NFIP MAP & ZONE GRANDFATHER RULES

What is the Grandfather Rule?

A community will occasionally make structural improvements (dams, levees, etc.) to reduce the potential effects of flooding; experience new development aggravating the flooding situation, thereby expanding the floodplain; revise geographical boundaries resulting in the designation of additional flood hazard areas; or provide information to better delineate the Base Flood Elevation (BFE) and/or flood insurance risk zones. When these situations occur, the Flood Insurance Rate Map (FIRM) is revised and republished.

The implementation of a new FIRM raises the question-- HOW DOES THE NEW MAP AFFECT FLOOD INSURANCE RATES?

To recognize policyholders who have remained loyal customers of the NFIP by maintaining continuous coverage and/or who have built in compliance with the FIRM, the Federal Insurance and Mitigation Administration has "Grandfather rules" to allow such policyholders to benefit in the rating for that building.

Pre-FIRM (construction prior to the date of the community's initial FIRM)

1. If a policy was obtained prior to the effective date of a map change, the policyholder is eligible to maintain the prior zone and base flood elevation as long as continuous coverage is maintained. The policy can be assigned to a new owner at the option of the policyholder.

2. If a building is Pre-FIRM and a policy was not obtained prior to the effective date of a map change, the applicant is eligible to receive the Pre-FIRM (subsidized) rates based on the new zone rather than the actuarial (elevation based) rates.

Post-FIRM (construction on or after the date of the community's initial FIRM)

1. If a policy was obtained prior to the effective date of a map change, the policyholder is eligible to maintain the prior zone and base flood elevation as long as continuous coverage is maintained. The policy can be assigned to a new owner at the option of the policyholder.

2. If a building was constructed in compliance with a specific FIRM, the owner is always eligible to obtain a policy using the zone and base flood elevation from that FIRM, provided that proof (refer to the Flood Insurance Manual, Rating section for acceptable documentation) is submitted to the insurance company. Continuous coverage is not required.

Preferred Risk Policies

1. Buildings written on Preferred Risk Policies are required to be located in zones B, C, or X on the FIRM in effect on the date of application and on the date of each subsequent renewal.

2. A building, which becomes ineligible for a Preferred Risk Policy due to a map change to a special flood hazard area, can be rewritten on a standard rated policy using zones B, C, or X.

FOR MORE INFORMATION, REFER TO THE FLOOD INSURANCE MANUAL, RATE PAGE 21

Go to http://www.fema.gov/nfip/manual.shtm
EFFECTS OF MAP REVISIONS ON FLOOD INSURANCE RATES (GRANDFATHER RULE)

FEMA Flood Insurance Rate Map (FIRM) revision becomes effective

Is structure Pre-FIRM?

YES

Property owner can purchase standard Pre-FIRM policy using current zone.  

NO

Does property owner have current NFIP policy?

YES

To be rated in flood zone B, C, or X (using standard rates) property owner must provide proof to insurance agent:
1. FIRM used at date of construction; or
2. Compliance letter from community official

NO

Is policy a Preferred Risk Policy (PRP)?

YES

Was structure built in compliance with a map in effect at start of construction? Building not altered so lowest floor for rating not lower than BFE? and substantially improved?

NO

Policy can maintain standard rates for Zones B, C, or X.

YES

Policy can keep PRP rates until renewal. Upon renewal, PRP will convert to standard rates for low-risk zone.

NO

Is structure in the Special Flood Hazard Area after the map revision?

YES

Does property owner have current NFIP policy?

NO

Property owner can maintain standard rates for Zones B, C, or X.

NO

Can keep PRP rates until renewal. Upon renewal, PRP will convert to standard rates for flood zone B, C, or X.

If structure was built in non-compliance, rates will be based on current map information.

Property owner must provide to insurance agent:
1. Elevation Certificate
2. FIRM showing old BFE or
3. Letter from community verifying information

1 If the start of construction was after the initial Flood Insurance Rate Map but before December 31, 1974, the "built in compliance rule" applies.
2 Post-FIRM rates may be used if a current elevation certificate demonstrates it will provide a more favorable rate.