) also includes: Any mortgagee and loss payee named in the Application and Declarations Page, as well as any other mortgagee or loss payee determined to exist at the time of loss, in the order of precedence. “We,” “us,” and “our” refer to the insurer.

Some definitions are complex because they are provided as they appear in the law or regulations, or result from court cases.

B. **Flood**, as used in this flood insurance policy, means:

1. A general and temporary condition of partial or complete inundation of two or more acres of normally dry land area or of two or more properties (one of which is your property) from:
 - a. Overflow of inland or tidal waters;
 - b. Unusual and rapid accumulation or runoff of surface waters from any source;
 - c. Mudflow.
2. Collapse or subsidence of land along the shore of a lake or similar body of water as a result of erosion

or undermining caused by waves or currents of water exceeding anticipated cyclical levels that result in a flood as defined in B.1.a above.

C. The following are the other key definitions we use in this policy:

1. **Act.** The National Flood Insurance Act of 1968 and any amendments to it.
2. **Actual Cash Value.** The cost to replace an insured item of property at the time of loss, less the value of its physical depreciation.
3. **Application.** The statement made and signed by you or your agent in applying for this policy. The application gives information we use to determine the eligibility of the risk, the kind of policy to be issued, and the correct premium payment. The application is part of this flood insurance policy.
4. **Base Flood.** A flood having a one percent chance of being equaled or exceeded in any given year.
5. **Basement.** Any area of a building, including any sunken room or sunken portion of a room, having its floor below ground level on all sides.
6. **Building**
 - a. A structure with two or more outside rigid walls and a fully secured roof that is affixed to a permanent site;
 - b. A manufactured home, also known as a mobile home, is a structure: built on a permanent chassis, transported to its site in one or more sections, and affixed to a permanent foundation; *or*
 - c. A travel trailer without wheels, built on a chassis and affixed to a permanent foundation, that is regulated under the community's floodplain management and building ordinances or laws.

Building does not mean a gas or liquid storage tank, shipping container, or a recreational vehicle, park trailer, or other similar vehicle, except as described in C.6.c above.
7. **Cancellation.** The ending of the insurance coverage provided by this policy before the expiration date.
8. **Condominium.** That form of ownership of one or more buildings in which each unit owner has an undivided interest in common elements.
9. **Condominium Association.** The entity made up of the unit owners responsible for the maintenance and operation of:
 - a. Common elements owned in undivided shares by unit owners; *and*

b. Other buildings in which the unit owners have use rights; where membership in the entity is a required condition of ownership.

10. **Condominium Building.** A type of building for which the form of ownership is one in which each unit owner has an undivided interest in common elements of the building.
11. **Declarations Page.** A computer-generated summary of information you provided in your application for insurance. The Declarations Page also describes the term of the policy, limits of coverage, and displays the premium and our name. The Declarations Page is a part of this flood insurance policy.
12. **Deductible.** The amount of an insured loss that is your responsibility and that is incurred by you before any amounts are paid for the insured loss under this policy.
13. **Described Location.** The location where the insured building(s) or personal property are found. The described location is shown on the Declarations Page.
14. **Direct Physical Loss By or From Flood.** Loss or damage to insured property, directly caused by a flood. There must be evidence of physical changes to the property.
15. **Dwelling.** A building designed for use as a residence for no more than four families or a single-family unit in a condominium building.
16. **Elevated Building.** A building that has no basement and that has its lowest elevated floor raised above ground level by foundation walls, shear walls, posts, piers, pilings, or columns.
17. **Emergency Program.** The initial phase of a community's participation in the National Flood Insurance Program. During this phase, only limited amounts of insurance are available under the Act and the regulations prescribed pursuant to the Act.
18. **Federal Policy Fee.** A flat rate charge you must pay on each new or renewal policy to defray certain administrative expenses incurred in carrying out the National Flood Insurance Program.
19. **Improvements.** Fixtures, alterations, installations, or additions comprising a part of the dwelling or apartment in which you reside.
20. **Mudflow.** A river of liquid and flowing mud on the surface of normally dry land areas, as when earth is carried by a current of water. Other earth movements, such as landslide, slope failure, or

a saturated soil mass moving by liquidity down a slope, are not mudflows.

21. **National Flood Insurance Program (NFIP).** The program of flood insurance coverage and floodplain management administered under the Act and applicable Federal regulations in Title 44 of the Code of Federal Regulations, Subchapter B.
22. **Policy.** The entire written contract between you and us. It includes:
 - a. This printed form;
 - b. The application and Declarations Page;
 - c. Any endorsement(s) that may be issued; *and*
 - d. Any renewal certificate indicating that coverage has been instituted for a new policy and new policy term. Only one dwelling, which you specifically described in the application, may be insured under this policy.
23. **Pollutants.** Substances that include, but are not limited to, any solid, liquid, gaseous, or thermal irritant or contaminant, including smoke, vapor, soot, fumes, acids, alkalis, chemicals, and waste. "Waste" includes, but is not limited to, materials to be recycled, reconditioned, or reclaimed.
24. **Post-FIRM Building.** A building for which construction or substantial improvement occurred after December 31, 1974, or on or after the effective date of an initial Flood Insurance Rate Map (FIRM), whichever is later.
25. **Principal Residence.** The dwelling in which you or your spouse have lived for at least 80 percent of:

- a. The 365 days immediately preceding the time of loss; *or*
- b. The period of ownership of you or your spouse, if either you or your spouse owned the dwelling for less than 365 days immediately preceding the time of loss.

26. **Probation Surcharge.** A flat charge you must pay on each new or renewal policy issued covering property in a community the NFIP has placed on probation under the provisions of 44 CFR 59.24.
27. **Regular Program.** The final phase of a community's participation in the National Flood Insurance Program. In this phase, a Flood Insurance Rate Map is in effect and full limits of coverage are available under the Act and the regulations prescribed pursuant to the Act.
28. **Special Flood Hazard Area (SFHA).** An area having special flood or mudflow, and/or flood-related erosion hazards, and shown on a Flood Hazard Boundary Map or Flood Insurance Rate Map as Zone A, AO, A1–A30, AE, A99, AH, AR, AR/A, AR/AE, AR/AH, AR/AO, AR/A1–A30, V1–V30, VE, or V.
29. **Unit.** A single-family residential space you own in a condominium building.
30. **Valued Policy.** A policy in which the insured and the insurer agree on the value of the property insured, that value being payable in the event of a total loss. The Standard Flood Insurance Policy is not a valued policy.

III. PROPERTY INSURED

A. Coverage A—Building Property

We insure against direct physical loss by or from flood to:

1. The dwelling at the described location, or for a period of 45 days at another location as set forth in III.C.2.b, Property Removed to Safety.
2. Additions and extensions attached to and in contact with the dwelling by means of a rigid exterior wall, a solid load-bearing interior wall, a stairway, an elevated walkway, or a roof. At your option, additions and extensions connected by any of these methods may be separately insured. Additions and extensions attached to and in contact with the building by means of a common interior wall that is not a solid load-bearing wall

are always considered part of the dwelling and cannot be separately insured.

3. A detached garage at the described location.

Coverage is limited to no more than 10 percent of the limit of liability on the dwelling. Use of this insurance is at your option but reduces the building limit of liability. **We do not cover any detached garage used or held for use for residential (i.e., dwelling), business, or farming purposes.**

4. Materials and supplies to be used for construction, alteration, or repair of the dwelling or a detached garage while the materials and supplies are stored in a fully enclosed building at the described location or on an adjacent property.
5. A building under construction, alteration, or repair at the described location.

a. If the structure is not yet walled or roofed as described in the definition for building (see II.C.6.a) then coverage applies:

(1) Only while such work is in progress; *or*

(2) If such work is halted, only for a period of up to 90 continuous days thereafter.

b. However, coverage does not apply until the building is walled and roofed if the lowest floor, including the basement floor, of a non-elevated building or the lowest elevated floor of an elevated building is:

(1) Below the base flood elevation in Zones AH, AE, A1–A30, AR, AR/AE, AR/AH, AR/A1–A30, AR/A, AR/AO; *or*

(2) Below the base flood elevation adjusted to include the effect of wave action in Zones VE or V1–V30.

The lowest floor level is based on the bottom of the lowest horizontal structural member of the floor in Zones VE or V1–V30 or the top of the floor

in Zones AH, AE, A1–A30, AR, AR/AE, AR/AH, AR/A1–A30, AR/A, and AR/AO.

6. A manufactured home or a travel trailer, as described in the II.C.6. If the manufactured home or travel trailer is in a special flood hazard area, it must be anchored in the following manner at the time of the loss:
 - a. By over-the-top or frame ties to ground anchors; *or*
 - b. In accordance with the manufacturer's specifications; *or*
 - c. In compliance with the community's floodplain management requirements unless it has been continuously insured by the NFIP at the same described location since September 30, 1982.
7. The following items of property which are insured under Coverage A only:
 - a. Awnings and canopies;
 - b. Blinds;
 - c. Built-in dishwashers;
 - d. Built-in microwave ovens;
 - e. Carpet permanently installed over unfinished flooring;
 - f. Central air conditioners;
 - g. Elevator equipment;
 - h. Fire sprinkler systems;
 - i. Walk-in freezers;
 - j. Furnaces and radiators;
 - k. Garbage disposal units;
 - l. Hot water heaters, including solar water heaters;
 - m. Light fixtures;
 - n. Outdoor antennas and aerials fastened to buildings;
 - o. Permanently installed cupboards, bookcases, cabinets, paneling, and wallpaper;
 - p. Plumbing fixtures;
 - q. Pumps and machinery for operating pumps;
 - r. Ranges, cooking stoves, and ovens;
 - s. Refrigerators; *and*
 - t. Wall mirrors, permanently installed.

8. Items of property below the lowest elevated floor of an elevated post-FIRM building located in Zones

A1-A30, AE, AH, AR, AR/A, AR/AE, AR/AH, AR/A1-A30, V1-V30, or VE, or in a basement regardless of the zone. Coverage is limited to the following:

- a. Any of the following items, if installed in their functioning locations and, if necessary for operation, connected to a power source:
 - (1) Central air conditioners;
 - (2) Cisterns and the water in them;
 - (3) Drywall for walls and ceilings in a basement and the cost of labor to nail it, unfinished and unfloated and not taped, to the framing;
 - (4) Electrical junction and circuit breaker boxes;
 - (5) Electrical outlets and switches;
 - (6) Elevators, dumbwaiters and related equipment, except for related equipment installed below the base flood elevation after September 30, 1987;
 - (7) Fuel tanks and the fuel in them;
 - (8) Furnaces and hot water heaters;
 - (9) Heat pumps;
 - (10) Nonflammable insulation in a basement;
 - (11) Pumps and tanks used in solar energy systems;
 - (12) Stairways and staircases attached to the building, not separated from it by elevated walkways;
 - (13) Sump pumps;
 - (14) Water softeners and the chemicals in them, water filters, and faucets installed as an integral part of the plumbing system;
 - (15) Well water tanks and pumps;
 - (16) Required utility connections for any item in this list; *and*
 - (17) Footings, foundations, posts, pilings, piers, or other foundation walls and anchorage systems required to support a building.
- b. Clean-up.

B. Coverage B—Personal Property

1. If you have purchased personal property coverage, we insure against direct physical loss by or from flood to personal property inside a building at the described location, if:
 - a. The property is owned by you or your household family members; *and*
 - b. At your option, the property is owned by guests or servants.
2. Personal property is also insured for a period of 45 days at another location as set forth in III.C.2.b, Property Removed to Safety.
3. Personal property in a building that is not fully enclosed must be secured to prevent flotation out of the building. If the personal property does float out during a flood, it will be conclusively presumed that it was not reasonably secured. In that case, there is no coverage for such property.
4. Coverage for personal property includes the following property, subject to B.1 above, which is insured under Coverage B only:
 - a. Air conditioning units, portable or window type;
 - b. Carpets, not permanently installed, over unfinished flooring;
 - c. Carpets over finished flooring;
 - d. Clothes washers and dryers;
 - e. "Cook-out" grills;
 - f. Food freezers, other than walk-in, and food in any freezer; *and*
 - g. Portable microwave ovens and portable dishwashers.

5. Coverage for items of property below the lowest elevated floor of an elevated post-FIRM building located in Zones A1-A30, AE, AH, AR, AR/A, AR/AE, AR/AH, AR/A1-A30, V1-V30, or VE, or in a basement regardless of the zone, is limited to the following items, if installed in their functioning locations and, if necessary for operation, connected to a power source:

- a. Air conditioning units, portable or window type;
- b. Clothes washers and dryers; *and*
- c. Food freezers, other than walk-in, and food in any freezer.

6. If you are a tenant and have insured personal property under Coverage B in this policy, we will cover such property, including your cooking stove or range and refrigerator. **The policy will also cover improvements made or acquired solely at your expense in the dwelling or apartment in which you reside, but for not more than 10 percent of the limit of liability shown for personal property on the Declarations Page.** Use of this insurance is at your option but reduces the personal property limit of liability.

7. If you are the owner of a unit and have insured personal property under Coverage B in this policy, we will also cover your interior walls, floor, and ceiling (not otherwise insured under a flood insurance policy purchased by your condominium association) for not more than 10 percent of the limit of liability shown for personal property on the Declarations Page. Use of this insurance is at your option but reduces the personal property limit of liability.

8. **Special Limits.** We will pay no more than \$2,500 for any one loss to one or more of the following kinds of personal property:

- a. Artwork, photographs, collectibles, or memorabilia, including but not limited to, porcelain or other figures, and sports cards;
- b. Rare books or autographed items;
- c. Jewelry, watches, precious and semi-precious stones, or articles of gold, silver, or platinum;
- d. Furs or any article containing fur that represents its principal value; *or*
- e. Personal property used in any business.

9. We will pay only for the functional value of antiques.

C. Coverage C—Other Coverages

1. Debris Removal

- a. We will pay the expense to remove non-owned debris that is on or in insured property and debris of insured property anywhere.
- b. If you or a member of your household perform the removal work, the value of your work will be based on the Federal minimum wage.
- c. This coverage does not increase the Coverage A or Coverage B limit of liability.

2. Loss Avoidance Measures

a. Sandbags, Supplies, and Labor

- (1) We will pay up to \$1,000 for costs you incur to protect the insured building from a flood or imminent danger of flood, for the following:
 - (a) Your reasonable expenses to buy:
 - (i) Sandbags, including sand to fill them;
 - (ii) Fill for temporary levees;
 - (iii) Pumps; *and*
 - (iv) Plastic sheeting and lumber used in connection with these items.
 - (b) The value of work, at the Federal minimum wage, that you or a member of your house-hold perform.
- (2) This coverage for Sandbags, Supplies, and Labor only applies if damage to insured property by or from flood is imminent and the threat of flood damage is apparent enough to lead a person of common prudence to anticipate flood damage. One of the following must also occur:
 - (a) A general and temporary condition of flooding in the area near the described

location must occur, even if the flood does not reach the building; *or*

- (b) A legally authorized official must issue an evacuation order or other civil order for the community in which the building is located calling for measures to preserve life and property from the peril of flood.

This coverage does not increase the Coverage A or Coverage B limit of liability.

b. Property Removed to Safety

- (1) We will pay up to \$1,000 for the reasonable expenses you incur to move insured property to a place other than the described location that contains the property in order to protect it from flood or the imminent danger of flood. Reasonable expenses include the value of work, at the Federal minimum wage, you or a member of your household perform.
- (2) If you move insured property to a location other than the described location that contains the property in order to protect it from flood or the imminent danger of flood, we will cover such property while at that location for a period of 45 consecutive days from the date you begin to move it there. The personal property that is moved must be placed in a fully enclosed building or otherwise reasonably protected from the elements.
- (3) Any property removed, including a moveable home described in II.6.b and c, must be placed above ground level or outside of the special flood hazard area.
- (4) This coverage does not increase the Coverage A or Coverage B limit of liability.

3. Condominium Loss Assessments

- a. Subject to III.C.3.b below, if this policy insures a condominium unit, we will pay, up to the Coverage A limit of liability, your share of loss assessments charged against you by the condominium association in accordance with the condominium association's articles of association, declarations and your deed. The assessment must be made because of direct physical loss by or from flood during the policy term, to the unit or to the common elements of the NFIP insured condominium building in which this unit is located.

b. We will not pay any loss assessment:

- (1) Charged against you and the condominium association by any governmental body;**
- (2) That results from a deductible under the insurance purchased by the condominium association insuring common elements;**
- (3) That results from a loss to personal property, including contents of a condominium building;**
- (4) In which the total payment combined under all policies exceeds the maximum amount of coverage available under the Act for a single unit in a condominium building where the unit is insured under both a Dwelling Policy and a RCBAP; *or***
- (5) On any item of damage that has already been paid under a RCBAP where a single unit in a condominium building is insured by both a Dwelling Policy and a RCBAP.**

- c. Condominium Loss Assessment coverage does not increase the Coverage A Limit of Liability and is subject to the maximum coverage limits available for a single-family dwelling under the Act, payable between all

policies issued and covering the unit, under the Act.

D. Coverage D—Increased Cost of Compliance

1. General

This policy pays you to comply with a State or local floodplain management law or ordinance affecting repair or reconstruction of a building suffering flood damage. Compliance activities eligible for payment are: elevation, floodproofing, relocation, or demolition (or any combination of these activities) of your building. Eligible floodproofing activities are limited to:

- a. Non-residential buildings.
- b. Residential buildings with basements that satisfy FEMA's standards published in the Code of Federal Regulations [44 CFR 60.6(b) or (c)].

2. Limit of Liability

We will pay you up to \$30,000 under this Coverage D—Increased Cost of Compliance, which only applies to policies with building coverage (Coverage A). Our payment of claims under Coverage D is in addition to the amount of coverage which you selected on the application and which appears on the Declarations Page. But the maximum you can collect under this policy for both Coverage A—Building Property and Coverage D—Increased Cost of Compliance cannot exceed the maximum permitted under the Act. We do not charge a separate deductible for a claim under Coverage D.

3. Eligibility

- a. A building insured under Coverage A—Building Property sustaining a loss caused by a flood as defined by this policy must:
 - (1) Be a “repetitive loss building.” A repetitive loss building is one that meets the following conditions:
 - (a) The building is insured by a contract of flood insurance issued under the NFIP.
 - (b) The building has suffered flood damage on two occasions during a 10-year period which ends on the date of the second loss.
 - (c) The cost to repair the flood damage, on average, equaled or exceeded 25 percent of the market value of the building at the time of each flood loss.

(d) In addition to the current claim, the NFIP must have paid the previous qualifying claim, and the State or community must have a cumulative, substantial damage provision or repetitive loss provision in its floodplain management law or ordinance being enforced against the building; or

- (2) Be a building that has had flood damage in which the cost to repair equals or exceeds 50 percent of the market value of the building at the time of the flood. The State or community must have a substantial damage provision in its floodplain management law or ordinance being enforced against the building.
- b. This Coverage D pays you to comply with State or local floodplain management laws or ordinances that meet the minimum standards of the National Flood Insurance Program found in the Code of Federal Regulations at 44 CFR 60.3. We pay for compliance activities that exceed those standards under these conditions:
 - (1) 3.a.1 above.
 - (2) Elevation or floodproofing in any risk zone to preliminary or advisory base flood elevations provided by FEMA which the State or local government has adopted and is enforcing for flood-damaged buildings in such areas. (This includes compliance activities in B, C, X, or D zones which are being changed to zones with base flood elevations. This also includes compliance activities in zones where base flood elevations are being increased, and a flood-damaged building must comply with the higher advisory base flood elevation.) Increased Cost of Compliance coverage does not apply to situations in B, C, X, or D zones where the community has derived its own elevations and is enforcing elevation or floodproofing requirements for flood-damaged buildings to elevations derived solely by the community.
 - (3) Elevation or floodproofing above the base flood elevation to meet State or local “free-board” requirements, i.e., that a building must be elevated above the base flood elevation.

- c. Under the minimum NFIP criteria at 44 CFR 60.3(b)(4), States and communities must require the elevation or floodproofing of buildings in unnumbered A zones to the base flood elevation where elevation data is obtained from a Federal, State, or other source. Such compliance activities are eligible for Coverage D.
- d. Coverage D will pay for the incremental cost, after demolition or relocation, of elevating or floodproofing a building during its rebuilding at the same or another site to meet State or local floodplain management laws or ordinances, subject to Coverage D Exclusion 5.g below.
- e. Coverage D will pay to bring a flood-damaged building into compliance with State or local floodplain management laws or ordinances even if the building had received a variance before the present loss from the applicable floodplain management requirements.

4. Conditions

- a. When a building insured under Coverage A—Building Property sustains a loss caused by a flood, our payment for the loss under this Coverage D will be for the increased cost to elevate, floodproof, relocate, or demolish (or any combination of these activities) caused by the enforcement of current State or local floodplain management ordinances or laws. Our payment for eligible demolition activities will be for the cost to demolish and clear the site of the building debris or a portion thereof caused by the enforcement of current State or local floodplain management

ordinances or laws. Eligible activities for the cost of clearing the site will include those necessary to discontinue utility service to the site and ensure proper abandonment of on-site utilities.

- b. When the building is repaired or rebuilt, it must be intended for the same occupancy as the present building unless otherwise required by current floodplain management ordinances or laws.

5. Exclusions

Under this Coverage D (Increased Cost of Compliance), we will not pay for:

- a. The cost to comply with any floodplain management law or ordinance in communities participating in the Emergency Program.
- b. The cost associated with enforcement of any ordinance or law that requires any insured or others to test for, monitor, clean up, remove, contain, treat, detoxify or neutralize, or in any way respond to, or assess the effects of pollutants.
- c. The loss in value to any insured building due to the

- requirements of any ordinance or law.
- d. The loss in residual value of the undamaged portion of a building demolished as a consequence of enforcement of any State or local floodplain management law or ordinance.
 - e. Any Increased Cost of Compliance under this Coverage D:
 - (1) Until the building is elevated, floodproofed, demolished, or relocated on the same or to another premises; *and*
 - (2) Unless the building is elevated, floodproofed, demolished, or relocated as soon as reasonably possible after the loss, not to exceed two years.
 - f. Any code upgrade requirements, e.g., plumbing or electrical wiring, not specifically related to the State or local floodplain management law or ordinance.
 - g. Any compliance activities needed to bring additions or improvements made after the loss occurred into compliance with State or local floodplain management laws or ordinances.
 - h. Loss due to any ordinance or law that you were required to comply with before the current loss.
 - i. Any rebuilding activity to standards that do not meet the NFIP's minimum requirements. This includes any situation where the insured has received from the State or community a variance in connection with the current flood loss to rebuild the property to an elevation below the base flood elevation.
 - j. Increased Cost of Compliance for a garage or carport.
 - k. Any building insured under an NFIP Group Flood Insurance Policy.
 - l. Assessments made by a condominium association on individual condominium unit owners to pay increased costs of repairing commonly owned buildings after a flood in compliance with State or local floodplain management ordinances or laws.
6. **Other Provisions**
- a. Increased Cost of Compliance coverage will not be included in the calculation to determine whether coverage meets the 80 percent insurance-to-value requirement for replacement cost coverage as set forth in Art. VII.R ("Loss Settlement") of this policy.
 - b. All other conditions and provisions of this policy apply.

IV. PROPERTY NOT INSURED

We do not insure any of the following:

1. Personal property not inside a building.
2. A building, and personal property in it, located entirely in, on, or over water or seaward of mean high tide if it was constructed or substantially improved after September 30, 1982.
3. Open structures, including a building used as a boathouse or any structure or building into which boats are floated, and personal property located in, on, or over water.
4. Recreational vehicles other than travel trailers described in the Definitions section (see II.C.6.c) whether affixed to a permanent foundation or on wheels.
5. Self-propelled vehicles or machines, including their parts and equipment. However, we do cover self-propelled vehicles or machines not licensed for use on public roads that are:
 - a. Used mainly to service the described location; *or*
 - b. Designed and used to assist handicapped persons, while the vehicles or machines are inside a building at the described location.
6. Land, land values, lawns, trees, shrubs, plants, growing crops, or animals.
7. Accounts, bills, coins, currency, deeds, evidences of debt, medals, money, scrip, stored value cards, postage stamps, securities, bullion, manuscripts, or other valuable papers.
8. Underground structures and equipment, including wells, septic tanks, and septic systems.
9. Those portions of walks, walkways, decks, driveways, patios and other surfaces, all whether protected by a roof or not, located outside the perimeter, exterior walls of the insured building or the building in which the insured unit is located.
10. Containers, including related equipment, such as, but not limited to, tanks containing gases or liquids.
11. Buildings or units and all their contents if more than 49 percent of the actual cash value of the building is below ground, unless the lowest level is at or above the base flood elevation and is below

ground by reason of earth having been used as insulation material in conjunction with energy efficient building techniques.

12. Fences, retaining walls, seawalls, bulkheads, wharves, piers, bridges, and docks.
13. Aircraft or watercraft, or their furnishings and equipment.
14. Hot tubs and spas that are not bathroom fixtures, and swimming pools, and their equipment, such

as, but not limited to, heaters, filters, pumps, and pipes, wherever located.

15. Property not eligible for flood insurance pursuant to the provisions of the Coastal Barrier Resources Act and the Coastal Barrier Improvement Act and amendments to these acts.
16. Personal property you own in common with other unit owners comprising the membership of a condominium association.

V. EXCLUSIONS

A. We only pay for direct physical loss by or from flood, which means that we do not pay you for:

1. Loss of revenue or profits;
2. Loss of access to the insured property or described location;
3. Loss of use of the insured property or described location;
4. Loss from interruption of business or production;
5. Any additional living expenses incurred while the insured building is being repaired or is unable to be occupied for any reason;
6. The cost of complying with any ordinance or law requiring or

regulating the construction, demolition, remodeling, renovation, or repair of property, including removal of any resulting debris. This exclusion does not apply to any eligible activities we describe in Coverage D—Increased Cost of Compliance; *or*

7. Any other economic loss you suffer.

B. Flood in Progress. If this policy became effective as of the time of a loan closing, as provided by 44 CFR 61.11(b), we will not pay for a loss caused by a flood that is a continuation of a flood that existed prior to coverage becoming effective.

In all other circumstances, we will not pay for a loss caused by a flood that is a continuation of a flood that existed on or before the day you submitted the application for coverage under this policy and the full amount due. We will determine the date of application using 44 CFR 61.11(f).

C. We do not insure for loss to property caused directly by earth movement even if the earth movement is caused by flood. Some examples of earth movement that we do not cover are:

1. Earthquake;
2. Landslide;
3. Land subsidence;
4. Sinkholes;
5. Destabilization or movement of land that results from accumulation of water in subsurface land area; *or*
6. Gradual erosion.

We do, however, pay for losses from mudflow and land subsidence as a result of erosion that are specifically insured under our definition of flood (see II.B.1.c and II.B.2).

D. We do not insure for direct physical loss caused directly or indirectly by any of the following:

1. The pressure or weight of ice;
2. Freezing or thawing;
3. Rain, snow, sleet, hail, or water spray;
4. Water, moisture, mildew, or mold damage that results primarily from any condition:
 - a. Substantially confined to the dwelling; *or*
 - b. That is within your control, including but not limited to:
 - (1) Design, structural, or mechanical defects;
 - (2) Failure, stoppage, or breakage of water or sewer lines, drains, pumps, fixtures, or equipment; *or*
 - (3) Failure to inspect and maintain the property after a flood recedes;
5. Water or water-borne material that:
 - a. Backs up through sewers or drains;
 - b. Discharges or overflows from a sump, sump pump, or related equipment; *or*
 - c. Seeps or leaks on or through the insured property;unless there is a flood in the area and the flood is the proximate

cause of the sewer or drain backup, sump pump discharge or overflow, or the seepage of water;

6. The pressure or weight of water unless there is a flood in the area and the flood is the proximate cause of the damage from the pressure or weight of water;
7. Power, heating, or cooling failure unless the failure results from direct physical loss by or from flood to power, heating, or cooling equipment on the described location;
8. Theft, fire, explosion, wind, or windstorm;
9. Anything you or any member of your household do or conspire

to do to deliberately cause loss by flood; or

10. Alteration of the insured property that significantly increases the risk of flooding.

E. We do not insure for loss to any building or personal property located on land leased from the Federal Government, arising from or incident to the flooding of the land by the Federal Government, where the lease expressly holds the Federal Government harmless under flood insurance issued under any Federal Government program.

F. We do not pay for the testing for or monitoring of pollutants unless required by law or ordinance.

VI. DEDUCTIBLES

A. When a loss is insured under this policy, we will pay only that part of the loss that exceeds your deductible amount, subject to the limit of liability that applies. The deductible amount is shown on the Declarations Page.

However, when a building under construction, alteration, or repair does not have at least two rigid exterior walls and a fully secured roof at the time of loss, your deductible amount will be two times the deductible that would otherwise apply to a completed building.

B. In each loss from flood, separate deductibles apply to the building and personal property insured by this policy.

C. The deductible does NOT apply to:

1. III.C.2. Loss Avoidance Measures;
2. III.C.3. Condominium Loss Assessments; or
3. III.D. Increased Cost of Compliance.

VII. GENERAL CONDITIONS

A. Pair and Set Clause

In case of loss to an article that is part of a pair or set, we will have the option of paying you:

1. An amount equal to the cost of replacing the lost, damaged, or destroyed article, minus its depreciation; *or*
2. The amount that represents the fair proportion of the total value of the pair or set that the lost, damaged, or destroyed article bears to the pair or set.

B. Other Insurance

1. If a loss insured by this policy is also insured by other insurance that includes flood coverage not issued under the Act, we will not pay more than the amount of insurance you are entitled to for lost, damaged, or destroyed property insured under this policy subject to the following:

- a. We will pay only the proportion of the loss that the amount of insurance that applies under this policy bears to the total amount of insurance covering the loss, unless VII.B.1.b or c immediately below applies.
- b. If the other policy has a provision stating that it is excess insurance, this policy will be primary.
- c. This policy will be primary (but subject to its own deductible)

up to the deductible in the other flood policy (except another policy as described in VII.B.1.b above). When the other deductible amount is reached, this policy will participate in the same proportion that the amount of insurance under this policy bears to the total amount of both policies, for the remainder of the loss.

2. If there is other insurance issued under the Act in the name of your condominium association covering the same property insured by this policy, then this policy will be in excess over the other insurance, except where a condominium loss assessment to the unit owner results from a loss sustained by the condominium association that was not reimbursed under a flood insurance policy written in the name of the association under the Act because the building was not, at the time of loss, insured for an amount equal to the lesser of:

- a. 80 percent or more of its full replacement cost; *or*

b. The maximum amount of insurance permitted under the Act.

3. The combined coverage payment under the other NFIP insurance and this policy cannot exceed the maximum coverage available under the Act, of \$250,000 per single unit.

C. Amendments, Waivers, Assignment

This policy cannot be changed, nor can any of its provisions be waived, without the express written consent of the Federal Insurance Administrator. No action we take under the terms of this policy constitutes a waiver of any of our rights. You may assign this policy in writing when you transfer title of your property to someone else except under these conditions:

- a. When this policy insures only personal property; or
- b. When this policy insures a building under construction.

D. Insufficient Premium or Rating Information

1. **Applicability.** The following provisions apply to all instances where the premium paid on this policy is insufficient or where the rating information is insufficient, such as where an Elevation Certificate is not provided.

2. **Reforming the Policy with Reduced Coverage.** Except as otherwise provided in VII.D.1, if the premium we received from you was not sufficient to buy the kinds and amounts of coverage you requested, we will provide only the kinds and

amounts of coverage that can be purchased for the premium payment we received.

a. For the purpose of determining whether your premium payment is sufficient to buy the kinds and amounts of coverage you requested, we will first deduct the costs of all applicable fees and surcharges.

b. If the amount paid, after deducting the costs of all applicable fees and surcharges, is not sufficient to buy any amount of coverage, your payment will be refunded. Unless the policy is reformed to increase the coverage amount to the amount originally requested pursuant to VII.D.3, this policy will be cancelled, and no claims will be paid under this policy.

c. Coverage limits on the reformed policy will be based upon the amount of premium submitted per type of coverage, but will not exceed the amount originally requested.

3. **Discovery of Insufficient Premium or Rating Information.** If we discover that your premium payment was not sufficient to buy the requested amount of coverage, the policy will

be reformed as described in VII.D.2. You have the option of increasing the amount of coverage resulting from this reformation to the amount you requested as follows:

a. **Insufficient Premium.** If we discover that your premium payment was not sufficient to buy the requested amount of coverage, we will send you, and any mortgagee or trustee known to us, a bill for the required additional premium for the current policy term (or that portion of the current policy term following any endorsement changing the amount of coverage). If it is discovered that the initial amount charged to you for any fees or surcharges is incorrect, the difference will be added or deducted, as applicable, to the total amount in this bill.

(1) If you or the mortgagee or trustee pays the additional premium amount due within 30 days from the date of our bill, we will reform the policy to increase the amount of coverage to the originally requested amount, effective to the beginning

of the current policy term (or subsequent date of any endorsement changing the amount of coverage).

(2) If you or the mortgagee or trustee do not pay the additional amount due within 30 days of the date of our bill, any flood insurance claim will be settled based on the reduced amount of coverage.

(3) As applicable, you have the option of paying all or part of the amount due out of a claim payment based on the originally requested amount of coverage.

b. **Insufficient Rating Information.** If we determine that the rating information we have is insufficient and prevents us from calculating the additional premium, we will ask you to send the required information. You must submit the information within 60 days of our request.

(1) If we receive the information within 60 days of our request, we will determine the amount of additional premium for the current

policy term, and follow the procedure in VII.D.3.a above.

(2) If we do not receive the information within 60 days of our request, no claims will be paid until the requested information is provided. Coverage will be limited to the amount of coverage that can be purchased for the payments we received, as determined when the requested information is provided.

4. Coverage Increases. If we do not receive the amounts requested in VII.D.3.a or the additional information requested in VII.D.3.b by the date it is due, the amount of coverage under this policy can only be increased by endorsement subject to the appropriate waiting period. However, no coverage increases will be allowed until you have provided the information requested in VII.D.3.b.

5. Falsifying Information. However, if we find that you or your agent intentionally did not tell us, or falsified any important fact or circumstance or did anything fraudulent relating to this insurance, the provisions of VIII.A apply.

E. Policy Renewal

1. This policy will expire at 12:01 a.m. on the last day of the policy term.
2. We must receive the payment of the appropriate renewal premium within 30 days of the expiration date.
3. If we find, however, that we did not place your renewal notice into the U.S. Postal Service, or if we did mail it, we made a mistake, e.g., we used an incorrect, incomplete, or illegible address, which delayed its delivery to you before the due date for the renewal premium, then we will follow these procedures:
 - a. If you or your agent notified us, not later than one year after the date on which the payment of the renewal premium was due, of non-receipt of a renewal notice before the due date for the renewal premium, and we determine that the circumstances in the preceding paragraph apply, we will mail a second bill providing a revised due date, which will be 30 days after the date on which the bill is mailed.
 - b. If we do not receive the premium requested in the second bill by the revised due date, then we will not renew the policy. In that case, the policy will remain an expired policy as of the expiration date shown on the Declarations Page.
4. In connection with the renewal of this policy, we may ask you during the policy term to recertify, on a Recertification Questionnaire we will provide to you, the rating information used to rate your most recent application for or renewal of insurance.

F. Conditions Suspending or Restricting Insurance

We are not liable for loss that occurs while there is a hazard that is increased by any means within your control or knowledge.

G. Requirements in Case of Loss

In case of a flood loss to insured property, you must:

- 1. Give prompt written notice to us.**
- 2. As soon as reasonably possible, separate the damaged and**

undamaged property, putting it in the best possible order so that we may examine it.

3. Prepare an inventory of damaged property showing the quantity, description, actual cash value, and amount of loss. Attach all bills, receipts, and related documents.
4. Within 60 days after the loss, send us a proof of loss, which is your statement of the amount you are claiming under the policy signed and sworn to by you, and which furnishes us with the following information:
 - a. The date and time of loss;
 - b. A brief explanation of how the loss happened;
 - c. Your interest (for example, “owner”) and the interest, if any, of others in the damaged property;
 - d. Details of any other insurance that may cover the loss;
 - e. Changes in title or occupancy of the insured property during the term of the policy;
 - f. Specifications of damaged buildings and detailed repair estimates;
 - g. Names of mortgagees or anyone else having a lien,

charge, or claim against the insured property;

- h. Details about who occupied any insured building at the time of loss and for what purpose; *and*
 - i. The inventory of damaged personal property described in G.3 above.
5. In completing the proof of loss, you must use your own judgment concerning the amount of loss and justify that amount.
 6. You must cooperate with the adjuster or representative in the investigation of the claim.
 7. The insurance adjuster whom we hire to investigate your claim may furnish you with a proof of loss form, and she or he may help you complete it. However, this is a matter of courtesy only, and you must still send us a proof of loss within 60 days after the loss even if the adjuster does not furnish the form or help you complete it.
 8. We have not authorized the adjuster to approve or disapprove claims or to tell you whether we will approve your claim.
 9. At our option, we may accept the adjuster’s report of the loss instead of your proof of loss. The adjuster’s report will include information about your loss and the damages you sustained. You must sign the adjuster’s report. At our option, we may require you to swear to the report.

H. Our Options After a Loss

Options we may, in our sole discretion, exercise after loss include the following:

1. At such reasonable times and places that we may designate, you must:

- a. Show us or our representative the damaged property;
- b. Submit to examination under oath, while not in the presence of another insured, and sign the same; *and*
- c. Permit us to examine and make extracts and copies of:
 - (1) Any policies of property insurance insuring you against loss and the deed establishing your ownership of the insured real property;
 - (2) Condominium association documents including the Declarations of the condominium, its Articles of Association or Incorporation, Bylaws, rules and regulations, and other relevant documents if you are a unit owner in a condominium building; *and*
 - (3) All books of accounts, bills, invoices and other vouchers, or certified copies pertaining to the damaged property if the originals are lost.

2. We may request, in writing, that you furnish us with a complete

inventory of the lost, damaged or destroyed property, including:

- a. Quantities and costs;
- b. Actual cash values or replacement cost (whichever is appropriate);
- c. Amounts of loss claimed;
- d. Any written plans and specifications for repair of the damaged property that you can reasonably make available to us; *and*
- e. Evidence that prior flood damage has been repaired.

3. If we give you written notice within 30 days after we receive your signed, sworn proof of loss, we may:

- a. Repair, rebuild, or replace any part of the lost, damaged, or destroyed property with material or property of like kind and quality or its functional equivalent; *and*
- b. Take all or any part of the damaged property at the value that we agree upon or its appraised value.

I. No Benefit to Bailee

No person or organization, other than you, having custody of insured property will benefit from this insurance.

J. Loss Payment

1. We will adjust all losses with you. We will pay you unless some other person or entity is named in the policy or is legally entitled to receive payment. Loss will be payable 60 days after we receive your proof of loss (or within 90 days after the insurance adjuster files the adjuster's report signed and sworn to by you in lieu of a proof of loss) and:
 - a. We reach an agreement with you;
 - b. There is an entry of a final judgment; *or*
 - c. There is a filing of an appraisal award with us, as provided in VII.M.
2. If we reject your proof of loss in whole or in part you may:
 - a. Accept our denial of your claim;
 - b. Exercise your rights under this policy; *or*
 - c. File an amended proof of loss as long as it is filed within 60 days of the date of the loss.

K. Abandonment

You may not abandon to us damaged or undamaged property insured under this policy.

L. Salvage

We may permit you to keep damaged property insured under this policy after a loss, and we will reduce the amount of the loss proceeds payable to you under the policy by the value of the salvage.

M. Appraisal

If you and we fail to agree on the actual cash value or, if applicable, replacement cost of your damaged property to settle upon the amount of loss, then either may demand an appraisal of the loss. In this event, you and we will each choose a competent and impartial appraiser within 20 days after receiving a written request from the other. The two appraisers will choose an umpire. If they cannot agree upon an umpire within 15 days, you or we may request that the choice be made by a judge of a court of record in the state where the insured property is located. The appraisers will separately state the actual cash value, the replacement cost, and the amount of loss to each item. If the appraisers submit a written report of an agreement to us, the amount agreed upon will be the amount of loss. If they fail to agree, they will submit their differences to the umpire. A decision agreed to by any two will set the amount of actual cash value and loss, or if it applies, the replacement cost and loss.

Each party will:

1. Pay its own appraiser; *and*

2. Bear the other expenses of the appraisal and umpire equally.

N. Mortgage Clause

1. The word "mortgagee" includes trustee.
2. Any loss payable under Coverage A—Building Property will be paid to any mortgagee of whom we have actual notice, as well as any other mortgagee or loss payee determined to exist at the time of loss, and you, as interests appear. If more than one mortgagee is named, the order of payment will be the same as the order of precedence of the mortgages.
3. If we deny your claim, that denial will not apply to a valid claim of the mortgagee, if the mortgagee:
 - a. Notifies us of any change in the ownership or occupancy, or substantial change in risk of which the mortgagee is aware;
 - b. Pays any premium due under this policy on demand if you have neglected to pay the premium; *and*
 - c. Submits a signed, sworn proof of loss within 60 days after receiving notice from us of your failure to do so.

4. All of the terms of this policy apply to the mortgagee.
5. The mortgagee has the right to receive loss payment even if the mortgagee has started foreclosure or similar action on the building.
6. If we decide to cancel or not renew this policy, it will continue in effect for the benefit of the mortgagee only for 30 days after we notify the mortgagee of the cancellation or non-renewal.
7. If we pay the mortgagee for any loss and deny payment to you, we are subrogated to all the rights of the mortgagee granted under the mortgage on the property. Subrogation will not impair the right of the mortgagee to recover the full amount of the mortgagee's claim.

O. Suit Against Us

You may not sue us to recover money under this policy unless you have complied with all the requirements of the policy. If you do sue, you must start the suit within one year after the date of the written denial of all or part of the claim, and you must file the suit in the United States District Court of the district in which the insured property was located at the time of loss. This

requirement applies to any claim that you may have under this policy and to any dispute that you may have arising out of the handling of any claim under the policy.

P. Subrogation

Whenever we make a payment for a loss under this policy, we are subrogated to your right to recover for that loss from any other person. That means that your right to recover for a loss that was partly or totally caused by someone else is automatically transferred to us, to the extent that we have paid you for the loss. We may require

you to acknowledge this transfer in writing. **After the loss, you may not give up our right to recover this money or do anything that would prevent us from recovering it. If you make any claim against any person who caused your loss and recover any money, you must pay us back first before you may keep any of that money.**

Q. Continuous Lake Flooding

1. If an insured building has been flooded by rising lake waters continuously for 90 days or more and it appears reasonably certain that a continuation of this flooding will result in an insured loss to the insured building equal to or greater than the building policy limits plus the deductible or the maximum payable under the policy for any one building loss, we will pay you the lesser of these two amounts without waiting for the further

damage to occur if you sign a release agreeing:

- a. To make no further claim under this policy;
- b. Not to seek renewal of this policy;
- c. Not to apply for any flood insurance under the Act for property at the described location;
- d. Not to seek a premium refund for current or prior terms.

If the policy term ends before the insured building has been flooded continuously for 90 days, the provisions of this paragraph Q.1 will apply when the insured building suffers a covered loss before the policy term ends.

2. If your insured building is subject to continuous lake flooding from a closed basin lake, you may elect to file a claim under either paragraph Q.1 above or Q.2 (A “closed basin lake” is a natural lake from which water leaves primarily through evaporation and whose surface area now exceeds or has exceeded one square mile at any time in the recorded past. Most of the nation’s closed basin lakes are in the western half of the United

States where annual evaporation exceeds annual precipitation and where lake levels and surface areas are subject to considerable fluctuation due to wide variations in the climate. These lakes may overtop their basins on rare occasions.) Under this paragraph Q.2, we will pay your claim as if the building is a total loss even though it has not been continuously inundated for 90 days, subject to the following conditions:

- a. Lake floodwaters must damage or imminently threaten to damage your building.
- b. Before approval of your claim, you must:
 - (1) Agree to a claim payment that reflects your buying back the salvage on a negotiated basis; *and*
 - (2) Grant the conservation easement described in FEMA’s “Policy Guidance for Closed Basin Lakes” to be recorded in the office of the local recorder of deeds. FEMA, in consultation with the community in which the property is located, will identify on a map an area or areas

of special consideration (ASC) in which there is a potential for flood damage from continuous lake flooding. FEMA will give the community the agreed-upon map showing the ASC. This easement will only apply to that portion of the property in the ASC. It will allow certain agricultural and recreational uses of the land. The only structures it will allow on any portion of the property within the ASC are certain simple agricultural and recreational structures. If any of these allowable structures are insurable buildings under the NFIP and are insured under the NFIP, they will not be eligible for the benefits of this paragraph Q.2. If a U.S. Army Corps of Engineers certified flood control project or otherwise certified flood control project later protects the property, FEMA will, upon request, amend the ASC to remove areas protected by those projects. The restrictions of the easement will then no longer apply to any portion of the

property removed from the ASC; and

(3) Comply with paragraphs Q.1.a through Q.1.d above.

- c. Within 90 days of approval of your claim, you must move your building to a new location outside the ASC. FEMA will give you an additional 30 days to move if you show there is sufficient reason to extend the time.
- d. Before the final payment of your claim, you must acquire an elevation certificate and a floodplain development permit from the local floodplain administrator for the new location of your building.
- e. Before the approval of your claim, the community having jurisdiction over your building must:
 - (1) Adopt a permanent land use ordinance, or a temporary moratorium for a period not to exceed 6 months to be followed immediately by a permanent land use ordinance that is consistent with the provisions specified in the easement required in paragraph Q.2.b above;

(2) Agree to declare and report any violations of this ordinance to FEMA so that under Section 1316 of the National Flood Insurance Act of 1968, as amended, flood insurance to the building can be denied; *and*

(3) Agree to maintain as deed-restricted, for purposes compatible with open space or agricultural or recreational use only, any affected property the community acquires an interest in. These deed restrictions must be consistent with the provisions of paragraph Q.2.b above, except that, even if a certified project protects the property, the land use restrictions continue to apply if the property was acquired under the Hazard Mitigation Grant Program or the Flood Mitigation Assistance Program. If a non-profit land trust organization receives the property as a donation, that organization must maintain the property as deed-restricted, consistent

with the provisions of paragraph Q2.b above.

- f. Before the approval of your claim, the affected State must take all action set forth in FEMA's "Policy Guidance for Closed Basin Lakes."
- g. You must have NFIP flood insurance coverage continuously in effect from a date established by FEMA until you file a claim under paragraph Q.2. If a subsequent owner buys NFIP insurance that goes into effect within 60 days of the date of transfer of title, any gap in coverage during that 60-day period will not be a violation of this continuous coverage requirement. For the purpose of honoring a claim under this paragraph Q.2, we will not consider to be in effect any increased coverage that became effective after the date established by FEMA. The exception to this is any increased coverage in the amount suggested by your insurer as an inflation adjustment.
- h. This paragraph Q.2 will be in effect for a community when the FEMA Regional Administrator for the affected region provides

to the community, in writing, the following:

- (1) Confirmation that the community and the State are in compliance with the conditions in paragraphs Q.2.e and Q.2.f above; *and*
- (2) The date by which you must have flood insurance in effect.

R. Loss Settlement

1. Introduction

This policy provides three methods of settling losses: Replacement Cost, Special Loss Settlement, and Actual Cash Value. Each method is used for a different type of property, as explained in paragraphs a–c below.

a. Replacement Cost Loss Settlement, described in R.2 below, applies to a single-family dwelling provided:

- (1) It is your principal residence; *and*
- (2) At the time of loss, the amount of insurance in this policy that applies to the dwelling is 80 percent or more of its full replacement cost immediately before the loss, or is the maximum amount of insurance available under the NFIP.

b. **Special Loss Settlement, described in R.3 below, applies to a single-family dwelling that is a manufactured or mobile home or a travel trailer.**

c. **Actual Cash Value Loss Settlement** applies to a single-family dwelling not subject to replacement cost or special loss settlement, and to the property listed in R.4 below.

2. Replacement Cost Loss Settlement

The following loss settlement conditions apply to a single-family dwelling described in R.1.a above:

- a. We will pay to repair or replace the damaged dwelling after application of the deductible and without deduction for depreciation, but not more than the least of the following amounts:
 - (1) The building limit of liability shown on your Declarations Page;
 - (2) The replacement cost of that part of the dwelling damaged, with materials of like kind and quality and for like use; *or*
 - (3) The necessary amount actually spent to repair or replace the damaged part of the dwelling for like use.
- b. If the dwelling is rebuilt at a new location, the cost described above is limited to the cost that would have been incurred if the dwelling had been rebuilt at its former location.
- c. When the full cost of repair or replacement is more than \$1,000, or more than 5 percent of the whole amount of insurance that applies to the dwelling, we will not be liable for any loss under R.2.a above or R.4.a.2 below unless and until actual repair or replacement is completed.
- d. You may disregard the replacement cost conditions above and make claim under this policy for loss to dwellings on an actual cash value basis. You may then make claim for any additional liability according to R.2.a, b, and c above, provided you notify us of your intent to do so within 180 days after the date of loss.
- e. If the community in which your dwelling is located has been converted from the Emergency Program to the Regular Program during the current policy term, then we will consider the maximum amount of available NFIP insurance to be the amount that was available at the beginning of the current policy term.

3. Special Loss Settlement

- a. The following loss settlement conditions apply to a single-family dwelling that:
 - (1) is a manufactured or mobile home or a travel trailer, as defined in II.C.6.b and c;

- (2) is at least 16 feet wide when fully assembled and has an area of at least 600 square feet within its perimeter walls when fully assembled; *and*
 - (3) is your principal residence as specified in R.1.a.1 above.
- b. If such a dwelling is totally destroyed or damaged to such an extent that, in our judgment, it is not economically feasible to repair, at least to its pre-damage condition, we will, at our discretion pay the least of the following amounts:
- (1) The lesser of the replacement cost of the dwelling or 1.5 times the actual cash value; *or*
 - (2) The building limit of liability shown on your Declarations Page.
- c. If such a dwelling is partially damaged and, in our judgment, it is economically feasible to repair it to its pre-damage condition, we will settle the loss according to the Replacement Cost conditions in R.2 above.

4. Actual Cash Value Loss Settlement

The types of property noted below are subject to actual cash value (or in the case of R.4.a.2., below, proportional) loss settlement.

- a. A dwelling, at the time of loss, when the amount of insurance on the dwelling is both less than 80 percent of its full replacement cost immediately before the loss and less than the maximum amount of insurance available under the NFIP. In that case, we will pay the greater of the following amounts, but not more than the amount of insurance that applies to that dwelling:
- (1) The actual cash value, as defined in II.C.2, of the damaged part of the dwelling; *or*
 - (2) A proportion of the cost to repair or replace the damaged part of the dwelling, without deduction for physical depreciation and after application of the deductible.

This proportion is determined as follows: If 80 percent of the full replacement cost of the dwelling is less than the

maximum amount of insurance available under the NFIP, then the proportion is determined by dividing the actual amount of insurance on the dwelling by the amount of insurance that represents 80 percent of its full replacement cost. But if 80 percent of the full replacement cost of the dwelling is greater than the maximum amount of insurance available under the NFIP, then the proportion is determined by dividing the actual amount of insurance on the dwelling by the maximum amount of insurance available under the NFIP.

- b. A two-, three-, or four-family dwelling.
- c. A unit that is not used exclusively for single-family dwelling purposes.
- d. Detached garages.
- e. Personal property.
- f. Appliances, carpets, and carpet pads.
- g. Outdoor awnings, outdoor antennas or aerials of any type, and other outdoor equipment.
- h. Any property insured under this policy that is abandoned after a loss and remains as debris anywhere on the described location.
- i. A dwelling that is not your principal residence.

5. Amount of Insurance Required

To determine the amount of insurance required for a dwelling immediately before the loss, we do not include the value of:

- a. Footings, foundations, piers, or any other structures or devices that are below the undersurface of the lowest basement floor and support all or part of the dwelling;
- b. Those supports listed in R.5.a above, that are below the surface of the ground inside the foundation walls if there is no basement; *and*
- c. Excavations and underground flues, pipes, wiring, and drains.

Note: The Coverage D—Increased Cost of Compliance limit of liability is not included in the determination of the amount of insurance required.

VIII. POLICY NULLIFICATION, CANCELLATION, AND NON-RENEWAL

A. Policy Nullification for Fraud, Misrepresentation, or Making False Statements

1. With respect to all insureds under this policy, this policy is void and has no legal force and effect if at any time, before or after a loss, you or any other insured or your agent have, with respect to this policy or any other NFIP insurance:
 - a. Concealed or misrepresented any material fact or circumstance;
 - b. Engaged in fraudulent conduct; *or*
 - c. Made false statements.
2. Policies voided under A.1 cannot be renewed or replaced by a new NFIP policy.
3. Policies are void as of the date the acts described in A.1 above were committed.
4. Fines, civil penalties, and imprisonment under applicable Federal laws may also apply to the acts of fraud or concealment described above.

B. Policy Nullification for Reasons Other Than Fraud

1. This policy is void from its inception, and has no legal force or effect, if:

- a. The property listed on the application is located in a community that was not participating in the NFIP on this policy's inception date and did not join or reenter the program during the policy term and before the loss occurred;
- b. The property listed on the application is otherwise not eligible for coverage under the NFIP at the time of the initial application;
- c. You never had an insurable interest in the property listed on the application;
- d. You provided an agent with an application and payment, but the payment did not clear; *or*
- e. We receive notice from you, prior to the policy effective date, that you have determined not to take the policy and you are not subject to a requirement to obtain and maintain flood insurance pursuant to any statute, regulation, or contract.

2. In such cases, you will be entitled to a full refund of all premium, fees, and surcharges received. However, if a claim was paid for a policy that is void, the claim payment must be returned to FEMA or offset from the premiums to be refunded before the refund will be processed.

C. Cancellation of the Policy by You

1. You may cancel this policy in accordance with the terms and conditions of this policy and the applicable rules and regulations of the NFIP.
2. If you cancel this policy, you may be entitled to a full or partial refund of premium, surcharges, or fees under the terms and conditions of this policy and the applicable rules and regulations of the NFIP.

D. Cancellation of the Policy by Us

1. Cancellation for Underpayment of Amounts Owed on Policy. This policy will be cancelled, pursuant to VII.D.2, if it is determined that the premium amount you paid is not sufficient to buy any amount of coverage, and you do not pay the additional amount of premium owed to increase the coverage to the originally requested amount within the required time period.

2. Cancellation Due to Lack of an Insurable Interest.

- a. If you no longer have an insurable interest in the insured property, we will cancel this policy. You will cease to have an insurable interest if:
- (1) For building coverage, the building was sold, destroyed, or removed.
 - (2) For contents coverage, the contents were sold or transferred ownership, or the contents were

completely removed from the described location.

- b. If your policy is cancelled for this reason, you may be entitled to a partial refund of premium under the applicable rules and regulations of the NFIP.

3. Cancellation of Duplicate Policies

- a. Except as allowed under Article I.G, your property may not be insured by more than one NFIP policy, and payment for damages to your property will only be made under one policy.
- b. Except as allowed under Article I.G, if the property is insured by more than one NFIP policy, we will cancel all but one of the policies. The policy, or policies, will be selected for cancellation in accordance with 44 CFR 62.5 and the applicable rules and guidance of the NFIP.
- c. If this policy is cancelled pursuant to VIII.D.4.b, you may be entitled to a full or partial refund of premium, surcharges, or fees under the terms and conditions of this policy and the applicable rules and regulations of the NFIP.

4. Cancellation Due to Physical Alteration of Property

- a. If the insured building has been physically altered in such a manner that it is no longer eligible for flood insurance coverage, we will cancel this policy.**
- b. If your policy is cancelled for this reason, you may be entitled to a partial refund of premium under the terms and conditions**

of this policy and the applicable rules and regulations of the NFIP.

E. Non-Renewal of the Policy by Us

Your policy will not be renewed if:

1. The community where your insured property is located is suspended or stops participating in the NFIP;
2. Your building is otherwise ineligible for flood insurance under the Act;
3. You have failed to provide the information we requested for the purpose of rating the policy within the required deadline.

IX. LIBERALIZATION CLAUSE

If we make a change that broadens your coverage under this edition of our policy, but does not require any additional premium, then that change will automatically apply to your insurance as of the date we implement the

change, provided that this implementation date falls within 60 days before or during the policy term stated on the Declarations Page.

X. WHAT LAW GOVERNS

This policy and all disputes arising from the insurer's policy issuance, policy administration, or the handling of any claim under the policy are governed exclusively by the flood

insurance regulations issued by FEMA, the National Flood Insurance Act of 1968, as amended (42 U.S.C. 4001, et seq.), and Federal common law.

In Witness Whereof, we have signed this policy below and hereby enter into this Insurance Agreement.



Deputy Associate Administrator
Federal Insurance and Mitigation Administration

National Flood Insurance Program

General Property Form

Standard Flood Insurance Policy

F-123 / October 2021



FEMA

Standard Flood Insurance Policy

General Property Form

Please read the policy carefully. The flood insurance provided is subject to limitations, restrictions, and exclusions.

I. AGREEMENT

A. Coverage Under This Policy

1. Except as provided in I.A.2, this policy provides coverage for multifamily buildings (residential buildings designed for use by 5 or more families that are not condominium buildings), non-residential buildings, and their contents.
2. There is no coverage for a residential condominium building in a regular program community, except for personal property coverage for a unit in a condominium building.

B. The Federal Emergency Management Agency (FEMA) provides flood insurance under the terms of the National Flood Insurance Act of 1968 and its amendments, and Title 44 of the Code of Federal Regulations.

C. We will pay you for direct physical loss by or from flood to your insured property if you:

1. Have paid the full amount due (including applicable premiums, surcharges, and fees);

2. Comply with all terms and conditions of this policy; *and*
3. Have furnished accurate information and statements.

D. We have the right to review the information you give us at any time and revise your policy based on our review.

E. This policy insures only one building. If you own more than one building, coverage will apply to the single building specifically described in the Flood Insurance Application.

F. Multiple policies with building coverage cannot be issued to insure a single building to one insured or to different insureds, even if issued through different NFIP insurers.

Payment for damages may only be made under a single policy for building damages under Coverage A—Building Property.

II. DEFINITIONS

A. In this policy, “you” and “your” refer to the named insured(s) shown on the Declarations Page of this policy. Insured(s) also includes: Any mortgagee and loss payee named in the Application and Declarations Page, as well as any other mortgagee or loss payee determined to exist at the time of loss, in the order of precedence. “We,” “us,” and “our” refer to the insurer.

Some definitions are complex because they are provided as they appear in the law or regulations, or result from court cases.

B. Flood, as used in this flood insurance policy, means:

1. A general and temporary condition of partial or complete inundation of two or more acres of normally dry land area or of two or more properties (one of which is your property) from:
 - a. Overflow of inland or tidal waters;
 - b. Unusual and rapid accumulation or runoff of surface waters from any source;
 - c. Mudflow.

2. Collapse or subsidence of land along the shore of a lake or similar body of water as a result of erosion or undermining caused by waves or currents of water exceeding anticipated cyclical levels that result in a flood as defined in B.1.a above.

C. The following are the other key definitions we use in this policy:

1. **Act.** The National Flood Insurance Act of 1968 and any amendments to it.
2. **Actual Cash Value.** The cost to replace an insured item of property at the time of loss, less the value of its physical depreciation.
3. **Application.** The statement made and signed by you or your agent in applying for this policy. The application gives information we use to determine the eligibility of the risk, the kind of policy to be issued, and the correct premium payment. The application is part of this flood insurance policy.

4. **Base Flood.** A flood having a one percent chance of being equaled or exceeded in any given year.
5. **Basement.** Any area of a building, including any sunken room or sunken portion of a room, having its floor below ground level on all sides.

6. **Building**

- a. A structure with two or more outside rigid walls and a fully secured roof that is affixed to a permanent site;
- b. A manufactured home, also known as a mobile home, is a structure built on a permanent chassis, transported to its site in one or more sections, and affixed to a permanent foundation; or
- c. A travel trailer without wheels, built on a chassis and affixed to a permanent foundation, that is regulated under the community's floodplain management and building ordinances or laws.

Building does not mean a gas or liquid storage tank, shipping container, or a recreational vehicle, park trailer, or other similar vehicle, except as described in C.6.c above.

7. **Cancellation.** The ending of the insurance coverage provided by this policy before the expiration date.
8. **Condominium.** That form of ownership of one or more buildings in which each unit owner has an undivided interest in common elements.
9. **Condominium Association.** The entity made up of the unit owners responsible for the maintenance and operation of:
- a. Common elements owned in undivided shares by unit owners; *and*
 - b. Other buildings in which the unit owners have use rights where membership in the entity is a required condition of unit ownership.
10. **Condominium Building.** A type of building for which the form of ownership is one in which each unit owner has an undivided interest in common elements of the building.
11. **Declarations Page.** A computer-generated summary of information you provided in your application for insurance. The Declarations Page also describes the term of the policy, limits of coverage, and displays the premium and our name. The Declarations Page is a part of this flood insurance policy.
12. **Deductible.** The fixed amount of an insured loss that is your responsibility and that is incurred by you before any amounts are paid for the insured loss under this policy.
13. **Described Location.** The location where the insured building(s) or personal property are

found. The described location is shown on the Declarations Page.

14. **Direct Physical Loss By or From Flood.** Loss or damage to insured property, directly caused by a flood. There must be evidence of physical changes to the property.
15. **Elevated Building.** A building that has no basement and that has its lowest elevated floor raised above ground level by foundation walls, shear walls, posts, piers, pilings, or columns.
16. **Emergency Program.** The initial phase of a community's participation in the National Flood Insurance Program. During this phase, only limited amounts of insurance are available under the Act and the regulations prescribed pursuant to the Act.
17. **Federal Policy Fee.** A flat rate charge you must pay on each new or renewal policy to defray certain administrative expenses incurred in carrying out the National Flood Insurance Program.
18. **Improvements.** Fixtures, alterations, installations, or additions comprising a part of the building.
19. **Mudflow.** A river of liquid and flowing mud on the surface of normally dry land areas, as when earth is carried by a current of water. Other earth movements, such as landslide, slope failure, or a saturated soil mass moving by liquidity down a slope, are not mudflows.
20. **National Flood Insurance Program (NFIP).** The program of flood insurance coverage and floodplain management administered under the Act and applicable Federal regulations in Title 44 of the Code of Federal Regulations, Subchapter B.
21. **Policy.** The entire written contract between you and us. It includes:
- a. This printed form;
 - b. The application and Declarations Page;
 - c. Any endorsement(s) that may be issued; *and*
 - d. Any renewal certificate indicating that coverage has been instituted for a new policy and new policy term. Only one building, which you specifically described in the application, may be insured under this policy.
22. **Pollutants.** Substances that include, but are not limited to, any solid, liquid, gaseous, or thermal irritant or contaminant, including smoke, vapor, soot, fumes, acids, alkalis, chemicals, and waste. "Waste" includes, but is not limited to, materials to be recycled, reconditioned, or reclaimed.
23. **Post-FIRM Building.** A building for which construction or substantial improvement occurred after December 31, 1974, or on or after the effective date of an initial Flood Insurance Rate Map (FIRM), whichever is later.

- 24. Probation Surcharge.** A flat charge you must pay on each new or renewal policy issued covering property in a community the NFIP has placed on probation under the provisions of 44 CFR 59.24.
- 25. Regular Program.** The final phase of a community's participation in the National Flood Insurance Program. In this phase, a Flood Insurance Rate Map is in effect and full limits of coverage are available under the Act and the regulations prescribed pursuant to the Act.
- 26. Residential Condominium Building.** A condominium building, containing one or more family units and in which at least 75 percent of the floor area is residential.
- 27. Special Flood Hazard Area (SFHA).** An area having special flood or mudflow, and/or flood-related erosion hazards, and shown on a Flood Hazard Boundary Map or Flood Insurance Rate Map as Zone A, AO, A1–A30, AE, A99, AH, AR, AR/A, AR/AE, AR/AH, AR/AO, AR/A1–A30, V1–V30, VE, or V.
- 28. Stock** means merchandise held in storage or for sale, raw materials, and in-process or finished goods, including supplies used in their packing or shipping. Stock does not include any property not insured under Section IV. Property Not Insured, except the following:
- Parts and equipment for self-propelled vehicles;
 - Furnishings and equipment for watercraft;
 - Spas and hot-tubs, including their equipment; *and*
 - Swimming pool equipment.
- 29. Unit.** A single-family residential or non-residential space you own in a condominium building.
- 30. Valued Policy.** A policy in which the insured and the insurer agree on the value of the property insured, that value being payable in the event of a total loss. The Standard Flood Insurance Policy is not a valued policy.

III. PROPERTY INSURED

A. Coverage A—Building Property

We insure against direct physical loss by or from flood to:

- The building described on the Declarations Page at the described location. If the building is a condominium building and the named insured is the condominium association, Coverage A includes all units within the building and the improvements within the units, provided the units are owned in common by all unit owners.
- Building property located at another location for a period of 45 days at another location, as set forth in III.C.2.b, Property Removed to Safety.
- Additions and extensions attached to and in contact with the building by means of a rigid exterior wall, a solid load-bearing interior wall, a stairway, an elevated walkway, or a roof. At your option, additions and extensions connected by any of these methods may be separately insured. Additions and extensions attached to and in contact with the building by means of a common interior wall that is not a solid load-bearing wall are always considered part of the building and cannot be separately insured.
- The following fixtures, machinery, and equipment, which are insured under Coverage A only:
 - Awnings and canopies;
 - Blinds;
 - Carpet permanently installed over unfinished flooring;
 - Central air conditioners;
 - Elevator equipment;
 - Fire extinguishing apparatus;
 - Fire sprinkler systems;
 - Walk-in freezers;
 - Furnaces;
 - Light fixtures;
 - Outdoor antennas and aerials attached to buildings;
 - Permanently installed cupboards, bookcases, paneling, and wallpaper;
 - Pumps and machinery for operating pumps;
 - Ventilating equipment;
 - Wall mirrors, permanently installed; *and*
 - In the units within the building, installed:
 - Built-in dishwashers;
 - Built-in microwave ovens;
 - Garbage disposal units;
 - Hot water heaters, including solar water heaters;
 - Kitchen cabinets;
 - Plumbing fixtures;
 - Radiators;
 - Ranges;
 - Refrigerators; *and*
 - Stoves.

5. Materials and supplies to be used for construction, alteration, or repair of the insured building while the materials and supplies are stored in a fully enclosed building at the described location or on an adjacent property.
6. A building under construction, alteration, or repair at the described location.

a. If the structure is not yet walled or roofed as described in the definition for building (see II.C.6.a.) then coverage applies:

- (1) Only while such work is in progress; *or*
- (2) If such work is halted, only for a period of up to 90 continuous days thereafter.

b. However, coverage does not apply until the building is walled and roofed if the lowest floor, including the basement floor, of a non-elevated building or the lowest elevated floor of an elevated building is:

- (1) Below the base flood elevation in Zones AH, AE, A1-A30, AR, AR/AE, AR/AH, AR/A1-A30, AR/A, AR/AO; *or*
- (2) Below the base flood elevation adjusted to include the effect of wave action in Zones VE or V1-V30.

The lowest floor level is based on the bottom of the lowest horizontal structural member of the floor in Zones VE or V1-V30 or the top of the floor in Zones AH, AE, A1-A30, AR, AR/AE, AR/AH, AR/A1-A30, AR/A, and AR/AO.

7. A manufactured home or a travel trailer, as described in the II.C.6. If the manufactured home or travel trailer is in a special flood hazard area, it

must be anchored in the following manner at the time of the loss:

- a. By over-the-top or frame ties to ground anchors; *or*
- b. In accordance with the manufacturer's specifications; *or*
- c. In compliance with the community's floodplain management requirements unless it has been continuously insured by the NFIP at the same described location since September 30, 1982.

8. Items of property below the lowest elevated floor of an elevated post-FIRM building located in zones A1-A30, AE, AH, AR, AR/A, AR/AE, AR/AH, AR/A1-A30, V1-V30, or VE, or in a basement regardless of the zone. Coverage is limited to the following:

- a. Any of the following items, if installed in their functioning locations and, if necessary for operation, connected to a power source:
 - (1) Central air conditioners;
 - (2) Cisterns and the water in them;
 - (3) Drywall for walls and ceilings in a basement and the cost of labor to nail it, unfinished and unfloated and not taped, to the framing;
 - (4) Electrical junction and circuit breaker boxes;
 - (5) Electrical outlets and switches;
 - (6) Elevators, dumbwaiters, and related equipment, except for related equipment installed below the base flood elevation after September 30, 1987;
 - (7) Fuel tanks and the fuel in them;
 - (8) Furnaces and hot water heaters;
 - (9) Heat pumps;
 - (10) Nonflammable insulation in a basement;
 - (11) Pumps and tanks used in solar energy systems;
 - (12) Stairways and staircases attached to the building, not separated from it by elevated walkways;
 - (13) Sump pumps;
 - (14) Water softeners and the chemicals in them, water filters, and faucets installed as an integral part of the plumbing system;

- (15) Well water tanks and pumps;
- (16) Required utility connections for any item in this list; *and*
- (17) Footings, foundations, posts, pilings, piers, or other foundation walls and anchorage systems required to support a building.

b. Clean-up.

B. Coverage B—Personal Property

1. If you have purchased personal property coverage, we insure, subject to B.2–4 below, against direct physical loss by or from flood to personal property inside the fully enclosed insured building:
 - a. Owned solely by you, or in the case of a condominium, owned solely by the condominium association and used exclusively in the conduct of the business affairs of the condominium association; *or*
 - b. Owned in common by the unit owners of the condominium association.
2. We also insure such personal property for 45 days while stored at a temporary location, as set forth in III.C.2.b, Property Removed to Safety.
3. When this policy insures personal property, coverage will be either for household personal property or other than household personal property, while within the insured building, but not both.
 - a. If this policy insures household personal property, it will insure household personal property usual to a living quarters, that:
 - (1) Belongs to you, or a member of your household, or at your option:
 - (a) Your domestic worker;
 - (b) Your guest; *or*
 - (2) You may be legally liable for.
 - b. If this policy insures other than household personal property, it will insure your:
 - (1) Furniture and fixtures;
 - (2) Machinery and equipment;
 - (3) Stock; *and*
 - (4) Other personal property owned by you and used in your business, subject to IV, Property Not Insured.
4. Coverage for personal property includes the following property, subject to B.1.a and B.1.b above, which is insured under Coverage B, only:
 - a. Air conditioning units, portable or window type;
 - b. Carpets, not permanently installed, over unfinished flooring;
 - c. Carpets over finished flooring;
 - d. Clothes washers and dryers;

- e. “Cook-out” grills;
- f. Food freezers, other than walk-in, and food in any freezer;
- g. Outdoor equipment and furniture stored inside the insured building;
- h. Ovens and the like; *and*
- i. Portable microwave ovens and portable dishwashers.

5. Coverage for items of property below the lowest elevated floor of an elevated post-FIRM building located in Zones A1–A30, AE, AH, AR, AR/A, AR/AE, AR/AH, AR/A1–A30, V1–V30, or VE, or in a basement regardless of the zone, is limited to the following items, if installed in their functioning locations and, if necessary for operation, connected to a power source:

- a. Air conditioning units, portable or window type;
- b. Clothes washers and dryers; *and*
- c. Food freezers, other than walk-in, and food in any freezer.

6. Special Limits. We will pay no more than \$2,500 for any loss to one or more of the following kinds of personal property:

- a. Artwork, photographs, collectibles, or memorabilia, including but not limited to, porcelain or other figures, and sports cards.
- b. Rare books or autographed items.
- c. Jewelry, watches, precious and semi-precious stones, or articles of gold, silver, or platinum.
- d. Furs or any article containing fur that represents its principal value.

7. We will pay only for the functional value of antiques.

8. If you are a tenant, you may apply up to 10 percent of the Coverage B limit to improvements:

- a. Made a part of the building you occupy; *and***
- b. You acquired, or made at your expense, even though you cannot legally remove.**

This coverage does not increase the amount of insurance that applies to insured personal property.

9. If you are a condominium unit owner, you may apply up to 10 percent of the Coverage B limit to cover loss to interior:

- a. walls,**
- b. floors, *and***
- c. ceilings,**

that are not insured under a policy issued to the condominium association insuring the condominium building.

This coverage does not increase the amount of insurance that applies to insured personal property.

- 10. If you are a tenant, personal property must be inside the fully enclosed building.**

C. Coverage C—Other Coverages

1. Debris Removal

- a. We will pay the expense to remove non-owned debris that is on or in insured property and debris of insured property anywhere.
- b. If you or a member of your household perform the removal work, the value of your work will be based on the Federal minimum wage.
- c. This coverage does not increase the Coverage A or Coverage B limit of liability.

2. Loss Avoidance Measures

- a. Sandbags, Supplies, and Labor**

- (1) We will pay up to \$1,000 for costs you incur to protect the insured building from a flood or imminent danger of flood, for the following:

- (a) Your reasonable expenses to buy:
 - (i) Sandbags, including sand to fill them;
 - (ii) Fill for temporary levees;
 - (iii) Pumps; *and*
 - (iv) Plastic sheeting and lumber used in connection with these items.
- (b) **The value of work**, at the Federal minimum wage, that you perform.

- (2) This coverage for Sandbags, Supplies, and Labor only applies if damage to insured property by or from flood is imminent and the threat of flood damage is apparent enough to lead a person of common prudence to anticipate flood damage. One of the following must also occur:

- (a) A general and temporary condition of flooding in the area near the described location must occur, even if the flood does not reach the building; *or*
- (b) A legally authorized official must issue an evacuation order or other civil order for the community in which the building is located calling for measures to preserve life and property from the peril of flood.

This coverage does not increase the Coverage A or Coverage B limit of liability.

b. Property Removed to Safety

- (1) We will pay up to \$1,000 for the reasonable expenses you incur to move insured property to a place other than the described location that contains the property in order to protect it from flood or the imminent danger of flood. Reasonable expenses include the value of work, at the Federal minimum wage, you or a member of your household perform.
- (2) If you move insured property to a location other than the described location that contains the property in order to protect it from flood or the imminent danger of flood, we will cover such property while at that location for a period of 45 consecutive days from the date you begin to move it there. The personal property that is moved must be placed in a fully enclosed building

or otherwise reasonably protected from the elements.

- (3) Any property removed, including a moveable home described in II.6, must be placed above ground level or outside of the special flood hazard area.
- (4) This coverage does not increase the Coverage A or Coverage B limit of liability.

3. Pollution Damage

We will pay for damage caused by pollutants to insured property if the discharge, seepage, migration, release, or escape of the pollutants is caused by or results from flood. **The most**

we will pay under this coverage is \$10,000. This coverage does not increase the Coverage A or Coverage B limits of liability.

Any payment under this provision when combined with all other payments for the same loss cannot exceed the replacement cost or actual cash value, as appropriate, of the insured property.

This coverage does not include the testing for or monitoring of pollutants unless required by law or ordinance.

D. Coverage D—Increased Cost of Compliance

1. General

This policy pays you to comply with a State or local floodplain management law or ordinance affecting repair or reconstruction of a building suffering flood damage. Compliance activities eligible for payment are: elevation, floodproofing, relocation, or demolition (or any combination of these activities) of your building. Eligible floodproofing activities are limited to:

- a. Non-residential buildings.
- b. Residential buildings with basements that satisfy FEMA's standards published in the Code of Federal Regulations [44 CFR 60.6(b) or (c)].

2. Limits of Liability

We will pay you up to \$30,000 under this Coverage D (Increased Cost of Compliance), which only applies to policies with building coverage (Coverage A). Our payment of claims under Coverage D is in addition to the amount of coverage which you selected on the application and which appears on the Declarations Page. However, the maximum you can collect under this policy for both Coverage A (Building Property) and Coverage D (Increased Cost of Compliance) cannot exceed the maximum permitted under the

Act. We do NOT charge a separate deductible for a claim under Coverage D.

3. Eligibility

- a. A building insured under Coverage A (Building Property) sustaining a loss caused by a flood as defined by this policy must:

- (1) Be a "repetitive loss building." A repetitive loss building is one that meets the following conditions:

- (a) The building is insured by a contract of flood insurance issued under the NFIP.
- (b) The building has suffered flood damage on two occasions during a 10-year period which ends on the date of the second loss.
- (c) The cost to repair the flood damage, on average, equaled or exceeded 25 percent of the market value of the building at the time of each flood loss.
- (d) In addition to the current claim, the NFIP must have paid the previous qualifying claim, and the State or community must have a cumulative, substantial damage provision or repetitive loss provision in its floodplain management law or ordinance being enforced against the building; or

- (2) Be a building that has had flood damage in which the cost to repair equals or exceeds 50 percent of the market value of the building at the time of the flood. The State or community must have a substantial damage provision in its floodplain management law or ordinance being enforced against the building.

- b. This Coverage D pays you to comply with State or local floodplain management laws or ordinances that meet the minimum standards of the National Flood Insurance Program found in the Code of Federal Regulations at 44 CFR 60.3. We pay for compliance activities that exceed those standards under these conditions:

- (1) 3.a.1 above.
- (2) Elevation or floodproofing in any risk zone to preliminary or advisory base flood elevations provided by FEMA which the State or local government has adopted and is enforcing for flood-damaged buildings in such areas. (This includes compliance activities in B, C, X, or D zones which are being changed to zones with base flood elevations. This also includes compliance

activities in zones where base flood elevations are being increased, and a flood-damaged building must comply with the higher advisory base flood elevation.) Increased Cost of Compliance coverage does not apply to situations in B, C, X, or D zones where the community has derived its own elevations and is enforcing elevation or floodproofing requirements for flood-damaged buildings to elevations derived solely by the community.

- (3) Elevation or floodproofing above the base flood elevation to meet State or local “free-board” requirements, i.e., that a building must be elevated above the base flood elevation.

- c. Under the minimum NFIP criteria at 44 CFR 60.3(b)(4), States and communities must require the elevation or floodproofing of buildings in unnumbered A zones to the base flood elevation where elevation data is obtained from a Federal, State, or other source. Such compliance activities are also eligible for Coverage D.
- d. This coverage will pay for the incremental cost, after demolition or relocation, of elevating or floodproofing a building during its rebuilding at the same or another site to meet State or local floodplain management laws or ordinances, subject to the exclusion at III.D.5.g.
- e. This coverage will pay to bring a flood-damaged building into compliance with State or local floodplain management laws or ordinances even if the building had received a variance before the present loss from the applicable floodplain management requirements.

4. Conditions

- a. **When a building insured under Coverage A—Building Property sustains a loss caused by a flood, our payment for the loss under this Coverage D will be for the increased cost to elevate, floodproof, relocate, or demolish (or any combination of these activities) caused by the enforcement of current**

State or local floodplain management ordinances or laws. Our payment for eligible demolition activities will be for the cost to demolish and clear the site of the building debris or a portion thereof caused by the enforcement of current State or local floodplain management ordinances or laws. Eligible activities for the cost of clearing the site will include those necessary to discontinue utility service to the site and ensure proper abandonment of on-site utilities.

- b. **When the building is repaired or rebuilt, it must be intended for the same occupancy as the present building unless otherwise required by current floodplain management ordinances or laws.**

5. Exclusions

Under this Coverage D (Increased Cost of Compliance), we will not pay for:

- a. **The cost to comply with any floodplain management law or ordinance in communities participating in the Emergency Program.**

- b. The cost associated with enforcement of any ordinance or law that requires any insured or others to test for, monitor, clean up, remove, contain, treat, detoxify or neutralize, or in any way respond to, or assess the effects of pollutants.
- c. The loss in value to any insured building due to the requirements of any ordinance or law.
- d. The loss in residual value of the undamaged portion of a building demolished as a consequence of enforcement of any State or local floodplain management law or ordinance.
- e. Any Increased Cost of Compliance under this Coverage D:
 - (1) Until the building is elevated, floodproofed, demolished, or relocated on the same or to another premises; *and*
 - (2) Unless the building is elevated, floodproofed, demolished, or relocated as soon as reasonably possible after the loss, not to exceed two years.
- f. Any code upgrade requirements, e.g., plumbing or electrical wiring, not specifically related to the State or local floodplain management law or ordinance.
- g. Any compliance activities needed to bring additions or improvements made after the loss occurred into compliance with State or local floodplain management laws or ordinances.
- h. Loss due to any ordinance or law that you were required to comply with before the current loss.
- i. Any rebuilding activity to standards that do not meet the NFIP's minimum requirements. This includes any situation where the insured has received from the State or community a variance in connection with the current flood loss to rebuild the property to an elevation below the base flood elevation.
- j. Increased Cost of Compliance for a garage or carport.
- k. Any building insured under an NFIP Group Flood Insurance Policy.
- l. Assessments made by a condominium association on individual condominium unit owners to pay increased costs of repairing commonly owned buildings after a flood in compliance with State

or local floodplain management ordinances or laws.

6. Other Provisions

All other conditions and provisions of the policy apply.

IV. PROPERTY NOT INSURED

We do not insure any of the following property:

1. Personal property not inside the fully enclosed building.
2. A building, and personal property in it, located entirely in, on, or over water or seaward of mean high tide if it was constructed or substantially improved after September 30, 1982.
3. Open structures, including a building used as a boathouse or any structure or building into which boats are floated, and personal property located in, on, or over water.
4. Recreational vehicles other than travel trailers described in the II.C.6.c, whether affixed to a permanent foundation or on wheels.
5. Self-propelled vehicles or machines, including their parts and equipment. However, we do cover self-propelled vehicles or machines not licensed for use on public roads and are:
 - a. Used mainly to service the described location; or
 - b. Designed and used to assist handicapped persons, while the vehicles or machines are inside a building at the described location.
6. Land, land values, lawns, trees, shrubs, plants, growing crops, or animals.
7. Accounts, bills, coins, currency, deeds, evidences of debt, medals, money, scrip, stored value cards, postage stamps, securities, bullion, manuscripts, or other valuable papers.
8. Underground structures and equipment, including wells, septic tanks, and septic systems.
9. Those portions of walks, walkways, decks, driveways, patios, and other surfaces, all whether protected by a roof or not, located outside the perimeter, exterior walls of the insured building.
10. Containers, including related equipment, such as, but not limited to, tanks containing gases or liquids.

11. Buildings or units and all their contents if more than 49 percent of the actual cash value of the building is below ground, unless the lowest level is at or above the base flood elevation and is below ground by reason of earth having been used as insulation material in conjunction with energy efficient building techniques.
12. Fences, retaining walls, seawalls, bulkheads, wharves, piers, bridges, and docks.
13. Aircraft or watercraft, or their furnishings and equipment.
14. Hot tubs and spas that are not bathroom fixtures, and swimming pools, and their equipment, such as, but not limited to, heaters, filters, pumps, and pipes, wherever located.
15. Property not eligible for flood insurance pursuant to the provisions of the Coastal Barrier Resources Act and the Coastal Barrier Improvement Act and amendments to these Acts.
16. Personal property owned by or in the care, custody or control of a unit owner, except for property of the type and under the circumstances set forth under III. Coverage B—Personal Property of this policy.
17. A residential condominium building located in a Regular Program community.

V. EXCLUSIONS

- A. We only pay for “direct physical loss by or from flood,” which means that we do not pay you for:
1. Loss of revenue or profits;
 2. Loss of access to the insured property or described location;
 3. Loss of use of the insured property or described location;
 4. Loss from interruption of business or production;
 5. Any additional living expenses incurred while the insured building is being repaired or is unable to be occupied for any reason;
 6. The cost of complying with any ordinance or law requiring or regulating the construction, demolition, remodeling, renovation, or repair of property, including removal of any resulting debris. This exclusion does not apply to

any eligible activities we describe in Coverage D—Increased Cost of Compliance; *or*

7. Any other economic loss you suffer.

B. Flood in Progress. If this policy became effective as of the time of a loan closing, as provided by 44 CFR 61.11(b), we will not pay for a loss caused by a flood that is a continuation of a flood that existed prior to coverage becoming effective. In all other circumstances, we will not pay for a loss caused by a flood that is a continuation of a flood that existed on or before the day you submitted the application for coverage under this policy and the correct premium. We will determine the date of application using 44 CFR 611.11(f).

C. We do not insure for loss to property caused directly by earth movement even if the earth movement is caused by flood. Some examples of earth movement that we do not cover are:

1. Earthquake;
2. Landslide;
3. Land subsidence;
4. Sinkholes;
5. Destabilization or movement of land that results from

accumulation of water in subsurface land areas; *or*

6. Gradual erosion.

We do, however, pay for losses from mudflow and land subsidence as a result of erosion that are specifically insured under our definition of flood (see II.B.1.c and II.B.2).

D. We do not insure for direct physical loss caused directly or indirectly by:

1. The pressure or weight of ice;
2. Freezing or thawing;
3. Rain, snow, sleet, hail, or water spray;
4. Water, moisture, mildew, or mold damage that results primarily from any condition:
 - a. Substantially confined to the insured building; *or*
 - b. That is within your control including, but not limited to:
 - (1) Design, structural, or mechanical defects;
 - (2) Failures, stoppages, or breakage of water or sewer lines, drains, pumps, fixtures, or equipment; *or*
 - (3) Failure to inspect and maintain the property after a flood recedes;

5. Water or water-borne material that:

- a. Backs up through sewers or drains;
- b. Discharges or overflows from a sump, sump pump, or related equipment; *or*
- c. Seeps or leaks on or through the insured property;

unless there is a flood in the area and the flood is the proximate cause of the sewer or drain backup, sump pump discharge or overflow, or the seepage of water;

6. The pressure or weight of water unless there is a flood in the area and the flood is the proximate cause of the damage from the pressure or weight of water;

7. Power, heating, or cooling failure unless the failure results from direct physical loss by or

from flood to power, heating, or cooling equipment on the described location;

8. Theft, fire, explosion, wind, or windstorm;

9. Anything you or any member of your household do or conspires to do to deliberately cause loss by flood; *or*

10. Alteration of the insured property that significantly increases the risk of flooding.

E. We do not insure for loss to any building or personal property located on land leased from the Federal Government, arising from or incident to the flooding of the land by the Federal Government, where the lease expressly holds the Federal Government harmless under flood insurance issued under any Federal Government program.

VI. DEDUCTIBLES

A. When a loss is insured under this policy, we will pay only that part of the loss that exceeds your deductible amount, subject to the limit of liability that applies. The deductible amount is shown on the Declarations Page.

However, when a building under construction, alteration, or repair does not have at least two rigid exterior walls and a fully secured roof at the time of loss, your deductible

amount will be two times the deductible that would otherwise apply to a completed building.

B. In each loss from flood, separate deductibles apply to the building and personal property insured by this policy.

C. The deductible does NOT apply to:

- 1. III.C.2. Loss Avoidance Measures; *or*
- 2. III.D. Increased Cost of Compliance.

VII. GENERAL CONDITIONS

A. Pair and Set Clause

In case of loss to an article that is part of a pair or set, we will have the option of paying you:

- 1. An amount equal to the cost of replacing the lost, damaged, or destroyed article, minus its depreciation; *or*

2. The amount that represents the fair proportion of the total value of the pair or set that the lost, damaged, or destroyed article bears to the pair or set.

B. Other Insurance

1. If a loss insured by this policy is also insured by other insurance that includes flood coverage not issued under the Act, we will not pay more than the amount of insurance that you are entitled to for lost, damaged, or destroyed property insured under this policy subject to the following:
 - a. We will pay only the proportion of the loss that the amount of insurance that applies under this policy bears to the total amount of insurance covering the loss, unless VII.B.1.b or c below applies.
 - b. If the other policy has a provision stating that it is excess insurance, this policy will be primary.
 - c. This policy will be primary (but subject to its own deductible) up to the deductible in the other flood policy (except another policy as described in VII.B.1.b above). When the other deductible amount is reached, this policy will participate in the same proportion that the amount of insurance under

this policy bears to the total amount of both policies, for the remainder of the loss.

2. Where this policy insures a condominium association and there is a National Flood Insurance Program flood insurance policy in the name of a unit owner that insures the same loss as this policy, then this policy will be primary.

C. Amendments, Waivers, Assignment

This policy cannot be changed, nor can any of its provisions be waived, without the express written consent of the Federal Insurance Administrator. No action that we take under the terms of this policy can constitute a waiver of any of our rights. You may assign this policy in writing when you transfer title of your property to someone else except under these conditions:

1. When this policy insures only personal property; or
2. When this policy insures a building under construction.

D. Insufficient Premium or Rating Information

1. **Applicability.** The following provisions apply to all instances where the premium paid on this policy is insufficient or where the rating information is insufficient, such as where an Elevation Certificate is not provided.
2. **Reforming the Policy with Reduced Coverage.** Except as otherwise provided in VII.D.1 and VII.D.4, if the premium we received from you was not sufficient to buy the kinds and amounts of coverage you requested, we will provide only the kinds and

amounts of coverage that can be purchased for the premium payment we received.

- a. For the purpose of determining whether your premium payment is sufficient to buy the kinds and amounts of coverage you requested, we will first deduct the costs of all applicable fees and surcharges.
- b. If the amount paid, after deducting the costs of all applicable fees and surcharges, is not sufficient to buy any amount of coverage, your payment will be refunded. Unless the policy is reformed to increase the coverage amount to the amount originally requested pursuant to VII.D.3, this policy will be cancelled, and no claims will be paid under this policy.
- c. Coverage limits on the reformed policy will be based upon the amount of premium submitted per type of coverage, but will not exceed the amount originally requested.

3. Discovery of Insufficient Premium or Rating Information. If we discover that your premium payment was not sufficient to buy

the requested amount of coverage, the policy will be reformed as described in VII.D.2. You have the option of increasing the amount of coverage resulting from this reformation to the amount you requested as follows:

- a. **Insufficient Premium.** If we discover that your premium payment was not sufficient to buy the requested amount of coverage, we will send you, and any mortgagee or trustee known to us, a bill for the required additional premium for the current policy term (or that portion of the current policy term following any endorsement changing the amount of coverage). If it is discovered that the initial amount charged to you for any fees or surcharges is incorrect, the difference will be added or deducted, as applicable, to the total amount in this bill.

- (1) If you or the mortgagee or trustee pay the additional amount due within 30 days from the date of our bill, we will reform the policy to increase the amount of coverage to the originally requested amount, effective

to the beginning of the current policy term (or subsequent date of any endorsement changing the amount of coverage).

(2) If you or the mortgagee or trustee do not pay the additional amount due within 30 days of the date of our bill, any flood insurance claim will be settled based on the reduced amount of coverage.

(3) As applicable, you have the option of paying all or part of the amount due out of a claim payment based on the originally requested amount of coverage.

b. Insufficient Rating Information. If we determine that the rating information we have is insufficient and prevents us from calculating the additional premium, we will ask you to send the required information. You must submit the information within 60 days of our request.

(1) If we receive the information within 60 days of our request, we will determine the amount of additional premium for the current

policy term and follow the procedure in VII.D.3.a above.

(2) If we do not receive the information within 60 days of our request, no claims will be paid until the requested information is provided. Coverage will be limited to the amount of coverage that can be purchased for the payments we received, as determined when the requested information is provided.

4. Coverage Increases. If we do not receive the amounts requested in VII.D.3.a or the additional information requested in VII.D.3.b by the date it is due, the amount of coverage under this policy can only be increased by endorsement subject to the appropriate waiting period. However, no coverage increases will be allowed until you have provided the information requested in VII.D.3.b is provided.

5. Falsifying Information. However, if we find that you or your agent intentionally did not tell us, or falsified, any important fact or circumstance or did anything fraudulent relating to this insurance, the provisions of VIII.A apply.

E. Policy Renewal

1. This policy will expire at 12:01 a.m. on the last day of the policy term.
2. We must receive the payment of the appropriate renewal premium within 30 days of the expiration date.
3. If we find, however, that we did not place your renewal notice into the U.S. Postal Service, or if we did mail it, we made a mistake, e.g., we used an incorrect, incomplete, or illegible address, which delayed its delivery to you before the due date for the renewal premium, then we will follow these procedures:
 - a. If you or your agent notified us, not later than one year after the date on which the payment of the renewal premium was due, of non-receipt of a renewal notice before the due date for the renewal premium, and we determine that the circumstances in the preceding paragraph apply, we will mail a second bill providing a revised due date, which will be 30 days after the date on which the bill is mailed.
 - b. If we do not receive the premium requested in the second bill by the revised due date, then we will not renew the policy. In that case, the policy will remain as an expired policy as of the expiration date shown on the Declarations Page.
4. In connection with the renewal of this policy, we may ask you during the policy term to recertify, on a Recertification Questionnaire that we will provide to you, the rating information used to rate your most recent application for or renewal of insurance.

F. Conditions Suspending or Restricting Insurance

We are not liable for loss that occurs while there is a hazard that is increased by any means within your control or knowledge.

G. Requirements in Case of Loss

In case of a flood loss to insured property, you must:

- 1. Give prompt written notice to us.**
- 2. As soon as reasonably possible, separate the damaged and undamaged property, putting it**

in the best possible order so that we may examine it.

- 3. Prepare an inventory of damaged property showing the quantity, description, actual cash value, and amount of loss. Attach all bills, receipts, and related documents.**
- 4. Within 60 days after the loss, send us a proof of loss, which is your statement of the amount you are claiming under the policy signed and sworn to by you, and which furnishes us with the following information:**
 - a. The date and time of loss;**
 - b. A brief explanation of how the loss happened;**
 - c. Your interest (for example, “owner”) and the interest, if any, of others in the damaged property;**
 - d. Details of any other insurance that may cover the loss;**
 - e. Changes in title or occupancy of the insured property during the term of the policy;**
 - f. Specifications of damaged buildings and detailed repair estimates;**
 - g. Names of mortgagees or anyone else having a lien,**

charge, or claim against the insured property;

h. Details about who occupied any insured building at the time of loss and for what purpose; *and*

i. The inventory of damaged personal property described in G.3 above.

5. In completing the proof of loss, you must use your own judgment concerning the amount of loss and justify that amount.

6. You must cooperate with the adjuster or representative in the investigation of the claim.

7. The insurance adjuster whom we hire to investigate your claim may furnish you with a proof of loss form, and she or he may help you complete it. However, this is a matter of courtesy only, and you must still send us a proof of loss within 60 days after the loss even if the adjuster does not furnish the form or help you complete it.

8. We have not authorized the adjuster to approve or disapprove claims or to tell you whether we will approve your claim.

9. At our option, we may accept the adjuster's report of the loss instead of your proof of loss. The adjuster's report will include information about your loss and the damages you sustained. You must sign the adjuster's report. At our option, we may require you to swear to the report.

H. Our Options After a Loss

Options we may, in our sole discretion, exercise after loss include the following:

1. At such reasonable times and places that we may designate, you must:

a. Show us or our representative the damaged property;

b. Submit to examination under oath, while not in the presence of another insured, and sign the same; *and*

c. Permit us to examine and make extracts and copies of:

(1) Any policies of property insurance insuring you against loss and the deed establishing your ownership of the insured real property;

(2) Condominium association documents including the Declarations of the condominium, its Articles of Association or Incorporation, Bylaws, rules and regulations, and other relevant documents if you are a unit owner in a condominium building; *and*

(3) All books of accounts, bills, invoices and other vouchers, or certified copies pertaining to the damaged property if the originals are lost.

2. We may request, in writing, that you furnish us with a complete inventory of the lost, damaged or destroyed property, including:

- a. Quantities and costs;
- b. Actual cash values or replacement cost (whichever is appropriate);
- c. Amounts of loss claimed;
- d. Any written plans and specifications for repair of the damaged property that you can reasonably make available to us; *and*
- e. Evidence that prior flood damage has been repaired.

3. If we give you written notice within 30 days after we receive your signed, sworn proof of loss, we may:

- a. Repair, rebuild, or replace any part of the lost, damaged, or destroyed property with material or property of like kind and quality or its functional equivalent; *and*
- b. Take all or any part of the damaged property at the value that we agree upon or its appraised value.

I. No Benefit to Bailee

No person or organization, other than you, having custody of insured property will benefit from this insurance.

J. Loss Payment

- 1. We will adjust all losses with you. We will pay you unless some other person or entity is named in the

policy or is legally entitled to receive payment. Loss will be payable 60 days after we receive your proof of loss (or within 90 days after the insurance adjuster files the adjuster's report signed and sworn to by you in lieu of a proof of loss) and:

- a. We reach an agreement with you;
 - b. There is an entry of a final judgment; *or*
 - c. There is a filing of an appraisal award with us, as provided in VII.M.
2. If we reject your proof of loss in whole or in part you may:
- a. Accept our denial of your claim;
 - b. Exercise your rights under this policy; *or*
 - c. File an amended proof of loss as long as it is filed within 60 days of the date of the loss.

K. Abandonment

You may not abandon damaged or undamaged insured property to us.

L. Salvage

We may permit you to keep damaged insured property after a loss, and we will reduce the amount of the loss proceeds payable to you under the policy by the value of the salvage.

M. Appraisal

If you and we fail to agree on the actual cash value of the damaged property so as to determine the amount of loss, either may demand an appraisal of the loss. In this event, you and we will each choose a competent and impartial appraiser within 20 days after receiving a written request from the other. The two appraisers will choose an umpire. If they cannot agree upon an umpire within 15 days, you or we may request that the choice be made by a judge of a court of record in the state where the insured property is located. The appraisers will separately state the actual cash value and the amount of loss to each item. If the appraisers submit a written report of an agreement to us, the amount agreed upon will be the amount of loss. If they fail to agree, they will submit their differences to the umpire. A decision agreed to by any two will set the amount of actual cash value and loss.

Each party will:

- 1. Pay its own appraiser; *and*
- 2. Bear the other expenses of the appraisal and umpire equally.

N. Mortgage Clause

1. The word "mortgagee" includes trustee.

2. Any loss payable under Coverage A—Building Property will be paid to any mortgagee of whom we have actual notice, as well as any other mortgagee or loss payee determined to exist at the time of loss, and you, as interests appear. If more than one mortgagee is named, the order of payment will be the same as the order of precedence of the mortgages.

3. If we deny your claim, that denial will not apply to a valid claim of the mortgagee, if the mortgagee:

- a. Notifies us of any change in the ownership or occupancy, or substantial change in risk of which the mortgagee is aware;
- b. Pays any premium due under this policy on demand if you have neglected to pay the premium; *and*
- c. Submits a signed, sworn proof of loss within 60 days after receiving notice from us of your failure to do so.

4. All terms of this policy apply to the mortgagee.

5. The mortgagee has the right to receive loss payment even if the mortgagee has started

foreclosure or similar action on the building.

6. If we decide to cancel or not renew this policy, it will continue in effect for the benefit of the mortgagee only for 30 days after we notify the mortgagee of the cancellation or non-renewal.

7. If we pay the mortgagee for any loss and deny payment to you, we are subrogated to all the rights of the mortgagee granted under the mortgage on the property. Subrogation will not impair the right of the mortgagee to recover the full amount of the mortgagee's claim.

O. Suit Against Us

You may not sue us to recover money under this policy unless you have complied with all the requirements of the policy. If you do sue, you must start the suit within one year of the date of the written denial of all or part of the claim, and you must file the suit in the United States District Court of the district in which the insured property was located at the time of loss. This requirement applies to any claim that you may have under this policy and to any dispute that you may have arising out of the handling of any claim under the policy.

P. Subrogation

Whenever we make a payment for a loss under this policy, we are subrogated to your right to recover for that loss from any other person. That means that your right to recover for a loss that was partly or totally caused by someone else is automatically transferred to us, to the extent that we have paid you for the loss. We may require

you to acknowledge this transfer in writing. **After the loss, you may not give up our right to recover this money or do anything that would prevent us from recovering it. If you make any claim against any person who caused your loss and recover any money, you must pay us back first before you may keep any of that money.**

Q. Continuous Lake Flood

1. If an insured building has been flooded by rising lake waters continuously for 90 days or more and it appears reasonably certain that a continuation of this flooding will result in an insured loss to the insured building equal to or greater than the building policy limits plus the deductible or the maximum payable under the policy for any one building loss, we will pay you the lesser of these two amounts without waiting for the further damage to occur if you sign a release agreeing:

- a. To make no further claim under this policy;**
- b. Not to seek renewal of this policy;**

c. Not to apply for any flood insurance under the Act for property at the described location;

d. Not to seek a premium refund for current or prior terms.

If the policy term ends before the insured building has been flooded continuously for 90 days, the provisions of this paragraph Q.1 will apply when the insured building suffers a covered loss before the policy term ends.

2. If your insured building is subject to continuous lake flooding from a closed basin lake, you may elect to file a claim under either paragraph Q.1 above or Q.2 (A “closed basin lake” is a natural lake from which water leaves primarily through evaporation and whose surface area now exceeds or has exceeded one square mile at any time in the recorded past. Most of the nation’s closed basin lakes are in the western half of the United States where annual evaporation exceeds annual precipitation and where lake levels and surface areas are subject to considerable fluctuation due to wide variations in the climate. These lakes may overtop their basins on rare occasions.) Under this paragraph Q.2, we

will pay your claim as if the building is a total loss even though it has not been continuously inundated for 90 days, subject to the following conditions:

- a. Lake floodwaters must damage or imminently threaten to damage your building.
- b. Before approval of your claim, you must:
 - (1) Agree to a claim payment that reflects your buying back the salvage on a negotiated basis; *and*
 - (2) Grant the conservation easement described in FEMA's "Policy Guidance for Closed Basin Lakes" to be recorded in the office of the local recorder of deeds. FEMA, in consultation with the community in which the property is located, will identify on a map an area or areas of special consideration (ASC) in which there is a potential for flood damage from continuous lake flooding. FEMA will give the community the agreed-upon map showing the ASC. This easement will only apply to that portion of the property in the ASC. It

will allow certain agricultural and recreational uses of the land. The only structures it will allow on any portion of the property within the ASC are certain simple agricultural and recreational structures. If any of these allowable structures are insurable buildings under the NFIP and are insured under the NFIP, they will not be eligible for the benefits of this paragraph Q.2. If a U.S. Army Corps of Engineers certified flood control project or otherwise certified flood control project later protects the property, FEMA will, upon request, amend the ASC to remove areas protected by those projects. The restrictions of the easement will then no longer apply to any portion of the property removed from the ASC; *and*

- (3) Comply with paragraphs Q.1.a through Q.1.d above.
- c. Within 90 days of approval of your claim, you must move your building to a new location outside the ASC. FEMA will give you an additional 30 days

to move if you show there is sufficient reason to extend the time.

- d. Before the final payment of your claim, you must acquire an elevation certificate and a floodplain development permit from the local floodplain administrator for the new location of your building.
- e. Before the approval of your claim, the community having jurisdiction over your building must:
 - (1) Adopt a permanent land use ordinance, or a temporary moratorium for a period not to exceed 6 months to be followed immediately by a permanent land use ordinance that is consistent with the provisions specified in the easement required in paragraph Q.2.b above;
 - (2) Agree to declare and report any violations of this ordinance to FEMA so that under Section 1316 of the National Flood Insurance Act of 1968, as amended, flood insurance to the building can be denied; *and*
 - (3) Agree to maintain as deed-restricted, for purposes

compatible with open space or agricultural or recreational use only, any affected property the community acquires an interest in. These deed restrictions must be consistent with the provisions of paragraph Q.2.b above, except that, even if a certified project protects the property, the land use restrictions continue to apply if the property was acquired under the Hazard Mitigation Grant Program or the Flood Mitigation Assistance Program. If a non-profit land trust organization receives the property as a donation, that organization must maintain the property as deed-restricted, consistent with the provisions of paragraph Q2.b. above.

- f. Before the approval of your claim, the affected State must take all action set forth in FEMA's "Policy Guidance for Closed Basin Lakes."
- g. You must have NFIP flood insurance coverage continuously in effect from

a date established by FEMA until you file a claim under paragraph Q.2. If a subsequent owner buys NFIP insurance that goes into effect within 60 days of the date of transfer of title, any gap in coverage during that 60-day period will not be a violation of this continuous coverage requirement. For the purpose of honoring a claim under this paragraph Q.2, we will not consider to be in effect any increased coverage that became effective after the date established by FEMA. The exception to this is any increased coverage in the amount suggested by your insurer as an inflation adjustment.

h. This paragraph Q.2 will be in effect for a community when the FEMA Regional Administrator for the affected region provides to the community, in writing, the following:

- (1) Confirmation that the community and the State are in compliance with the conditions in paragraphs Q.2.e and Q.2.f above; *and*
- (2) The date by which you must have flood insurance in effect.

R. Loss Settlement

We will pay the least of the following amounts after application of the deductible:

1. The applicable amount of insurance under this policy;
2. The actual cash value; *or*
3. The amount it would cost to repair or replace the property with material of like kind and quality within a reasonable time after the loss.

VIII. POLICY NULLIFICATION, CANCELLATION, AND NON-RENEWAL

A. Policy Nullification for Fraud, Misrepresentation, or Making False Statements

1. With respect to all insureds under this policy, this policy is void and has no legal force and effect if at any time, before or after a loss, you or any other insured or your agent have, with respect to this policy or any other NFIP insurance:

- a. Concealed or misrepresented any material fact or circumstance;
 - b. Engaged in fraudulent conduct; *or*
 - c. Made false statements.
2. Policies voided under A.1 cannot be renewed or replaced by a new NFIP policy.

3. Policies are void as of the date the acts described in A.1 above were committed.
4. Fines, civil penalties, and imprisonment under applicable Federal laws may also apply to the acts of fraud or concealment described above.

B. Policy Nullification for Reasons Other Than Fraud

1. This policy is void from its inception, and has no legal force or effect, if:

- a. The property listed on the application is located in a community that was not participating in the NFIP on this policy's inception date and did not join or reenter the program during the policy term and before the loss occurred;
- b. The property listed on the application is otherwise not eligible for coverage under the NFIP at the time of the initial application;
- c. You never had an insurable interest in the property listed on the application;
- d. You provided an agent with an application and payment, but the payment did not clear; *or*
- e. We receive notice from you, prior to the policy effective

date, that you have determined not to take the policy and you are not subject to a requirement to obtain and maintain flood insurance pursuant to any statute, regulation, or contract.

2. In such cases, you will be entitled to a full refund of all premium, fees, and surcharges received. However, if a claim was paid for a policy that is void, the claim payment must be returned to FEMA or offset from the premiums to be refunded before the refund will be processed.

C. Cancellation of the Policy by You

1. You may cancel this policy in accordance with the terms and conditions of this policy and the applicable rules and regulations of the NFIP.
2. If you cancel this policy, you may be entitled to a full or partial refund of premium, surcharges, or fees under the terms and conditions of this policy and the applicable rules and regulations of the NFIP.

D. Cancellation of the Policy by Us

1. Cancellation for Underpayment of Amounts Owed on Policy. This policy will be cancelled, pursuant to VII.D.2, if it is determined that the premium amount you paid is not sufficient to buy any amount of coverage, and you do not pay the additional amount of premium owed to increase the coverage to the originally requested amount within the required time period.

2. Cancellation Due to Lack of an Insurable Interest.

- a. If you no longer have an insurable interest in the insured property, we will cancel this policy. You will

cease to have an insurable interest if:

- (1) For building coverage, the building was sold, destroyed, or removed.
- (2) For contents coverage, the contents were sold or transferred ownership, or the contents were completely removed from the described location.

b. If your policy is cancelled for this reason, you may be entitled to a partial refund of premium under the applicable rules and regulations of the NFIP.

3. Cancellation of Duplicate Policies.

- a. Your property may not be insured by more than one NFIP policy, and payment for damages to your property will only be made under one policy.
- b. If the property is insured by more than one NFIP policy, we will cancel all but one of the policies. The policy, or policies, will be selected for cancellation in accordance with 44 CFR 62.5 and the applicable rules and guidance of the NFIP.

c. If this policy is cancelled pursuant to VIII.D.4.b, you may be entitled to a full or partial refund of premium, surcharges, or fees under the terms and conditions of this policy and the applicable rules and regulations of the NFIP.

4. Cancellation Due to Physical Alteration of Property

a. If the insured building has been physically altered in such a manner that it is no longer eligible for flood insurance coverage, we will cancel this policy.

b. If your policy is cancelled for this reason, you may be entitled to a partial refund of premium under the terms and conditions of this policy and the applicable rules and regulations of the NFIP.

E. Non-Renewal of the Policy by Us

Your policy will not be renewed if:

1. The community where your insured property is located is suspended or stops participating in the NFIP;
2. Your building is otherwise ineligible for flood insurance under the Act;
3. You have failed to provide the information we requested for the purpose of rating the policy within the required deadline.

IX. LIBERALIZATION CLAUSE

If we make a change that broadens your coverage under this edition of our policy, but does not require any additional premium, then that change will automatically apply to your

insurance as of the date we implement the change, provided that this implementation date falls within 60 days before or during the policy term stated on the Declarations Page.

X. WHAT LAW GOVERNS

This policy and all disputes arising from the insurer's policy issuance, policy administration, or the handling of any claim under the policy are governed exclusively by the flood

insurance regulations issued by FEMA, the National Flood Insurance Act of 1968, as amended (42 U.S.C. 4001, et seq.), and Federal common law.

In Witness Whereof, we have signed this policy below and hereby enter into this Insurance Agreement.



Deputy Associate Administrator
Federal Insurance and Mitigation Administration

National Flood Insurance Program

Residential Condominium Building Association Policy

Standard Flood Insurance Policy

F-144 / October 2021



FEMA

Standard Flood Insurance Policy

Residential Condominium Building Association Policy

Please read the policy carefully. The flood insurance provided is subject to limitations, restrictions, and exclusions.

I. AGREEMENT

A. This policy insures only a residential condominium building in a regular program community. If the community reverts to emergency program status during the policy term and remains as an emergency program community at time of renewal, this policy cannot be renewed.

B. The Federal Emergency Management Agency (FEMA) provides flood insurance under the terms of the National Flood Insurance Act of 1968 and its amendments, and Title 44 of the Code of Federal Regulations.

C. We will pay you for direct physical loss by or from flood to your insured property if you:

1. Have paid the full amount due (including applicable premiums, surcharges, and fees);
2. Comply with all terms and conditions of this policy; *and*
3. Have furnished accurate information and statements.

D. We have the right to review the information you give us at any time and revise your policy based on our review.

E. This policy insures only one building. If you own more than one building, coverage will apply to the single building specifically described in the Flood Insurance Application.

F. Subject to the exception in Section I.G below, multiple policies with building coverage cannot be issued to insure a single building to one insured or to different insureds, even if issued through different NFIP insurers. Payment for damages may only be made under a single policy for building damages under Coverage A—Building Property.

G. A Dwelling Form policy with building coverage may be issued to a unit owner in a condominium building that is also insured under a Residential Condominium

Building Association Policy (RCBAP). **However, no more than \$250,000 may be paid in combined benefits for a single unit under the Dwelling Form and the RCBAP. We will only pay for damage once. Items of damage paid for under a RCBAP cannot also be claimed under the Dwelling Form policy.**

II. DEFINITIONS

A. In this policy, “you” and “your” refer to the named insured(s) shown on the Declarations Page of this policy. The named insured must also include the building owner if building coverage is purchased. Insured(s) includes: any mortgagee and loss payee named in the Application and Declarations Page, as well as any other mortgagee or loss payee determined to have an existing interest at the time of loss, in the order of precedence. “We,” “us,” and “our” refer to the insurer.

Some definitions are complex because they are provided as they appear in the law or regulations, or result from court cases.

B. Flood, as used in this flood insurance policy, means:

1. A general and temporary condition of partial or complete inundation of two or more acres of normally dry land area or of two or more properties (one of which is your property) from:
 - a. Overflow of inland or tidal waters,
 - b. Unusual and rapid accumulation or runoff of surface waters from any source,
 - c. Mudflow
2. Collapse or subsidence of land along the shore of a lake or similar body of water as a result of erosion or undermining caused by waves or currents of water

exceeding anticipated cyclical levels which result in a flood as defined in B.1.a above.

C. The following are the other key definitions we use in this policy:

1. **Act.** The National Flood Insurance Act of 1968 and any amendments to it.
2. **Actual Cash Value.** The cost to replace an insured item of property at the time of loss, less the value of its physical depreciation.
3. **Application.** The statement made and signed by you or your agent in applying for this policy. The application gives information we use to determine the eligibility of the risk, the kind of policy to be issued, and the correct premium payment. The application is part of this flood insurance policy.
4. **Base Flood.** A flood having a one percent chance of being equaled or exceeded in any given year.
5. **Basement.** Any area of a building, including any sunken room or sunken portion of a room, having its floor below ground level on all sides.
6. **Building.**
 - a. A structure with two or more outside rigid walls and a fully secured roof that is affixed to a permanent site;
 - b. A manufactured home, also known as a mobile home, is a structure built on a permanent chassis, transported to its site in one or more sections, and affixed to a permanent foundation); or
 - c. A travel trailer without wheels, built on a chassis and affixed to a permanent foundation, that is regulated under the community's floodplain management and building ordinances or laws.

Building does not mean a gas or liquid storage tank, shipping container, or a recreational vehicle, park trailer, or other similar vehicle, except as described in C.6.c above.

7. **Cancellation.** The ending of the insurance coverage provided by this policy before the expiration date.
8. **Condominium.** That form of ownership of one or more buildings in which each unit owner has an undivided interest in common elements.
9. **Condominium Association.** The entity made up of the unit owners responsible for the maintenance and operation of:
 - a. Common elements owned in undivided shares by unit owners; and

- b. Other buildings in which the unit owners have use rights; where membership in the entity is a required condition of ownership.

10. **Condominium Building.** A type of building for which the form of ownership is one in which each unit owner has an undivided interest in common elements of the building.
11. **Declarations Page.** A computer-generated summary of information you provided in your application for insurance. The Declarations Page also describes the term of the policy, limits of coverage, and displays the premium and our name. The Declarations Page is a part of this flood insurance policy.
12. **Deductible.** The fixed amount of an insured loss that is your responsibility and that is incurred by you before any amounts are paid for the insured loss under this policy.
13. **Described Location.** The location where the insured building or personal property are found. The described location is shown on the Declarations Page.
14. **Direct Physical Loss By or From Flood.** Loss or damage to insured property, directly caused by a flood. There must be evidence of physical changes to the property.
15. **Elevated Building.** A building that has no basement and that has its lowest elevated floor raised above ground level by foundation walls, shear walls, posts, piers, pilings, or columns.
16. **Emergency Program.** The initial phase of a community's participation in the National Flood Insurance Program. During this phase, only limited amounts of insurance are available under the Act and the regulations prescribed pursuant to the Act.
17. **Federal Policy Fee.** A flat rate charge you must pay on each new or renewal policy to defray certain administrative expenses incurred in carrying out the National Flood Insurance Program.
18. **Improvements.** Fixtures, alterations, installations, or additions comprising a part of the residential condominium building, including improvements in the units.
19. **Mudflow.** A river of liquid and flowing mud on the surface of normally dry land areas, as when earth is carried by a current of water. Other earth movements, such as landslide, slope failure, or a saturated soil mass moving by liquidity down a slope, are not mudflows.
20. **National Flood Insurance Program (NFIP).** The program of flood insurance coverage and floodplain management administered under the Act and applicable Federal regulations in Title 44 of the Code of Federal Regulations, Subchapter B.

- 21. Policy.** The entire written contract between you and us. It includes:
- This printed form;
 - The application and Declarations Page;
 - Any endorsement(s) that may be issued; *and*
 - Any renewal certificate indicating that coverage has been instituted for a new policy and new policy term. Only one building, which you specifically described in the application, may be insured under this policy.
- 22. Pollutants.** Substances that include, but are not limited to, any solid, liquid, gaseous, or thermal irritant or contaminant, including smoke, vapor, soot, fumes, acids, alkalis, chemicals, and waste. "Waste" includes, but is not limited to, materials to be recycled, reconditioned, or reclaimed.
- 23. Post-FIRM Building.** A building for which construction or substantial improvement occurred after December 31, 1974, or on or after the effective date of an initial Flood Insurance Rate Map (FIRM), whichever is later.
- 24. Probation Surcharge.** A flat charge you must pay on each new or renewal policy issued covering property in a community the NFIP has placed on probation under the provisions of 44 CFR 59.24.

- 25. Regular Program.** The final phase of a community's participation in the National Flood Insurance Program. In this phase, a Flood Insurance Rate Map is in effect and full limits of coverage are available under the Act and the regulations prescribed pursuant to the Act.
- 26. Residential Condominium Building.** A building, condominium, containing one or more family units and in which at least 75 percent of the floor area is residential.
- 27. Special Flood Hazard Area (SFHA).** An area having special flood or mudflow, and/or flood-related erosion hazards, and shown on a Flood Hazard Boundary Map or Flood Insurance Rate Map as Zone A, AO, A1-A30, AE, A99, AH, AR, AR/A, AR/AE, AR/AH, AR/AO, AR/A1-A30, V1-V30, VE, or V.
- 28. Unit.** A single-family residential space in a residential condominium building.
- 29. Valued Policy.** A policy in which the insured and the insurer agree on the value of the property insured, that value being payable in the event of a total loss. The Standard Flood Insurance Policy is not a valued policy.

III. PROPERTY INSURED

A. Coverage A—Building Property

We insure against direct physical loss by or from flood to:

- The residential condominium building described on the Declarations Page at the described location, including all units within the building and the improvements within the units.
- We also insure such building property for a period of 45 days at another location, as set forth in III.C.2.b, Property Removed to Safety.
- Additions and extensions attached to and in contact with the building by means of a rigid exterior wall, a solid load-bearing interior wall, a stairway, an elevated walkway, or a roof. At your option, additions and extensions connected by any of these methods may be separately insured. Additions and extensions attached to and in contact with the building by means of a common interior wall that is not a solid load-bearing wall are always considered part of the building and cannot be separately insured.
- The following fixtures, machinery and equipment, including its units, which are insured under Coverage A only:
 - Awnings and canopies;
 - Blinds;
 - Carpet permanently installed over unfinished flooring;
 - Central air conditioners;
 - Elevator equipment;
 - Fire extinguishing apparatus;
 - Fire sprinkler systems;
 - Walk-in freezers;
 - Furnaces;
 - Light fixtures;
 - Outdoor antennas and aerials fastened to buildings;
 - Permanently installed cupboards, bookcases, paneling, and wallpaper;
 - Pumps and machinery for operating pumps;
 - Ventilating equipment;
 - Wall mirrors, permanently installed; *and*
 - In the units within the building, installed:
 - Built-in dishwashers;
 - Built-in microwave ovens;
 - Garbage disposal units;
 - Hot water heaters, including solar water heaters;
 - Kitchen cabinets;

- (6) Plumbing fixtures;
- (7) Radiators;
- (8) Ranges;
- (9) Refrigerators; *and*
- (10) Stoves.

- 5. Materials and supplies to be used for construction, alteration or repair of the insured building while the materials and supplies are stored in a fully enclosed building at the described location or on an adjacent property.
- 6. A building under construction, alteration, or repair at the described location.

a. If the structure is not yet walled or roofed as described in the definition for building (see II.C.6.a.) then coverage applies:

- (1) Only while such work is in progress; *or*
- (2) If such work is halted, only for a period of up to 90 continuous days thereafter.

b. However, coverage does not apply until the building is walled and roofed if the lowest floor, including the basement floor, of a non-elevated building or the lowest elevated floor of an elevated building is:

- (1) Below the base flood elevation in Zones AH, AE, A1-30, AR, AR/AE, AR/AH, AR/A1-30, AR/A, AR/AO; *or*

- (2) Below the base flood elevation adjusted to include the effect of wave action in Zones VE or V1-30.

The lowest floor level is based on the bottom of the lowest horizontal structural member of the floor in Zones VE or V1-V30 or top of the floor in Zones AH, AE, A1-A30, AR, AR/AE, AR/AH, AR/A1-A30, AR/A, and AR/AO.

- 7. A manufactured home or a travel trailer, as described in the II.C.6. If the manufactured home is in a special flood hazard area, it must be anchored in the following manner at the time of the loss:
 - a. By over-the-top or frame ties to ground anchors; *or*
 - b. In accordance with the manufacturer's specifications; *or*
 - c. In compliance with the community's floodplain management requirements unless it has been continuously insured by the NFIP at the same described location since September 30, 1982.

8. Items of property below the lowest elevated floor of an elevated post-FIRM building located in zones A1-A30, AE, AH, AR, AR/A, AR/AE, AR/AH, AR/A1-A30, V1-V30, or VE, or in a basement, regardless of the zone. Coverage is limited to the following:

- a. Any of the following items, if installed in their functioning locations and, if necessary for operation, connected to a power source:
 - (1) Central air conditioners;
 - (2) Cisterns and the water in them;
 - (3) Drywall for walls and ceilings in a basement and the cost of labor to nail it, unfinished and unfloated and not taped, to the framing;
 - (4) Electrical junction and circuit breaker boxes;
 - (5) Electrical outlets and switches;
 - (6) Elevators, dumbwaiters, and related equipment, except for related equipment installed below the base flood elevation after September 30, 1987;
 - (7) Fuel tanks and the fuel in them;
 - (8) Furnaces and hot water heaters;
 - (9) Heat pumps;
 - (10) Nonflammable insulation in a basement;
 - (11) Pumps and tanks used in solar energy systems;

- (12) Stairways and staircases attached to the building, not separated from it by elevated walkways;
- (13) Sump pumps;
- (14) Water softeners and the chemicals in them, water filters, and faucets installed as an integral part of the plumbing system;
- (15) Well water tanks and pumps;
- (16) Required utility connections for any item in this list; *and*
- (17) Footings, foundations, posts, pilings, piers, or other foundation walls and anchorage systems required to support a building.

b. Clean-up.

B. Coverage B—Personal Property

1. If you have purchased personal property coverage, we insure, subject to B.2 and B.3 below, against direct physical loss by or from flood to personal property that is inside the fully enclosed insured building and is:
 - a. Owned by the unit owners of the condominium association in common, meaning property in which each unit owner has an undivided ownership interest; *or*
 - b. Owned solely by the condominium association and used exclusively in the conduct of the business affairs of the condominium association.
2. We also insure such personal property for 45 days while stored at a temporary location, as set forth in III.C.2.b, Property Removed to Safety.
3. Coverage for personal property includes the following property, subject to B.1. above, which is insured under Coverage B only:
 - a. Air conditioning units, portable or window type;
 - b. Carpets, not permanently installed, over unfinished flooring;
 - c. Carpets over finished flooring;
 - d. Clothes washers and dryers;
 - e. "Cook-out" grills;
 - f. Food freezers, other than walk-in, and food in any freezer;
 - g. Outdoor equipment and furniture stored inside the insured building;
 - h. Ovens and the like; *and*
 - i. Portable microwave ovens and portable dishwashers.

4. Coverage for items of property in a building enclosure below the lowest elevated floor of an elevated post-FIRM building located in zones A1-A30, AE, AH, AR, AR/A, AR/AE, AR/AH, AR/A1-A30, V1-V30, or VE, or in a basement, regardless of the zone, is limited to the following items, if installed in their functioning locations and, if necessary for operation, connected to a power source:

- a. Air conditioning units, portable or window type;
- b. Clothes washers and dryers; *and*
- c. Food freezers, other than walk-in, and food in any freezer.

5. Special Limits. We will pay no more than \$2,500 for any one loss to one or more of the following kinds of personal property:

- a. Artwork, photographs, collectibles, or memorabilia, including but not limited to, porcelain or other figures, and sports cards;
- b. Rare books or autographed items;
- c. Jewelry, watches, precious and semi-precious stones, or articles of gold, silver, or platinum;
- d. Furs or any article containing fur which represents its principal value.

6. We will pay only for the functional value of antiques.

C. Coverage C—Other Coverages

1. Debris Removal

- a. We will pay the expense to remove non-owned debris that is on or in insured property and debris of insured property anywhere.
- b. If you or a member of your household perform the removal work, the value of your work will be based on the Federal minimum wage.
- c. This coverage does not increase the Coverage A or Coverage B limit of liability.

2. Loss Avoidance Measures

a. Sandbags, Supplies, and Labor

- (1) We will pay up to \$1,000 for costs you incur to protect the insured building from a flood or imminent danger of flood, for the following:
 - (a) Your reasonable expenses to buy:
 - (i) Sandbags, including sand to fill them;
 - (ii) Fill for temporary levees;
 - (iii) Pumps; *and*
 - (iv) Plastic sheeting and lumber used in connection with these items.
 - (b) The value of work, at the Federal minimum wage, that you perform.
- (2) This coverage for Sandbags, Supplies and Labor only applies if damage to insured property by or from flood is imminent and the threat of flood damage is apparent enough to lead a person of common prudence to anticipate flood damage. One of the following must also occur:
 - (a) A general and temporary condition of flooding in the area near the described location must occur, even if the flood does not reach the building; *or*
 - (b) A legally authorized official must issue an evacuation order or other civil order for the community in which the building is located calling for measures to preserve life and property from the peril of flood.

b. Property Removed to Safety

- (1) We will pay up to \$1,000 for the reasonable expenses you incur to move insured property to a place other than the described location that contains the property in order to protect it from flood or the imminent danger of flood. Reasonable expenses include the value of work, at the Federal minimum wage, you or a member of your household perform.
- (2) If you move insured property to a location other than the described location that contains the property, in order to protect it from flood or the imminent danger of flood, we will cover such property while at that location for a period of 45 consecutive days from the date you begin to move it there.
- (3) The personal property that is moved must be placed in a fully enclosed building or otherwise reasonably protected from the elements. Any property removed, including a moveable home described in II.6.b and c,

must be placed above ground level or outside of the special flood hazard area

- (4) This coverage does not increase the Coverage A or Coverage B limit of liability.

D. Coverage D—Increased Cost of Compliance

1. General.

This policy pays you to comply with a State or local floodplain management law or ordinance affecting repair or reconstruction of a building suffering flood damage. Compliance activities eligible for payment are: elevation, floodproofing, relocation, or demolition (or any combination of these activities) of your building. Eligible floodproofing activities are limited to:

- a. Non-residential buildings.
- b. Residential buildings with basements that satisfy FEMA's standards published in the Code of Federal Regulations [44 CFR 60.6 (b) or (c)].

2. Limit of Liability.

We will pay you up to \$30,000 under this Coverage D (Increased Cost of Compliance), which only applies to policies with building coverage (Coverage A). Our payment of claims under Coverage D is in addition to the amount of coverage which you selected on the application and which appears on the Declarations Page. But, the maximum you can collect under this policy for both Coverage A—Building Property and Coverage D—Increased Cost of Compliance cannot exceed the maximum permitted under the Act. We do not charge a separate deductible for a claim under Coverage D.

3. Eligibility.

- a. A building insured under Coverage A (Building Property) sustaining a loss caused by a flood as defined by this policy must:
 - (1) Be a "repetitive loss building." A repetitive loss building is one that meets the following conditions:
 - (a) The building is insured by a contract of flood insurance issued under the NFIP.
 - (b) The building has suffered flood damage on two occasions during a 10-year period which ends on the date of the second loss.
 - (c) The cost to repair the flood damage, on average, equaled or exceeded 25 percent of the market value of the building at the time of each flood loss.
 - (d) In addition to the current claim, the NFIP must have paid the previous qualifying claim, and the State or community must

have a cumulative, substantial damage provision or repetitive loss provision in its floodplain management law or ordinance being enforced against the building; or

- (2) Be a building that has had flood damage in which the cost to repair equals or exceeds 50 percent of the market value of the building at the time of the flood. The State or community must have a substantial damage provision in its floodplain management law or ordinance being enforced against the building.
- b. This Coverage D pays you to comply with State or local floodplain management laws or ordinances that meet the minimum standards of the National Flood Insurance Program found in the Code of Federal Regulations at 44 CFR 60.3. We pay for compliance activities that exceed those standards under these conditions:
 - (1) 3.a.1 above.
 - (2) Elevation or floodproofing in any risk zone to preliminary or advisory base flood elevations provided by FEMA which the State or local government has adopted and is enforcing for flood-damaged buildings in such areas. (This includes compliance activities in B, C, X, or D zones which are being changed to zones with base flood elevations. This also includes compliance activities in zones where base flood elevations are being increased, and a flood-damaged building must comply with the higher advisory base flood elevation.) Increased Cost of Compliance coverage does not apply to situations in B, C, X, or D zones where the community has derived its own elevations and is enforcing elevation or floodproofing requirements for flood-damaged buildings to elevations derived solely by the community.
 - (3) Elevation or floodproofing above the base flood elevation to meet State or local "freeboard" requirements, i.e., that a building must be elevated above the base flood elevation.
- c. Under the minimum NFIP criteria at 44 CFR 60.3(b)(4), States and communities must require the elevation or floodproofing of buildings in unnumbered A zones to the base flood elevation where elevation data is obtained from a Federal, State, or other source. Such compliance activities are also eligible for Coverage D.
- d. Coverage D will pay for the incremental cost, after demolition or relocation, of elevating or floodproofing a building during its rebuilding

at the same or another site to meet State or local floodplain management laws or ordinances, subject to Exclusion D.5.g below relating to improvements.

- e. Coverage D will pay to bring a flood-damaged building into compliance with State or local floodplain management laws or ordinances even if the building had received a variance before the present loss from the applicable floodplain management requirements.

4. Conditions.

- a. **When a building insured under Coverage A—Building Property sustains a loss caused by a flood, our payment for the loss under this Coverage D will be for the increased cost to elevate, floodproof, relocate, or demolish (or any combination of these activities) caused by the enforcement of current State or local floodplain management ordinances or laws. Our payment for eligible demolition activities will be for the cost to demolish and clear the site of the building debris or a portion thereof caused by the enforcement of current State or local floodplain management ordinances or laws. Eligible activities for the cost of clearing the site will include those necessary to discontinue utility service to the site and ensure proper abandonment of on-site utilities.**
- b. **When the building is repaired or rebuilt, it must be intended**

for the same occupancy as the present building unless otherwise required by current floodplain management ordinances or laws.

5. Exclusions.

Under this Coverage D (Increased Cost of Compliance) we will not pay for:

- a. The cost to comply with any floodplain management law or ordinance in communities participating in the Emergency Program.
- b. The cost associated with enforcement of any ordinance or law that requires any insured or others to test for, monitor, clean up, remove, contain, treat, detoxify or neutralize, or in any way respond to, or assess the effects of pollutants.
- c. The loss in value to any insured building due to the requirements of any ordinance or law.
- d. The loss in residual value of the undamaged portion of a building demolished as a consequence of enforcement of any State or local floodplain management law or ordinance.
- e. Any Increased Cost of Compliance under this Coverage D:

(1) Until the building is elevated, floodproofed, demolished, or relocated on the same or to another premises; *and*

(2) Unless the building is elevated, floodproofed, demolished, or relocated as soon as reasonably possible after the loss, not to exceed two years.

- f. Any code upgrade requirements, e.g., plumbing or electrical wiring, not specifically related to the State or local floodplain management law or ordinance.
- g. Any compliance activities needed to bring additions or improvements made after the loss occurred into compliance with State or local floodplain management laws or ordinances.
- h. Loss due to any ordinance or law that you were required to comply with before the current loss.
- i. Any rebuilding activity to standards that do not meet the NFIP's minimum requirements. This includes any situation where the insured has received from the State or community a variance in connection with the current flood loss to rebuild the property to an elevation below the base flood elevation.

- j. Increased Cost of Compliance for a garage or carport.
- k. Any building insured under an NFIP Group Flood Insurance Policy.
- l. Assessments made by a condominium association on individual condominium unit owners to pay increased costs of repairing

commonly owned buildings after a flood in compliance with State or local floodplain management ordinances or laws.

6. Other Provisions.

- a. Increased Cost of Compliance coverage will not be included in the calculation to determine whether coverage meets the coinsurance requirement for replacement cost coverage under Art. VIII.R. ("Loss Settlement").
- b. All other conditions and provisions of this policy apply.

IV. PROPERTY NOT INSURED

We do not insure any of the following:

- 1. Personal property not inside a building;
- 2. A building, and personal property in it, located entirely in, on, or over water or seaward of mean high tide if it was constructed or substantially improved after September 30, 1982;
- 3. Open structures, including a building used as a boathouse or any structure or building into which boats are floated, and personal property located in, on, or over water;
- 4. Recreational vehicles other than travel trailers described in the Definitions section (see II.C.6.c) whether affixed to a permanent foundation or on wheels;

- 5. Self-propelled vehicles or machines, including their parts and equipment. However, we do cover self-propelled vehicles or machines not licensed for use on public roads that are:
 - a. Used mainly to service the described location *or*
 - b. Designed and used to assist handicapped persons, while the vehicles or machines are inside a building at the described location;
- 6. Land, land values, lawns, trees, shrubs, plants, growing crops, or animals;
- 7. Accounts, bills, coins, currency, deeds, evidences of debt, medals, money, scrip, stored value cards, postage stamps, securities, bullion, manuscripts, or other valuable papers;

8. Underground structures and equipment, including wells, septic tanks, and septic systems;
9. Those portions of walks, walkways, decks, driveways, patios, and other surfaces, all whether protected by a roof or not, located outside the perimeter, exterior walls of the insured building;
10. Containers, including related equipment, such as, but not limited to, tanks containing gases or liquids;
11. Buildings and all their contents if more than 49 percent of the actual cash value of the building is below ground, unless the lowest level is at or above the base flood elevation and is below ground by reason of earth having been used as insulation material in conjunction with energy efficient building techniques;
12. Fences, retaining walls, sea-walls, bulkheads, wharves, piers, bridges, and docks;
13. Aircraft or watercraft, or their furnishings and equipment;
14. Hot tubs and spas that are not bathroom fixtures, and swimming pools, and their equipment such as, but not limited to, heaters, filters, pumps, and pipes, wherever located;
15. Property not eligible for flood insurance pursuant to the provisions of the Coastal Barrier Resources Act and the Coastal Barrier Improvements Act of 1990 and amendments to these Acts;
16. Personal property used in connection with any incidental commercial occupancy or use of the building.

V. EXCLUSIONS

A. We only pay for “direct physical loss by or from flood,” which means that we do not pay you for:

1. Loss of revenue or profits;
2. Loss of access to the insured property or described location;
3. Loss of use of the insured property or described location;
4. Loss from interruption of business or production;
5. Any additional living expenses incurred while the insured building

is being repaired or is unable to be occupied for any reason;

6. The cost of complying with any ordinance or law requiring or regulating the construction, demolition, remodeling, renovation, or repair of property, including removal of any resulting debris. This exclusion does not apply to any eligible activities we describe in Coverage D—Increased Cost of Compliance; *or*

7. Any other economic loss you suffer.

B. Flood in Progress. If this policy became effective as of the time of a loan closing, as provided by 44 CFR 61.11(b), we will not pay for a loss caused by a flood that is a continuation of a flood that existed prior to coverage becoming effective. In all other circumstances, we will not pay for a loss caused by a flood that is a continuation of a flood that existed on or before the day you submitted the application for coverage under this policy and the correct premium. We will determine the date of application using 44 CFR 611.11(f).

C. We do not insure for loss to property caused directly by earth movement even if the earth movement is caused by flood. Some

examples of earth movement that we do not cover are:

1. Earthquake;
2. Landslide;
3. Land subsidence;
4. Sinkholes;
5. Destabilization or movement of land that results from accumulation of water in subsurface land areas; *or*
6. Gradual erosion.

We do, however, pay for losses from mudflow and land subsidence as a result of erosion that are specifically covered under our definition of flood (see II.B.1.c and II.B.2).

D. We do not insure for direct physical loss caused directly or indirectly by:

1. The pressure or weight of ice;
2. Freezing or thawing;
3. Rain, snow, sleet, hail, or water spray;
4. Water, moisture, mildew, or mold damage that results primarily from any condition:
 - a. Substantially confined to the insured building; *or*

- b. That is within your control including, but not limited to:
 - (1) Design, structural, or mechanical defects;
 - (2) Failures, stoppages, or breakage of water or sewer lines, drains, pumps, fixtures, or equipment; *or*
 - (3) Failure to inspect and maintain the property after a flood recedes;
 - 5. Water or water-borne material that:
 - a. Backs up through sewers or drains;
 - b. Discharges or overflows from a sump, sump pump or related equipment; *or*
 - c. Seeps or leaks on or through the insured property;
 - d. unless there is a flood in the area and the flood is the proximate cause of the sewer or drain backup, sump pump discharge or overflow, or the seepage of water;
 - 6. The pressure or weight of water unless there is a flood in the area and the flood is the proximate cause of the damage from the pressure or weight of water;
 - 7. Power, heating, or cooling failure unless the failure results from direct physical loss by or from flood to power, heating, or cooling equipment on the described location;
 - 8. Theft, fire, explosion, wind, or windstorm;
 - 9. Anything you or your agents do or conspire to do to cause loss by flood deliberately; *or*
 - 10. Alteration of the insured property that significantly increases the risk of flooding.
- E. We do not insure for loss to any building or personal property located on land leased from the Federal Government, arising from or incident to the flooding of the land by the Federal Government, where the lease expressly holds the Federal Government harmless under flood insurance issued under any Federal Government program.
- F. We do not pay for the testing for or monitoring of pollutants unless required by law or ordinance.

VI. DEDUCTIBLES

A. When a loss is insured under this policy, we will pay only that part of the loss that exceeds your deductible amount, subject to the limit of liability that applies. The deductible amount is shown on the Declarations Page.

However, when a building under construction, alteration, or repair does not have at least two rigid exterior walls and a fully secured roof at the time of loss, your deductible

amount will be two times the deductible that would otherwise apply to a completed building.

B. In each loss from flood, separate deductibles apply to the building and personal property insured by this policy.

C. No deductible applies to:

1. III.C.2. Loss Avoidance Measures; or
2. III.D. Increased Cost of Compliance.

VII. COINSURANCE

A. This Coinsurance Section applies only to coverage on the building.

B. We will impose a penalty on loss payment unless the amount of insurance applicable to the damaged building is:

- 1. At least 80 percent of its replacement cost; or**
- 2. The maximum amount of insurance available for that building under the NFIP, whichever is less.**

C. If the actual amount of insurance on the building is less than the required amount in accordance with the terms of VII.B above, then loss payment is determined as follows (subject to all other relevant conditions in this policy, including those pertaining to valuation, adjustment, settlement, and payment of loss):

1. Divide the actual amount of insurance carried on the building by the required amount of insurance.
2. Multiply the amount of loss, before application of the deductible, by the figure determined in C.1 above.
3. Subtract the deductible from the figure determined in C.2 above.

We will pay the amount determined in C.3 above, or the amount of insurance carried, whichever is less. The amount of insurance carried, if in excess of the applicable maximum amount of insurance available under the NFIP, is reduced accordingly.

EXAMPLES

Example #1 (Inadequate Insurance)

Replacement value of the building – \$250,000

Required amount of insurance – \$200,000

(80 percent of replacement value of \$250,000)

Actual amount of insurance carried – \$180,000

Amount of the loss -- \$150,000

Deductible -- \$500

Step 1: $180,000 / 200,000 = .90$

(90 percent of what should be carried.)

Step 2: $\$150,000 \times .90 = 135,000$

Step 3: $\$135,000 - \$500 = 134,500$

We will pay no more than \$134,500. The remaining \$15,500 is not covered due to the coinsurance penalty (\$15,000) and application of the deductible (\$500).

Example #2 (Adequate Insurance)

Replacement value of the building – \$500,000

Required amount of insurance – \$400,000

(80 percent of replacement value of \$500,000)

Actual amount of insurance carried – \$400,000

Amount of the loss – \$200,000

Deductible – \$500

In this example there is no coinsurance penalty, because the actual amount of insurance carried meets the required amount. We will pay no more than \$199,500 (\$200,000 amount of loss minus the \$500 deductible).

D. In calculating the full replacement cost of a building:

1. The replacement cost value of any insured building property will be included;
2. The replacement cost value of any building property not insured under this policy will not be included; *and*
3. Only the replacement cost value of improvements installed by the condominium association will be included.

VIII. GENERAL CONDITIONS

A. Pair and Set Clause

In case of loss to an article that is part of a pair or set, we will have the option of paying you:

1. An amount equal to the cost of replacing the lost, damaged, or destroyed article, minus its depreciation, or
2. The amount that represents the fair proportion of the total value of the pair or set that the lost, damaged, or destroyed article bears to the pair or set.

B. Other Insurance

1. If a loss insured by this policy is also insured by other insurance that includes flood coverage not issued under the Act, we will not pay more than the amount of insurance that you are entitled to for lost, damaged, or destroyed property insured under this policy subject to the following:
 - a. We will pay only the proportion of the loss that the amount of insurance that applies under this policy bears to the total amount of insurance covering the loss, unless VIII.B.1.b or c immediately below applies.
 - b. If the other policy has a provision stating that it is excess insurance, this policy will be primary.
 - c. This policy will be primary (but subject to its own deductible) up to the deductible in the other flood policy (except another

policy as described in VIII.B.1.b. above). When the other deductible amount is reached, this policy will participate in the same proportion that the amount of insurance under this policy bears to the total amount of both policies, for the remainder of the loss.

2. If there is a National Flood Insurance Program flood insurance policy in the name of a unit owner that covers the same loss as this policy, then this policy will be primary.

C. Amendments, Waivers, Assignment

This policy cannot be changed, nor can any of its provisions be waived, without the express written consent of the Federal Insurance Administrator. No action we take under the terms of this policy constitutes a waiver of any of our rights. You may assign this policy in writing when you transfer title of your property to someone else except under these conditions:

1. When this policy insures only personal property; or
2. When this policy insures a building under construction.

D. Insufficient Premium or Rating Information

1. **Applicability.** The following provisions apply to all instances where the premium paid on this policy is insufficient or where the rating information is insufficient, such as where an Elevation Certificate is not provided.

2. Reforming the Policy with Reduced Coverage. Except as otherwise provided in VIII.D.1 and VIII.D.4, if the premium we received from you was not sufficient to buy the kinds and amounts of coverage you requested, we will provide only the kinds and amounts of coverage that can be purchased for the premium payment we received.

- a. For the purpose of determining whether your premium payment is sufficient to buy the kinds and amounts of coverage you requested, we will first deduct the costs of all applicable fees and surcharges.
- b. If the amount paid, after deducting the costs of all applicable fees and surcharges, is not sufficient to buy any amount of coverage, your payment will be refunded. Unless the policy is reformed to increase the coverage amount to the amount originally requested pursuant to VIII.E.3, this policy will be cancelled, and no claims will be paid under this policy.
- c. Coverage limits on the reformed policy will be based upon the amount of premium submitted per type of coverage, but will

not exceed the amount originally requested.

3. Discovery of Insufficient Premium or Rating Information. If we discover that your premium payment was not sufficient to buy the requested amount of coverage, the policy will be reformed as described in VIII.D.2. You have the option of increasing the amount of coverage resulting from this reformation to the amount you requested as follows:

- a. **Insufficient Premium.** If we discover that your premium payment was not sufficient to buy the requested amount of coverage, we will send you, and any mortgagee or trustee known to us, a bill for the required additional premium for the current policy term (or that portion of the current policy term following any endorsement changing the amount of coverage). If it is discovered that the initial amount charged to you for any fees or surcharges is incorrect, the difference will be added or deducted, as applicable, to the total amount in this bill.

(1) If you or the mortgagee or trustee pay the additional amount due within 30 days

from the date of our bill, we will reform the policy to increase the amount of coverage to the originally requested amount, effective to the beginning of the current policy term (or subsequent date of any endorsement changing the amount of coverage).

(2) If you or the mortgagee or trustee do not pay the additional amount due within 30 days of the date of our bill, any flood insurance claim will be settled based on the reduced amount of coverage.

(3) As applicable, you have the option of paying all or part of the amount due out of a claim payment based on the originally requested amount of coverage.

b. Insufficient Rating Information.

If we determine that the rating information we have is insufficient and prevents us from calculating the additional premium, we will ask you to send the required information. You must submit the information within 60 days of our request.

(1) If we receive the information within 60 days of our request, we will determine the amount of additional premium for the current policy term and follow the procedure in VIII.D.3.a above.

(2) If we do not receive the information within 60 days of our request, no claims will be paid until the requested information is provided. Coverage will be limited to the amount of coverage that can be purchased for the payments we received, as determined when the requested information is provided.

4. Coverage Increases. If we do not receive the amount requested in VIII.D.3.a or VIII.D.4.a, or the additional information requested in VIII.D.3.b or VIII.D.4.b by the date it is due, the amount of coverage under this policy can only be increased by endorsement subject to the appropriate waiting period. However, no coverage increases will be allowed until you have provided the information requested in VIII.D.3.b or VIII.D.4.b.

5. Falsifying Information. However, if we find that you or your agent intentionally did not tell us, or falsified, any important fact or circumstance or did anything fraudulent relating to this insurance, the provisions of IX.A apply.

E. Policy Renewal

1. This policy will expire at 12:01 a.m. on the last day of the policy term.
2. We must receive the payment of the appropriate renewal premium within 30 days of the expiration date.
3. If we find, however, that we did not place your renewal notice into the U.S. Postal Service, or if we did mail it, we made a mistake, e.g., we used an incorrect, incomplete, or illegible address, which delayed its delivery to you before the due date for the renewal premium, then we will follow these procedures:
 - a. If you or your agent notified us, not later than one year after the date on which the payment of the renewal premium was due, of non-receipt of a renewal notice before the due date for the renewal premium, and we determine that the circumstances in the preceding paragraph apply, we will mail a second bill providing a revised due date, which will be 30 days after the date on which the bill is mailed.
 - b. If we do not receive the premium requested in the second bill by the revised due date, then we will not renew the policy. In that case, the policy will remain as an expired policy as of the expiration date shown on the Declarations Page.
 - c. In connection with the renewal of this policy, we may ask you during the policy term to recertify, on a Recertification Questionnaire that we will provide you, the rating information used to rate your most recent application for or renewal of insurance.

F. Conditions Suspending or Restricting Insurance

We are not liable for loss that occurs while there is a hazard that is increased by any means within your control or knowledge.

G. Requirements in Case of Loss

In case of a flood loss to insured property, you must:

1. Give prompt written notice to us;
2. As soon as reasonably possible, separate the damaged and undamaged property, putting it in the best possible order so that we may examine it;
3. Prepare an inventory of damaged property showing the quantity, description, actual cash value, and amount of loss. Attach all bills, receipts, and related documents;
4. Within 60 days after the loss, send us a proof of loss, which is your statement of the amount you are claiming under the policy signed and sworn to by you, and which furnishes us with the following information:
 - a. The date and time of loss;
 - b. A brief explanation of how the loss happened;
 - c. Your interest (for example, "owner") and the interest, if any, of others in the damaged property;
 - d. Details of any other insurance that may cover the loss;

- e. **Changes in title or occupancy of the insured property during the term of the policy;**
- f. **Specifications of damaged buildings and detailed repair estimates;**
- g. **Names of mortgagees or anyone else having a lien, charge, or claim against the insured property;**
- h. **Details about who occupied any insured building at the time of loss and for what purpose; *and***
- i. **The inventory of damaged personal property described in G.3 above.**

5. In completing the proof of loss, you must use your own judgment concerning the amount of loss and justify that amount.

6. You must cooperate with the adjuster or representative in the investigation of the claim.

- 7. The insurance adjuster whom we hire to investigate your claim may furnish you with a proof of loss form, and she or he may help you complete it. However, this is a matter of courtesy only, and you must still send us a proof of loss within 60 days after the loss even if the adjuster does not furnish the form or help you complete it.
- 8. We have not authorized the adjuster to approve or disapprove claims or to tell you whether we will approve your claim.
- 9. At our option, we may accept the adjuster's report of the loss instead of your proof of loss. The adjuster's report will include information about your loss and the damages you sustained. You must sign the

adjuster's report. At our option, we may require you to swear to the report.

H. Our Options After a Loss

Options we may, in our sole discretion, exercise after loss include the following:

- 1. At such reasonable times and places that we may designate, you must:**
 - a. **Show us or our representative the damaged property;**
 - b. **Submit to examination under oath, while not in the presence of another insured, and sign the same; *and***
 - c. **Permit us to examine and make extracts and copies of:**
 - (1) Any policies of property insurance insuring you against loss and the deed establishing your ownership of the insured real property;**
 - (2) Condominium association documents including the Declarations of the condominium, its Articles of Association or Incorporation, Bylaws, and rules and regulations; *and***
 - (3) All books of accounts, bills, invoices and other vouchers, or certified copies pertaining to the damaged property if the originals are lost.**

2. We may request, in writing, that you furnish us with a complete inventory of the lost, damaged, or destroyed property, including:

- a. Quantities and costs;
- b. Actual cash values or replacement cost (whichever is appropriate);
- c. Amounts of loss claimed;
- d. Any written plans and specifications for repair of the damaged property that you can reasonably make available to us; *and*
- e. Evidence that prior flood damage has been repaired.

3. If we give you written notice within 30 days after we receive your signed, sworn proof of loss, we may:

- a. Repair, rebuild, or replace any part of the lost, damaged, or destroyed property with material or property of like kind and quality or its functional equivalent; *and*
- b. Take all or any part of the damaged property at the value that we agree upon or its appraised value.

I. No Benefit to Bailee

No person or organization, other than you, having custody of insured property will benefit from this insurance.

J. Loss Payment

- 1. We will adjust all losses with you. We will pay you unless some other person or entity is named in the policy or is legally entitled to receive payment. Loss will be payable 60 days after we receive your proof of loss (or within 90 days after the insurance adjuster files the adjuster's report signed and sworn to by you in lieu of a proof of loss) and:
 - a. We reach an agreement with you;
 - b. There is an entry of a final judgment; *or*
 - c. There is a filing of an appraisal award with us, as provided in VIII.M.
- 2. If we reject your proof of loss in whole or in part you may:
 - a. Accept our denial of your claim;
 - b. Exercise your rights under this policy; *or*
 - c. File an amended proof of loss as long as it is filed within 60 days of the date of the loss.

K. Abandonment

You may not abandon damaged or undamaged insured property to us.

L. Salvage

We may permit you to keep damaged insured property after a loss, and we will reduce the amount of the loss proceeds payable to you under the policy by the value of the salvage.

M. Appraisal

If you and we fail to agree on the actual cash value or, if applicable, replacement cost of the damaged property so as to determine the amount of loss, then either may demand an appraisal of the loss. In this event, you and we will each choose a competent and impartial appraiser within 20 days after receiving a written request from the other. The two appraisers will choose an umpire. If they cannot agree upon an umpire within 15 days, you or we may request that the choice be made by a judge of a court of record in the state where the insured property is located. The appraisers will separately state the actual cash value, the replacement cost, and the amount of loss to each item. If the appraisers submit a written report of an agreement to us, the amount agreed upon will be the amount of loss. If they fail to agree, they will submit their differences to the umpire. A decision agreed to by any two will set the amount of actual cash value and loss, or if it applies, the replacement cost and loss.

Each party will:

1. Pay its own appraiser; *and*
2. Bear the other expenses of the appraisal and umpire equally.

N. Mortgage Clause

1. The word “mortgagee” includes trustee.
2. Any loss payable under Coverage A—Building Property will be paid to any mortgagee of whom we have actual notice, as well as any other mortgagee or loss payee determined to exist at the time of loss, and you, as interests appear. If more than one mortgagee is named, the order of payment will be the same as the order of precedence of the mortgages.
3. If we deny your claim, that denial will not apply to a valid claim of the mortgagee, if the mortgagee:
 - a. Notifies us of any change in the ownership or occupancy, or substantial change in risk of which the mortgagee is aware;
 - b. Pays any premium due under this policy on demand if you have neglected to pay the premium; *and*
 - c. Submits a signed, sworn proof of loss within 60 days after receiving notice from us of your failure to do so.

4. All terms of this policy apply to the mortgagee.
5. The mortgagee has the right to receive loss payment even if the mortgagee has started foreclosure or similar action on the building.
6. If we decide to cancel or not renew this policy, it will continue in effect for the benefit of the mortgagee only for 30 days after we notify the mortgagee of the cancellation or non-renewal.
7. If we pay the mortgagee for any loss and deny payment to you, we are subrogated to all the rights of the mortgagee granted under the mortgage on the property. Subrogation will not impair the right of the mortgagee to recover the full amount of the mortgagee’s claim.

O. Suit Against Us

You may not sue us to recover money under this policy unless you have complied with all the requirements of the policy. If you do sue, you must start the suit within one year of the date of the written denial of all or part of the claim, and you must file the suit in the United States District Court of the district in which the insured property was located at the time of loss. This requirement applies to any claim that

you may have under this policy and to any dispute that you may have arising out of the handling of any claim under the policy.

P. Subrogation

Whenever we make a payment for a loss under this policy, we are subrogated to your right to recover for that loss from any other person. That means that your right to recover for a loss that was partly or totally caused by someone else is automatically transferred to us, to the extent that we have paid you for the loss. We may require

you to acknowledge this transfer in writing. **After the loss, you may not give up our right to recover this money or do anything that would prevent us from recovering it. If you make any claim against any person who caused your loss and recover any money, you must pay us back first before you may keep any of that money.**

Q. Continuous Lake Flood

- 1. If an insured building has been flooded by rising lake waters continuously for 90 days or more and it appears reasonably certain that a continuation of this flooding will result in an insured loss to the insured building equal to or greater than the building policy limits plus the deductible or the maximum payable under the policy for any one building loss, we will pay you the lesser of these two amounts without waiting for the further damage to occur if you sign a release agreeing:**

- a. To make no further claim under this policy;**
- b. Not to seek renewal of this policy;**
- c. Not to apply for any flood insurance under the Act for property at the described location;**
- d. Not to seek a premium refund for current or prior terms.**

If the policy term ends before the insured building has been flooded continuously for 90 days, the provisions of this paragraph Q.1 will apply when the insured building suffers a covered loss before the policy term ends.

- 2. If your insured building is subject to continuous lake flooding from a closed basin lake, you may elect to file a claim under either paragraph Q.1 above or this paragraph Q.2 (A “closed basin lake” is a natural lake from which water leaves primarily through evaporation and whose surface area now exceeds or has exceeded one square mile at any time in the recorded past. Most of the nation’s closed basin lakes are in the western half of the United States where annual evaporation exceeds annual precipitation and where lake levels and surface areas are subject to considerable**

fluctuation due to wide variations in the climate. These lakes may overtop their basins on rare occasions.) Under this paragraph Q.2, we will pay your claim as if the building is a total loss even though it has not been continuously inundated for 90 days, subject to the following conditions:

- a. Lake floodwaters must damage or imminently threaten to damage your building.
- b. Before approval of your claim, you must:
 - (1) Agree to a claim payment that reflects your buying back the salvage on a negotiated basis; *and*
 - (2) Grant the conservation easement contained in FEMA's "Policy Guidance for Closed Basin Lakes," to be recorded in the office of the local recorder of deeds. FEMA, in consultation with the community in which the property is located, will identify on a map an area or areas of special consideration (ASC) in which there is a potential for flood damage from continuous lake flooding. FEMA will give the community the agreed-upon

map showing the ASC. This easement will only apply to that portion of the property in the ASC. It will allow certain agricultural and recreational uses of the land. The only structures that it will allow on any portion of the property within the ASC are certain simple agricultural and recreational structures. If any of these allowable structures are insurable buildings under the NFIP and are insured under the NFIP, they will not be eligible for the benefits of this paragraph Q.2. If a U.S. Army Corps of Engineers certified flood control project or otherwise certified flood control project later protects the property, FEMA will, upon request, amend the ASC to remove areas protected by those projects. The restrictions of the easement will then no longer apply to any portion of the property removed from the ASC; *and*

- (3) Comply with paragraphs Q.1.a through Q.1.d above.
- c. Within 90 days of approval of your claim, you must move your building to a new location out-

side the ASC. FEMA will give you an additional 30 days to move if you show there is sufficient reason to extend the time.

d. Before the final payment of your claim, you must acquire an elevation certificate and a floodplain development permit from the local floodplain administrator for the new location of your building.

e. Before the approval of your claim, the community having jurisdiction over your building must:

(1) Adopt a permanent land use ordinance, or a temporary moratorium for a period not to exceed 6 months to be followed immediately by a permanent land use ordinance, that is consistent with the provisions specified in the easement required in paragraph Q.2.b above;

(2) Agree to declare and report any violations of this ordinance to FEMA so that under Section 1316 of the National Flood Insurance Act of 1968, as amended, flood insurance to the building can be denied; *and*

(3) Agree to maintain as deed-restricted, for purposes compatible with open space or agricultural or recreational use only, any affected property the community acquires an interest in. These deed restrictions must be consistent with the provisions of paragraph Q.2.b above, except that even if a certified project protects the property, the land use restrictions continue to apply if the property was acquired under the Hazard Mitigation Grant Program or the Flood Mitigation Assistance Program. If a non-profit land trust organization receives the property as a donation, that organization must maintain the property as deed-restricted, consistent with the provisions of paragraph Q.2.b above.

f. Before the approval of your claim, the affected State must take all action set forth in FEMA's "Policy Guidance for Closed Basin Lakes."

g. You must have NFIP flood insurance coverage continuously in effect from a date established by FEMA until you file a claim

under this paragraph Q.2. If a subsequent owner buys NFIP insurance that goes into effect within 60 days of the date of transfer of title, any gap in coverage during that 60-day period will not be a violation of this continuous coverage requirement. For the purpose of honoring a claim under this paragraph Q.2, we will not consider to be in effect any increased coverage that became effective after the date established by FEMA. The exception to this is any increased coverage in the amount suggested by your insurer as an inflation adjustment.

h. This paragraph Q.2 will be in effect for a community when the FEMA Regional Administrator for the affected region provides to the community, in writing, the following:

- (1) Confirmation that the community and the State are in compliance with the conditions in paragraphs Q2.e and Q.2.f above, *and*
- (2) The date by which you must have flood insurance in effect.

R. Loss Settlement

1. Introduction

This policy provides three methods of settling losses: Replacement Cost, Special Loss Settlement, and Actual Cash Value. Each method is used for a different type of property, as explained in a–c below.

a. Replacement Cost Loss, Settlement described in R.2 below applies to buildings other than manufactured homes or travel trailers.

- b. **Special Loss Settlement**, described in R.3 below applies to a residential condominium building that is a travel trailer or a manufactured home.
- c. **Actual Cash Value loss settlement** applies to all other property insured under this policy, as outlined in R.4. below.

2. Replacement Cost Loss Settlement

- a. We will pay to repair or replace a damaged or destroyed building, after application of the deductible and without deduction for depreciation, but not more than the least of the following amounts:
 - (1) The amount of insurance in this policy that applies to the building;
 - (2) The replacement cost of that part of the building damaged, with materials of like kind and quality, and for like occupancy and use; *or*
 - (3) (The necessary amount actually spent to repair or replace the damaged part of the building for like occupancy and use.
- b. We will not be liable for any loss on a Replacement Cost Coverage basis unless and until actual repair or replacement of the damaged building or parts thereof, is completed.
- c. If a building is rebuilt at a location other than the described location, we will pay no more than it would have cost to repair or rebuild at the described location, subject to all other terms of Replacement Cost Loss Settlement.

3. Special Loss Settlement

- a. The following loss settlement conditions apply to a residential condominium building that is:
 - (1) a manufactured home or travel trailer, as defined in II.C.6.b and c, *and*

(2) at least 16 feet wide when fully assembled and has at least 600 square feet within its perimeter walls when fully assembled.

b. If such a building is totally destroyed or damaged to such an extent that, in our judgment, it is not economically feasible to repair, at least to its pre-damaged condition, we will, at our discretion, pay the least of the following amounts:

(1) The lesser of the replacement cost of the manufactured home or travel trailer or 1.5 times the actual cash value; or

(2) The Building Limit of liability shown on your Declarations Page.

c. If such a manufactured home or travel trailer is partially damaged and, in our judgment, it is economically feasible to repair it to its pre-damaged condition, we will settle the loss according to the Replacement Cost Loss Settlement conditions in R.2 above.

4. Actual Cash Value Loss Settlement

a. The types of property noted below are subject to actual cash value loss settlement:

(1) Personal property;

(2) Insured property abandoned after a loss and that remains as debris at the described location;

(3) Outside antennas and aerials, awning, and other outdoor equipment;

(4) Carpeting and pads;

(5) Appliances; *and*

(6) A manufactured home or mobile home or a travel trailer as defined in II.C.6.b or c that does not meet the conditions for special loss settlement in R.3 above.

b. We will pay the least of the following amounts:

(1) The applicable amount of insurance under this policy;

(2) The actual cash value, as defined in II.C.2; *or*

(3) The amount it would cost to repair or replace the property with material of like kind and quality within a reasonable time after the loss.

IX. POLICY NULLIFICATION, CANCELLATION, AND NON-RENEWAL

A. Policy Nullification for Fraud, Misrepresentation, or Making False Statements

1. With respect to all insureds under this policy, this policy is void and has no legal force and effect if at any time, before or after a loss, you or any other insured or your agent have, with respect to this policy or any other NFIP insurance:

a. Concealed or misrepresented any material fact or circumstance;

b. Engaged in fraudulent conduct; *or*

c. Made false statements.

2. Policies voided under A.1 cannot be renewed or replaced by a new NFIP policy.

3. Policies are void as of the date the acts described in A.1.above were committed.

4. Fines, civil penalties, and imprisonment under applicable Federal laws may also apply to the acts of fraud or concealment described above.

B. Policy Nullification for Reasons Other Than Fraud

1. This policy is void from its inception, and has no legal force or effect, if:

a. The property listed on the application is located in a community that was not participating in the NFIP on this policy's inception date and did not join or reenter the program during the policy term and before the loss occurred;

b. The property listed on the application is otherwise not eligible for coverage under the NFIP at the time of the initial application;

c. You never had an insurable interest in the property listed on the application;

d. You provided an agent with an application and payment, but the payment did not clear; *or*

e. We receive notice from you, prior to the policy effective date, that you have determined not to take the policy and you are not subject a requirement to obtain and maintain flood insurance pursuant to any statute, regulation, or contract.

2. In such cases, you will be entitled to a full refund of all premium, fees, and surcharges received. However, if a claim was paid for a policy that is void, the claim payment must be returned to FEMA or offset from the

premiums to be refunded before the refund will be processed.

C. Cancellation of the Policy by You

1. You may cancel this policy in accordance with the terms and conditions of this policy and the applicable rules and regulations of the NFIP.
2. If you cancel this policy, you may be entitled to a full or partial refund of premium, surcharges, or fees under the terms and conditions of this policy and the applicable rules and regulations of the NFIP.

D. Cancellation of the Policy by Us

1. Cancellation for Underpayment of Amounts Owed on This Policy. This policy will be cancelled, pursuant to VIII.D.2, if it is determined that the premium amount you paid is not sufficient to buy any amount of coverage, and you do not pay the additional amount of premium owed to increase the coverage to the originally requested amount within the required time period.

2. Cancellation Due to Lack of an Insurable Interest.

a. If you no longer have an insurable interest in the insured property, we will cancel this policy. You will cease to have an insurable interest if:

- (1) For building coverage, the building was sold, destroyed, or removed.
- (2) For contents coverage, the contents were sold or transferred ownership,

or the contents were completely removed from the described location.

- b. If your policy is cancelled for this reason, you may be entitled to a partial refund of premium under the applicable rules and regulations of the NFIP.

3. Cancellation of Duplicate Policies.

- a. Except as allowed under Article I.F, your property may not be insured by more than one NFIP policy, and payment for damages to your property will only be made under one policy.
- b. Except as allowed under Article I.G, if the property is insured by more than one NFIP policy, we will cancel all but one of the policies. The policy, or policies, will be selected for cancellation in accordance with 44 CFR 62.5 and the applicable rules and guidance of the NFIP.
- c. If this policy is cancelled pursuant to VIII.D.3.a, you may

be entitled to a full or partial refund of premium, surcharges, or fees under the terms and conditions of this policy and the applicable rules and regulations of the NFIP.

4. Cancellation Due to Physical Alteration of Property

- a. If the insured building has been physically altered in such a manner that it is no longer eligible for flood insurance coverage, we will cancel this policy.
- b. If your policy is cancelled for this reason, you may be entitled to a partial refund of premium under the terms and conditions of this policy and the applicable rules and regulations of the NFIP.

E. Non-Renewal of the Policy by Us

Your policy will not be renewed if:

- 1. The community where your insured property is located is suspended or stops participating in the NFIP;
- 2. Your building is otherwise ineligible for flood insurance under the Act;
- 3. You have failed to provide the information we requested for the purpose of rating the policy within the required deadline.

X. LIBERALIZATION CLAUSE

If we make a change that broadens your coverage under this edition of our policy, but does not require any additional premium, then that change will automatically apply to your insurance as of the date we implement the

change, provided that this implementation date falls within 60 days before or during the policy term stated on the Declarations Page.

XI. WHAT LAW GOVERNS

This policy and all disputes arising from the insurer's policy issuance, policy administration, or the handling of any claim under the policy are governed exclusively by the flood

insurance regulations issued by FEMA, the National Flood Insurance Act of 1968, as amended (42 U.S.C. 4001, et seq.), and Federal common law.

In Witness Whereof, we have signed this policy below and hereby enter into this Insurance Agreement.



Deputy Associate Administrator
Federal Insurance and Mitigation Administration

Appendix I: Severe Repetitive Loss Properties

Subsection VII.5 Sample Letters is replaced as follows.

Policyholder Notice

IMPORTANT FLOOD INSURANCE POLICY INFORMATION

Property Address:

Policy Number:

Dear *<Insert Policyholder's Name>*,

Thank you for purchasing flood insurance through the National Flood Insurance Program (NFIP). Due to your property's flood insurance claim history, federal law requires us to identify it as a Severe Repetitive Loss (SRL) property. The NFIP will continue to offer flood insurance for your property, but how we service your policy will change and the cost of your policy may increase. You will also be eligible for enhanced mitigation assistance through FEMA's Flood Mitigation Assistance program. This letter will give you more information about what your property's SRL status means to you.

What is a Severe Repetitive Loss Property?

A Severe Repetitive Loss property is an NFIP-insured building:

- That has incurred flood-related damage for which four or more separate claim payments have been made, with the amount of each claim (including building and contents payments) exceeding \$5,000, and with the cumulative amount of such claim payments exceeding \$20,000; or
- For which at least two separate claim payments (building payments only) have been made under such coverage, with the cumulative amount of such claims exceeding the market value of the building.

In both instances, at least two of the claims must be within 10 years of each other, and claims made within 10 days of each other will be counted as one claim. In determining SRL status, FEMA considers the loss history since 1978, or from the building's construction if it was built after 1978, regardless of any changes in the ownership of the building.

What if I Do Not Think My Property Qualifies as a Severe Repetitive Loss Property?

We do everything we can to make sure that our claims and SRL records are complete and accurate. If you think your property's SRL status is in error, your agent can help you work with the NFIP to correct your property's status.

How Will the Servicing of My Flood Insurance Policy Change?

NFIP Direct, FEMA's direct servicing agent, services all flood insurance policies of SRL properties. That means you will keep your current agent, but we will move your policy from your

current flood insurer to NFIP Direct at your next renewal. Transferring your policy to NFIP Direct ensures that FEMA can more closely monitor your property and proactively identify mitigation assistance opportunities to help reduce your property's flood risk. Your flood insurance policy's coverages, terms, and conditions will not change.

You should receive a renewal premium bill 45 days before your current flood insurance policy expires. You will need to pay the full amount due by the date indicated to renew your policy. This is the only bill that you should pay.

Will My Premium Go Up Because of My Property's SRL Status?

In most cases, federal law and NFIP rating procedures require us to phase out any discounted rates an SRL property may have received and charge premiums that take into account an SRL property's high risk of future flooding. Your agent can explain how your premiums will change and how to make sure that your policy remains affordable.

How Do I Remove My Property's SRL Designation?

To remove your property's SRL designation, you will need to bring your building into compliance with your community's current floodplain management requirements using an available mitigation option. We know this comes with upfront expenses, but you will see an immediate decrease in your flood insurance premiums and will be protected from future flooding.

Will FEMA Help Me Mitigate My Property?

FEMA offers the Flood Mitigation Assistance (FMA) grant program annually to mitigate SRL properties. The FMA program may provide federal grant funds to pay for up to 100 percent of the cost of eligible mitigation activities, such as elevating your NFIP-insured structure. Mitigated properties may qualify for lower flood insurance premiums. To obtain additional information on the FMA program and other mitigation grant programs for residential and non-residential properties, please contact your local floodplain manager or state hazard mitigation officer, or go to the FEMA Hazard Mitigation Assistance webpage at www.fema.gov/hazard-mitigation-assistance.

Who Can I Contact with My Questions?

If you have questions about this letter and the SRL process, please contact your agent. You can also contact the FEMA Mapping and Insurance eXchange (FMIX) by calling 1-877-336-2627 or emailing FEMAMapSpecialist@riskmapcds.com.

Thank you for being a valued NFIP policyholder. We look forward to working with you to manage your flood risk.

Sincerely,

National Flood Insurance Program

Agent's Notice

IMPORTANT FLOOD INSURANCE POLICY INFORMATION

Policyholder's Name:

Property Address:

Policy Number:

Dear Agent,

Thank you for writing your client's flood insurance through the National Flood Insurance Program (NFIP).

Due to the flood insurance claim history for your client's property, federal law requires us to identify it as a Severe Repetitive Loss (SRL) property. The NFIP will continue to offer flood insurance for your client's property, but how we service the policy will change and the cost of the policy may increase. Your client will also be eligible for enhanced mitigation assistance through FEMA's Flood Mitigation Assistance program. This letter will give you more information about what your client's property's SRL status means to you.

What is a Severe Repetitive Loss Property?

A Severe Repetitive Loss property is an NFIP-insured building:

- That has incurred flood-related damage for which four or more separate claim payments have been made, with the amount of each claim (including building and contents payments) exceeding \$5,000, and with the cumulative amount of such claim payments exceeding \$20,000; or
- For which at least two separate claim payments (building payments only) have been made under such coverage, with the cumulative amount of such claims exceeding the market value of the building.

In both instances, at least two of the claims must be within 10 years of each other, and claims made within 10 days of each other will be counted as one claim. In determining SRL status, FEMA considers the loss history since 1978, or from the building's construction if it was built after 1978, regardless of any changes in the ownership of the building.

What if I Do Not Think My Client's Property Qualifies as a Severe Repetitive Loss Property?

We do everything we can to make sure that our claims and SRL records are complete and accurate. If you think your client's property's SRL status is in error, you can help your client work with the NFIP to correct the property's status.

How Will the Servicing of My Client's Flood Insurance Policy Change?

NFIP Direct, FEMA's direct servicing agent, services all flood insurance policies of SRL properties. That means you will remain the agent on the policy, but we will move your client's policy from the current flood insurer to NFIP Direct at the next renewal. Transferring the policy to NFIP Direct ensures that FEMA can more closely monitor your client's property and proactively identify mitigation assistance opportunities to help reduce your client's property's

flood risk. The flood insurance policy's coverages, terms, and conditions will not change. Your client should receive a renewal premium bill 45 days before the current flood insurance policy expires. Your client will need to pay the full amount due by the date indicated to renew the policy. This is the only bill that your client should pay.

Will My Client's Premium Go Up Because of the Property's SRL Status?

In most cases, federal law and NFIP rating procedures require us to phase out any discounted rates an SRL property may have received and charge premiums that take into account an SRL property's high risk of future flooding. The NFIP Direct can explain how your client's premiums will change.

How Do I Help My Client Remove the Property's SRL Designation?

To remove your client's property's SRL designation, your client will need to bring the building into compliance with the community's current floodplain management requirements using an available mitigation option. We know this comes with upfront expenses, but your client will see an immediate decrease in the flood insurance premiums and will be protected from future flooding.

Will FEMA Help My Client Mitigate the Property?

FEMA offers the Flood Mitigation Assistance (FMA) grant program annually to mitigate SRL properties. The FMA program may provide federal grant funds to pay for up to 100 percent of the cost of eligible mitigation activities, such as elevating the NFIP-insured structure. Mitigated properties may qualify for lower flood insurance premiums. To obtain additional information on the FMA program and other mitigation grant programs for residential and non-residential properties, please contact the local floodplain manager or state hazard mitigation officer, or go to the FEMA Hazard Mitigation Assistance webpage at www.fema.gov/hazard-mitigation-assistance.

Who Can I Contact with My Questions?

If you have questions about this letter and the SRL process, please contact the FEMA Mapping and Insurance eXchange (FMIX) at by calling 1-877-336-2627 or emailing FEMAMapSpecialist@riskmapcds.com.

Sincerely,

National Flood Insurance Program

Lender's Notice

IMPORTANT FLOOD INSURANCE POLICY INFORMATION

Policyholder's Name:

Property Address:

Policy Number:

Dear Lender,

Due to the flood insurance claim history for your client's property, federal law requires us to identify it as a Severe Repetitive Loss (SRL) property. The NFIP will continue to offer flood insurance for your client's property, but how we service the policy will change and the cost of the policy may increase. Your client will also be eligible for enhanced mitigation assistance through FEMA's Flood Mitigation Assistance program. This letter will give you more information about what your client's property's SRL status means to you.

What is a Severe Repetitive Loss Property?

A Severe Repetitive Loss property is an NFIP-insured building:

- That has incurred flood-related damage for which four or more separate claim payments have been made, with the amount of each claim (including building and contents payments) exceeding \$5,000, and with the cumulative amount of such claim payments exceeding \$20,000; or
- For which at least two separate claim payments (building payments only) have been made under such coverage, with the cumulative amount of such claims exceeding the market value of the building.

In both instances, at least two of the claims must be within 10 years of each other, and claims made within 10 days of each other will be counted as one claim. In determining SRL status, FEMA considers the loss history since 1978, or from the building's construction if it was built after 1978, regardless of any changes in the ownership of the building.

What if I Do Not Think My Client's Property Qualifies as a Severe Repetitive Loss Property?

We do everything we can to make sure that our claims and SRL records are complete and accurate. If you think your client's property's SRL status is in error, you can help your client work with the NFIP to correct the property's status.

How Will the Servicing of My Client's Flood Insurance Policy Change?

NFIP Direct, FEMA's direct servicing agent, services all flood insurance policies of SRL properties. We will move your client's policy from the current flood insurer to NFIP Direct at the next renewal. Transferring the policy to NFIP Direct ensures that FEMA can more closely monitor your client's property and proactively identify mitigation assistance opportunities to help reduce your client's property's flood risk. The flood insurance policy's coverages, terms, and conditions will not change. Your client should receive a renewal premium bill 45 days

before the current flood insurance policy expires. Your client will need to pay the full amount due by the date indicated to renew the policy. This is the only bill that your client should pay

Will My Client's Premium Go Up Because of the Property's SRL Status?

In most cases, federal law and NFIP rating procedures require us to phase out any discounted rates an SRL property may have received and charge premiums that take into account an SRL property's high risk of future flooding. Your client's agent can explain how the premiums will change.

How Do I Help My Client Remove the Property's SRL Designation?

To remove your client's property's SRL designation, your client will need to bring the building into compliance with the community's current floodplain management requirements using an available mitigation option. We know this comes with upfront expenses, but your client will see an immediate decrease in the flood insurance premiums and will be protected from future flooding.

Will FEMA Help My Client Mitigate the Property?

FEMA offers the Flood Mitigation Assistance (FMA) grant program annually to mitigate SRL properties. The FMA program may provide federal grant funds to pay for up to 100 percent of the cost of eligible mitigation activities, such as elevating the NFIP-insured structure. Mitigated properties may qualify for lower flood insurance premiums. To obtain additional information on the FMA program and other mitigation grant programs for residential and non-residential properties, please contact the local floodplain manager or state hazard mitigation officer, or go to the FEMA Hazard Mitigation Assistance webpage at www.fema.gov/hazard-mitigation-assistance.

Who Can I Contact with My Questions?

If you have questions about this letter and the SRL process, please contact the FEMA Mapping and Insurance eXchange (FMIX) at by calling 1-877-336-2627 or emailing FEMAMapSpecialist@riskmapcds.com.

Sincerely,

National Flood Insurance Program

Appendix L: Definitions

The definition of “building in the course of construction” on page L-1 is changed to “building under construction” as follows:

April 2021 FIM	April 2021 FIM with October 2021 Update
Building in the Course of Construction	Building Under Construction
A walled and roofed building (see the Before You Start section for exceptions) that is principally above ground and affixed to a permanent site. It does not include building materials or supplies intended for use in construction, alteration, or repair unless such materials or supplies are within an enclosed building on the premises	A building that may be insured before it is walled and roofed, using the NFIP-issued rates based on the construction designs and the intended use of the building. The building must be principally above ground and affixed to a permanent site. It does not include building materials or supplies intended for use in construction, alteration, or repair unless such materials or supplies are within an enclosed building on the premises.

The definition of “deductible” on page L-3 is changed as follows:

April 2021 FIM	April 2021 FIM with October 2021 Update
Deductible	Deductible
The fixed amount of an insured loss that is the responsibility of the insured and that is deducted before any amounts are paid for the insured loss under the insurance pol	The fixed amount of an insured loss that is the responsibility of the policyholder and that is deducted before any amounts are paid for the insured loss under the insurance policy.

Non-Applicable Changes

The following changes are made to the April 2021 NFIP Flood Insurance Manual to comply with the rule “Conforming Changes To Reflect the Biggert-Waters Flood Insurance Reform Act of 2012 (BW-12) and the Homeowner Flood Insurance Affordability Act of 2014 (HFIAA), and Additional Clarifications for Plain Language.” However, they are not expected to impact renewals under the legacy rating plan and therefore are not applicable for purposes of this Flood Insurance Manual.

Section 2 Before You Start

On page 2-11, subsection V.A.3 Effective Dates for New Policies – Post-Wildfire Exception to Waiting Periods is replaced as follows:

April 2021 FIM	April 2021 FIM with October 2021 Update
Waiting Periods – Post-Wildfire Exception	Waiting Periods – Post-Wildfire Exception
Coverage becomes effective immediately if: a. The covered property experiences damage caused by flood that originated on federal land; b. Post-wildfire conditions on federal lands caused or worsened the flooding; and c. The insured purchased the policy either: i. Before the fire containment date; or ii. During the 60-calendar day period following the fire containment date.	Coverage becomes effective after a 1-day waiting period if: a. The insured property is privately-owned (property not owned by a federal, state, local, territorial, or tribal government) and experiences damage caused by a flood that originated on federal land; b. Post-wildfire conditions on federal lands caused or worsened the flooding; and c. The policyholder purchased the new, additional, or increased coverage either: i. On or before the fire containment date; or ii. During the 60-calendar day period following the fire containment date.

Instances of “payment” are changed to “full amount due” on page 2-12, Table 8. Effective Date of a New Policy with a 30-day Waiting Period as follows:

April 2021 FIM		April 2021 FIM with October 2021 Update	
Table 8. Effective Date of a New Policy with a 30-day Waiting Period		Table 8. Effective Date of a New Policy with a 30-day Waiting Period	
Receipt Date	Effective Date	Receipt Date	Effective Date
If the insurer receives the application and payment within 10 calendar days from the application date (application date plus 9 days)	The effective date will be 12:01 a.m. (local time) on the 30th calendar day after the application date.	If the insurer receives the application and full amount due within 10 calendar days from the application date (application date plus 9 days)	The effective date will be 12:01 a.m. (local time) on the 30th calendar day after the application date.
If the application and payment are mailed by certified mail within 4 calendar days from the application date (application date plus 3 days), regardless of when the insurer receives them	The effective date will be 12:01 a.m. (local time) on the 30th calendar day after the application date.	If the application and full amount due are mailed by certified mail within 4 calendar days from the application date (application date plus 3 days), regardless of when the insurer receives them	The effective date will be 12:01 a.m. (local time) on the 30th calendar day after the application date.
If the insurer receives the application and payment after 10 or more calendar days from the application date (application date plus 9 days) and the application and payment were NOT mailed by certified mail within 4 calendar days from the application date (application date plus 3 days)	The effective date will be 12:01 a.m. (local time) on the 30th calendar day after the insurer's receipt date.	If the insurer receives the application and full amount due after 10 or more calendar days from the application date (application date plus 9 days) and the application and payment were NOT mailed by certified mail within 4 calendar days from the application date (application date plus 3 days)	The effective date will be 12:01 a.m. (local time) on the 30th calendar day after the insurer's receipt date.

Instances of “payment” are changed to “full amount due” on page 2-13, Table 9. Effective Date of a New Policy with a 1-day Waiting Period are changed as follows:

April 2021 FIM		April 2021 FIM with October 2021 Update	
Table 9. Effective Date of a New Policy with a 1-day Waiting Period		Table 9. Effective Date of a New Policy with a 1-day Waiting Period	
Receipt Date	Effective Date	Receipt Date	Effective Date
If the insurer receives the application and payment <i>within 10</i> calendar days from the application date (application date plus 9 days)	The effective date will be 12:01 a.m. (local time) on the next calendar day after the application date.	If the insurer receives the application and full amount due <i>within 10</i> calendar days from the application date (application date plus 9 days)	The effective date will be 12:01 a.m. (local time) on the next calendar day after the application date.
If the application and payment are mailed by certified mail within 4 calendar days from the application date (application date plus 3 days), regardless of when the insurer receives them	The effective date will be 12:01 a.m. (local time) on the next calendar day after the application date	If the application and full amount due are mailed by certified mail within 4 calendar days from the application date (application date plus 3 days), regardless of when the insurer receives them	The effective date will be 12:01 a.m. (local time) on the next calendar day after the application date
If the insurer receives the application and payment after 10 or more calendar days from the application date (application date plus 9 days) and the application and payment were NOT mailed by certified mail within 4 calendar days from the application date (application date plus 3 days)	The effective date will be 12:01 a.m. (local time) on the next calendar day after the insurer's receipt date.	If the insurer receives the application and full amount due after 10 or more calendar days from the application date (application date plus 9 days) and the application and full amount due were NOT mailed by certified mail within 4 calendar days from the application date (application date plus 3 days)	The effective date will be 12:01 a.m. (local time) on the next calendar day after the insurer's receipt date.

Instances of “payment” are changed to “full amount due” on page 2-13, Table 10. Effective Date of a New Policy with No Waiting Period is changed as follows:

April 2021 FIM		April 2021 FIM with October 2021 Update	
Table 10. Effective Date of a New Policy with No Waiting Period		Table 10. Effective Date of a New Policy with No Waiting Period	
Receipt Date	Effective Date	Receipt Date	Effective Date
If the lender, title company, or settlement attorney pays the premium		If the lender, title company, or settlement attorney pays the premium	
If the insured requests the policy on or before the loan transaction closing and the insurer receives the application and payment within 30 calendar days from the closing (closing date plus 29 days)	The effective date will be the loan closing date.	If the insured requests the policy on or before the loan transaction closing and the insurer receives the application and full amount due within 30 calendar days from the closing (closing date plus 29 days)	The effective date will be the loan closing date.
If the insured requests the policy on or before the loan transaction closing, and the insurer receives the application and payment after 30 calendar days from the closing (closing date plus 29 days or more)	The effective date will be the insurer's receipt date.	If the insured requests the policy on or before the loan transaction closing, and the insurer receives the application and full amount due after 30 calendar days from the closing (closing date plus 29 days or more)	The effective date will be the insurer's receipt date.
If the insured or other party not listed above pays the premium		If the insured or other party not listed above pays the premium	
If the insured requests the policy on or before the loan transaction closing, and the insurer receives the application and payment within 10 calendar days from the loan transaction closing (closing date plus 9 days)	The effective date will be the loan closing date.	If the insured requests the policy on or before the loan transaction closing, and the insurer receives the application and full amount due within 10 calendar days from the loan transaction closing (closing date plus 9 days)	The effective date will be the loan closing date.
If the insured requests the policy on or before the loan transaction closing, and the insurer receives the application and payment after 10 calendar days from the closing (closing date plus 9 days or more)	The effective date will be the insurer's receipt date.	If the insured requests the policy on or before the loan transaction closing, and the insurer receives the application and full amount due after 10 calendar days from the closing (closing date plus 9 days or more)	The effective date will be the insurer's receipt date.