

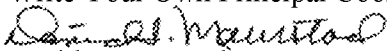


FEMA

W-07065

November 8, 2007

MEMORANDUM TO: Write Your Own Principal Coordinators and the NFIP Servicing Agent

FROM: 
David I. Maurstad
Federal Insurance Administrator
National Flood Insurance Program

SUBJECT: May 1, 2008, Program Changes

The purpose of this memorandum is to provide notification of the changes that the National Flood Insurance Program (NFIP) will implement effective May 1, 2008, as specified below:

- Implement premium increases averaging 8% for all classes, including an 8% increase to Preferred Risk Policies (PRPs).
- Increase the Federal Policy Fee to fund additional mapping efforts.
- Increase ICC premium for PRP policyholders from \$1 to \$6.
- Eliminate the Community Rating System (CRS) discount on NFIP policies for structures where the lowest floor elevation used for rating is at least 1 foot or more below the Base Flood Elevation with the exception of Post-FIRM V-Zone buildings with unfinished enclosures of 300 square feet or more that have breakaway walls. Inclusion of these V-Zone buildings will be considered at a later date following completion of our analysis.
- Add a new Risk Rating Method (FEMA Special Rates).
- Eliminate the Social Security Number on the Flood Insurance Application, Preferred Risk Policy Application, and General Change Endorsement.
- Require the WYO Companies to include a box on their flood application and endorsement to indicate when flood coverage is a lender requirement without a waiting period.
- Require the WYO Companies to obtain eligibility recertification of PRPs at renewal when there has been a map change during the policy term that may affect the insured property.
- Expand PRP eligibility to include more Other Residential and Non-Residential coverage options and residential condominium units.

May 1, 2008, Program Changes

November 8, 2007

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Please see the attached Summary for more details of these upcoming Program changes. A revised set of rate pages reflecting the rate modifications and Transaction Record Reporting and Processing (TRRP) Plan changes are included with this memorandum. Rate changes to Submit-for-Rate guidelines will be provided separately.

If you have any questions, please contact your WYO Business Analyst.

Attachments

cc: Vendors, IBHS, FIPNC, Government Technical Representative

Suggested Routing: Data Processing, Underwriting, Marketing

National Flood Insurance Program
May 1, 2008, Rate and Rule Changes: A Summary

Premiums will increase an average of 8% for policies written or renewed on or after May 1, 2008. This premium increase varies by zone as described below.

V Zones (coastal high-velocity zones)

Larger rate increases are being implemented again this year as a result of the Heinz Center's Erosion Zone Study, which clearly indicates that current rates significantly underestimate the increasing hazard from steadily eroding coastlines.

- **Post-FIRM V Zones:** Premiums will increase 10%.
- **Pre-FIRM V Zones:** Premiums will increase 10%.

A Zones (non-velocity zones, which are primarily riverine zones)

There will be increases that will keep our Post-FIRM rates at actuarial levels and that will slightly decrease the amount of subsidy in our Pre-FIRM rates.

- **Post-FIRM A1-A30 and AE Zones:** Premiums will increase 6% as indicated by our actuarial rate model.
- **Pre-FIRM AE Zones:** Premiums will increase 9%.
- **AO and AH Zones.** Premiums will increase 10%.
- **AOB and AHB Zones (shallow flooding zones):** Premiums will increase 6%.
- **Unnumbered A Zones (remote A Zones where elevations have not been determined):** Premiums will increase 8%.
- **A99 Zones (approved flood mitigation projects, e.g., levees still in the course of construction):** Premiums will increase 10%.
- **AR Zones:** Premiums will increase 10%.

X Zones (zones outside the Special Flood Hazard Area)

- **Standard Risk Policy:** Premiums will increase 10%.
- **Preferred Risk Policy (PRP):** Premiums will increase 8%. More Non-Residential coverage options are available, and building coverage is extended to Other Residential buildings.

Miscellaneous Items

- **CRS Discount:** Eliminated for structures where lowest floor elevation used for rating is at least 1 foot or more below the Base Flood Elevation with the exception of Post-FIRM V-Zone buildings with unfinished enclosures of 300 square feet or more that have breakaway walls. Inclusion of these V-Zone buildings will be considered at a later date following completion of our analysis.
- **Federal Policy Fee:** Increased from \$30 to \$35.
- **Increased Cost of Compliance:** Premium will increase from \$1 to \$6 for PRP policyholders.
- **Mortgage Portfolio Protection Program (MPPP):** Premiums will increase about 15%.

- **Flood Insurance Application, PRP Application, and General Change Endorsement:** Eliminate the Social Security Number and indicate when coverage is a lender requirement without a waiting period.
- **Preferred Risk Policy:** Eligibility recertification required at renewal when there has been a map change during the policy term that may affect the insured property.
- **New Risk Rating Method:** Developed for FEMA Special Rates not provided in the Specific Rating Guidelines.

TABLE 2. REGULAR PROGRAM -- PRE-FIRM CONSTRUCTION RATES^{1, 2}
ANNUAL RATES PER \$100 OF COVERAGE
(Basic/Additional)

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

OCCUPANCY		Single Family		2-4 Family		Other Residential		Non-Residential	
		Building	Contents	Building	Contents	Building	Contents	Building	Contents
BUILDING TYPE	No Basement/Enclosure	.76 / .54	.96 / 97	.76 / .54		.76 / 1.12		.83 / 1.07	
	With Basement	.81 / .79	.96 / .81	.81 / .79		.76 / .93		.88 / 1.05	
	With Enclosure	.81 / .96	.96 / .97	.81 / .96		.81 / 1.18		.88 / 1.33	
	Manufactured (Mobile) Home ³	.76 / .54	.96 / .97					.83 / 1.07	
CONTENTS LOCATION	Basement & Above				.96 / .81		.96 / .81		1.62 / 1.81
	Enclosure & Above				.96 / .97		.96 / .97		1.62 / 2.17
	Lowest Floor Only - Above Ground Level				.96 / .97		.96 / .97		1.62 / .95
	Lowest Floor Above Ground Level and Higher Floors				.96 / .67		.96 / .67		1.62 / .81
	Above Ground Level - More than One Full Floor				.35 / .12		.35 / .12		.24 / .12
	Manufactured (Mobile) Home ³								1.62 / .95

FIRM ZONES V, VE, V1-V30

OCCUPANCY		Single Family		2-4 Family		Other Residential		Non-Residential	
		Building	Contents	Building	Contents	Building	Contents	Building	Contents
BUILDING TYPE	No Basement/Enclosure	.99 / 1.35	1.23 / 2.32	.99 / 1.35		.99 / 2.50		1.10 / 2.59	
	With Basement	1.06 / 2.02	1.23 / 1.95	1.06 / 2.02		1.06 / 3.73		1.16 / 3.86	
	With Enclosure	1.06 / 2.38	1.23 / 2.31	1.06 / 2.38		1.06 / 4.17		1.16 / 4.31	
	Manufactured (Mobile) Home ³	.99 / 6.11	1.23 / 2.31					1.10 / 10.49	
CONTENTS LOCATION	Basement & Above				1.23 / 1.95		1.23 / 1.95		2.14 / 4.56
	Enclosure & Above				1.23 / 2.31		1.23 / 2.31		2.14 / 4.92
	Lowest Floor Only - Above Ground Level				1.23 / 2.31		1.23 / 2.31		2.14 / 4.13
	Lowest Floor Above Ground Level and Higher Floors				1.23 / 2.03		1.23 / 2.03		2.14 / 3.56
	Above Ground Level - More than One Full Floor				.47 / .29		.47 / .29		.45 / .39
	Manufactured (Mobile) Home ³								2.14 / 9.80

FIRM ZONES A99, B, C, X

OCCUPANCY		Single Family		2-4 Family		Other Residential		Non-Residential	
		Building	Contents	Building	Contents	Building	Contents	Building	Contents
BUILDING TYPE	No Basement/Enclosure	.78 / .21	1.20 / .37	.78 / .21		.74 / .21		.74 / .21	
	With Basement	.89 / .30	1.36 / .43	.89 / .30		.95 / .30		.95 / .30	
	With Enclosure	.89 / .34	1.36 / .49	.89 / .34		.95 / .34		.95 / .34	
	Manufactured (Mobile) Home ³	.78 / .38	1.20 / .37					.95 / .39	
CONTENTS LOCATION	Basement & Above				1.53 / .56		1.53 / .56		1.58 / .61
	Enclosure & Above				1.53 / .65		1.53 / .65		1.58 / .73
	Lowest Floor Only - Above Ground Level				1.20 / .59		1.20 / .59		.97 / .43
	Lowest Floor Above Ground Level and Higher Floors				1.20 / .37		1.20 / .37		.97 / .31
	Above Ground Level - More than One Full Floor				.35 / .12		.35 / .12		.22 / .12
	Manufactured (Mobile) Home ³								.85 / .53

¹ Start of construction or substantial improvement on or before 12/31/74, or before the effective date of the initial Flood Insurance Rate Map (FIRM). If FIRM Zone is unknown, use rates for Zones A, AE, A1-A30, AO, AH, D.

² Pre-FIRM buildings with subgrade crawl spaces that are below the Base Flood Elevation (BFE) may use optional Post-FIRM elevation rating. Follow the procedures from the Specific Rating Guidelines for policy processing.

³ The definition of Manufactured (Mobile) Home includes travel trailers. See page APP 3.

TABLE 3A. REGULAR PROGRAM -- POST-FIRM CONSTRUCTION RATES
ANNUAL RATES PER \$100 OF COVERAGE
(Basic/Additional)

FIRM ZONES A99, B, C, X

OCCUPANCY		Single Family		2-4 Family		Other Residential		Non-Residential	
		Building	Contents	Building	Contents	Building	Contents	Building	Contents
BUILDING TYPE	No Basement/Enclosure	.78 / .21	1.20 / .37	.78 / .21		.74 / .21		.74 / .21	
	With Basement	.89 / .30	1.36 / .43	.89 / .30		.95 / .30		.95 / .30	
	With Enclosure	.89 / .34	1.36 / .49	.89 / .34		.95 / .34		.95 / .34	
	Manufactured (Mobile) Home ¹	.78 / .38	1.20 / .37					.95 / .39	
CONTENTS LOCATION	Basement & Above				1.53 / .56		1.53 / .56		1.58 / .61
	Enclosure & Above				1.53 / .65		1.53 / .65		1.58 / .73
	Lowest Floor Only - Above Ground Level				1.20 / .59		1.20 / .59		.97 / .43
	Lowest Floor Above Ground Level and Higher Floors				1.20 / .37		1.20 / .37		.97 / .31
	Above Ground Level - More than One Full Floor				.35 / .12		.35 / .12		.22 / .12
	Manufactured (Mobile) Home ¹								.85 / .53

FIRM ZONE D

OCCUPANCY		Single Family		2-4 Family		Other Residential		Non-Residential	
		Building	Contents	Building	Contents	Building	Contents	Building	Contents
BUILDING TYPE	No Basement/Enclosure	1.11 / .38	1.11 / .69	1.11 / .38		1.20 / .69		1.20 / .69	
	With Basement	***	***	***		***		***	
	With Enclosure	***	***	***		***		***	
	Manufactured (Mobile) Home ¹	1.45 / .75	1.31 / .80					2.49 / .93	
CONTENTS LOCATION	Basement & Above				***		***		***
	Enclosure & Above				***		***		***
	Lowest Floor Only - Above Ground Level				1.11 / .69		1.11 / .69		1.95 / .62
	Lowest Floor Above Ground Level and Higher Floors				1.11 / .47		1.11 / .47		1.95 / .59
	Above Ground Level - More than One Full Floor				.35 / .12		.35 / .12		.24 / .12
	Manufactured (Mobile) Home ¹								1.95 / .62

FIRM ZONES AO, AH ("No Basement" Buildings Only)²

OCCUPANCY	Building		Contents	
	1-4 Family	Other Res & Non-Res	Residential	Non-Residential
With Certification of Compliance ³	.28 / .08	.23 / .08	.37 / .13	.23 / .13
Without Certification of Compliance or Elevation Certificate ⁴	.93 / .21	1.01 / .36	1.17 / .24	1.97 / .31

¹ The definition of Manufactured (Mobile) Home includes travel trailers. See page APP 3.

² Zones AO, AH Buildings With Basement/Enclosure: Submit for Rating

³ "With Certification of Compliance" rates are to be used when the Elevation Certificate shows that the lowest floor is equal to or greater than the community's elevation requirement.

⁴ "Without Certification of Compliance" rates are to be used only on Post-FIRM structures without an Elevation Certificate or when the Elevation Certificate shows that the lowest floor elevation of a Post-FIRM structure is less than the community's elevation requirement.

*** SUBMIT FOR RATING

TABLE 3B. REGULAR PROGRAM -- POST-FIRM CONSTRUCTION RATES
ANNUAL RATES PER \$100 OF COVERAGE
(Basic/Additional)

FIRM ZONES AE, A1-A30 -- BUILDING RATES

Elevation of Lowest Floor Above or Below BFE ¹	One Floor, No Basement/Encl		More than One Floor, No Basement/Encl		More than One Floor, With Basement/Encl		Manufactured (Mobile) Home ²	
	1-4 Family	Other Residential & Non-Residential	1-4 Family	Other Residential & Non-Residential	1-4 Family	Other Residential & Non-Residential	Single Family	Non-Residential
+4	.24 / .08	.20 / .08	.24 / .08	.20 / .08	.24 / .08	.20 / .08	.24 / .08	.20 / .08
+3	.24 / .08	.20 / .08	.24 / .08	.20 / .08	.24 / .08	.20 / .08	.25 / .08	.22 / .08
+2	.39 / .08	.26 / .08	.25 / .08	.20 / .08	.25 / .08	.20 / .08	.43 / .08	.34 / .08
+1	.74 / .08	.47 / .10	.48 / .08	.30 / .08	.32 / .08	.26 / .08	.88 / .09	.72 / .08
0	1.44 / .11	1.33 / .20	1.05 / .10	.81 / .15	.75 / .09	.61 / .16	2.25 / .11	1.83 / .09
-1 ³	3.80 / 1.39	5.39 / 1.35	3.34 / 1.21	3.65 / .62	1.90 / .67	1.75 / .70	***	***
-2	***	***	***	***	***	***	***	***

FIRM ZONES AE, A1-A30 -- CONTENTS RATES

Elevation of Lowest Floor Above or Below BFE ¹	Lowest Floor Only -- Above Ground Level (No Basement/Encl.)		Lowest Floor Above Ground Level & Higher Floors (No Basement/Encl.)		More than One Floor With Basement/Enclosure		Manufactured (Mobile) Home ²	
	Residential	Non-Residential	Residential	Non-Residential	Residential	Non-Residential	Single Family	Non-Residential
+4	.38 / .12	.22 / .12	.38 / .12	.22 / .12	.38 / .12	.22 / .12	.38 / .12	.22 / .12
+3	.38 / .12	.22 / .12	.38 / .12	.22 / .12	.38 / .12	.22 / .12	.38 / .12	.22 / .12
+2	.38 / .12	.22 / .12	.38 / .12	.22 / .12	.38 / .12	.22 / .12	.38 / .12	.31 / .14
+1	.52 / .12	.32 / .18	.38 / .12	.22 / .12	.38 / .12	.22 / .12	.59 / .12	.49 / .19
0	1.24 / .12	.78 / .39	.69 / .12	.53 / .24	.41 / .12	.32 / .12	1.27 / .12	1.15 / .58
-1 ³	3.74 / .75	2.41 / 1.10	2.11 / .58	1.61 / .70	.60 / .14	1.06 / .14	***	***
-2	***	***	***	***	***	***	***	***

FIRM ZONES AE, A1-A30 -- CONTENTS RATES

Elevation of Lowest Floor Above or Below BFE ¹	Above Ground Level More than One Full Floor			
	Single Family	2-4 Family	Other Residential	Non-Residential
+4		.35 / .12	.35 / .12	.22 / .12
+3		.35 / .12	.35 / .12	.22 / .12
+2		.35 / .12	.35 / .12	.22 / .12
+1		.35 / .12	.35 / .12	.22 / .12
0		.35 / .12	.35 / .12	.22 / .12
-1		.35 / .12	.35 / .12	.22 / .12
-2		.35 / .12	.37 / .12	.24 / .12

¹ If Lowest Floor is -1 because of attached garage, submit application for special consideration. Rate may be lower.

² The definition of Manufactured (Mobile) Home includes travel trailers. See page APP 3.

³ Use Submit-for-Rate guidelines if the enclosure below the lowest elevated floor of an elevated building or if the crawl space (under-floor space) that has its interior floor within 2 feet below grade on all sides, which is used for rating, is 1 or more feet below BFE.

*** SUBMIT FOR RATING

TABLE 3C. REGULAR PROGRAM -- POST-FIRM CONSTRUCTION RATES
ANNUAL RATES PER \$100 OF COVERAGE
(Basic/Additional)

UNNUMBERED ZONE A -- WITHOUT BASEMENT/ENCLOSURE¹

Elevation Difference to nearest foot	BUILDING RATES		CONTENTS RATES		TYPE OF ELEVATION CERTIFICATE
	Occupancy		Occupancy		
	1-4 Family	Other & Non-Residential	Residential ²	Non-Residential ²	
+5 or more	.36 / .10	.48 / .15	.62 / .12	.65 / .12	NO ESTIMATED BASE FLOOD ELEVATION ³
+2 to +4	1.09 / .13	1.00 / .20	.87 / .17	.98 / .23	
+1	2.09 / .64	2.25 / .75	1.54 / .57	1.46 / .72	
0 or below	***	***	***	***	
+2 or more	.41 / .08	.34 / .09	.51 / .12	.49 / .12	WITH THE ESTIMATED BASE FLOOD ELEVATION ⁴
0 to +1	1.06 / .12	.91 / .18	.85 / .16	.84 / .21	
-1	3.48 / 1.30	4.41 / 1.02	2.71 / .70	2.20 / 1.02	
-2 or below	***	***	***	***	
No Elevation Certificate ⁵	4.06 / 1.42	5.51 / 1.70	3.36 / 1.00	3.24 / 1.35	No Elevation Certificate

¹ Zone A building with basement (including crawl space below grade on all sides) or enclosure -- Submit for Rating.

² For elevation rated risks other than Single Family, when contents are located one floor or more above lowest floor used for rating -- use .35 / .12.

³ Elevation difference is the measured distance between the highest adjacent grade next to the building and the lowest floor of the building.

⁴ Elevation difference is the measured distance between the estimated BFE provided by the community or registered professional engineer, surveyor, or architect and the lowest floor of the building.

⁵ For building without basement or enclosure, Elevation Certificate is optional.

***** SUBMIT FOR RATING**

TABLE 3D. REGULAR PROGRAM -- POST-FIRM CONSTRUCTION RATES
ANNUAL RATES PER \$100 OF COVERAGE
(Basic/Additional)

FIRM ZONES '75-81, V1-V30, VE -- BUILDING RATES¹

Elevation of Lowest Floor Above or Below BFE	One Floor, No Basement/Encl		More than One Floor, No Basement/Encl		More than One Floor, With Basement/Encl		Manufactured (Mobile) Home ²	
	1-4 Family	Other Residential & Non-Residential	1-4 Family	Other Residential & Non-Residential	1-4 Family	Other Residential & Non-Residential	Single Family	Non-Residential
0 ³	2.53 / .46	3.07 / 1.19	2.05 / .46	2.22 / 1.11	1.78 / .46	1.99 / .90	3.80 / .38	5.43 / .34
-1 ⁴	5.41 / 2.77	8.07 / 4.45	4.95 / 2.77	6.95 / 3.38	3.51 / 2.51	3.68 / 3.43	***	***
-2	***	***	***	***	***	***	***	***

FIRM ZONES '75-81, V1-V30, VE -- CONTENTS RATES

Elevation of Lowest Floor Above or Below BFE	Lowest Floor Only -- Above Ground Level (No Basement/Encl.)		Lowest Floor Above Ground Level & Higher Floors (No Basement/Encl.)		More than One Floor With Basement/Enclosure		Manufactured (Mobile) Home ²	
	Residential	Non-Residential	Residential	Non-Residential	Residential	Non-Residential	Single Family	Non-Residential
0 ³	3.93 / .55	3.47 / 2.54	2.55 / .61	2.42 / 1.52	1.44 / .55	1.44 / .55	3.78 / .61	3.94 / 3.25
-1 ⁴	8.62 / 4.19	8.46 / 7.37	5.08 / 3.25	5.80 / 4.60	1.70 / .55	5.17 / .55	***	***
-2	***	***	***	***	***	***	***	***

FIRM ZONES '75-81, V1-V30, VE -- CONTENTS RATES

Elevation of Lowest Floor Above or Below BFE	Above Ground Level More than One Full Floor			
	Single Family	2-4 Family	Other Residential	Non-Residential
0 ³		.55 / .25	.55 / .25	.42 / .25
-1 ⁴		.55 / .25	.55 / .25	.42 / .25
-2		.55 / .25	.55 / .25	.46 / .25

¹ Policies for 1975 through 1981 Post-FIRM and Pre-FIRM buildings in Zones VE and V1-V30 will be allowed to use the Post-'81 V Zone rate table if the rates are more favorable to the insured. See instructions on page RATE 23 for V Zone Optional Rating.

² The definition of Manufactured (Mobile) Home includes travel trailers. See page APP 3.

³ These rates are to be used if the lowest floor of the building is at or above BFE.

⁴ Use Submit-for-Rate guidelines if the enclosure below the lowest elevated floor of an elevated building, which is used for rating, is 1 or more feet below BFE.

*** **SUBMIT FOR RATING**

FIRM ZONES '75-'81, UNNUMBERED V ZONE

SUBMIT FOR RATING

TABLE 3E. REGULAR PROGRAM -- POST-FIRM CONSTRUCTION RATES
ANNUAL RATES PER \$100 OF COVERAGE

1981 POST-FIRM V1-V30, VE ZONE RATES¹

Elevation of the lowest floor above or below BFE adjusted for wave height ²	Elevated Buildings Free of Obstruction ³				
	Contents		Building		
	Residential	Non-Residential	Replacement Cost Ratio .75 or More ⁴	Replacement Cost Ratio .50 to .74 ⁴	Replacement Cost Ratio Under .50 ⁴
+4 or more	.38	.38	.62	.83	1.26
+3	.38	.38	.75	1.01	1.52
+2	.55	.59	.97	1.30	1.95
+1	.96	1.03	1.41	1.88	2.63
0	1.47	1.58	1.81	2.42	3.40
-1	2.13	2.19	2.40	3.16	4.11
-2	2.96	3.12	3.15	4.13	5.27
-3	4.06	4.31	4.06	5.43	6.88
-4 or below	***	***	***	***	***

¹Policies for 1975 through 1981 Post-FIRM and Pre-FIRM buildings in Zones VE and V1-V30 will be allowed to use the Post-'81 V Zone rate table if the rates are more favorable to the insured. See instructions on page RATE 23 for V Zone Optional Rating.

²Wave height adjustment is not required in those cases where the Flood Insurance Rate Map indicates that the map includes wave height.

³Free of Obstruction—The space below the lowest elevated floor must be completely free of obstructions or any attachment to the building, or may have:

- (1) Insect screening, provided that no additional supports are required for the screening; or
- (2) Wooden or plastic lattice with at least 40 percent of its area open and made of material no thicker than ½ inch; or
- (3) Wooden or plastic slats or shutters with at least 40 percent of their area open and made of material no thicker than 1 inch.

Any of these systems must be designed and installed to collapse under stress without jeopardizing the structural support of the building, so that the impact on the building of abnormally high tides or wind-driven water is minimized. Any machinery or equipment below the lowest elevated floor must be at or above the BFE.

⁴These percentages represent building replacement cost ratios, which are determined by dividing the amount of building coverage being purchased by the replacement cost. See page RATE 20 for more details.

***** SUBMIT FOR RATING**

**1981 POST-FIRM V1-V30, VE ZONE
 Non-Elevated Buildings**

SUBMIT FOR RATING

1981 POST-FIRM UNNUMBERED V ZONE

SUBMIT FOR RATING

