

NFIP Rate and Coverage Changes Announced

This fall will see several changes to the National Flood Insurance Program, many of which were postponed from this May. Some are procedural and others are rate related. Some of the main changes, effective October 1, 2009, are summarized below.

1. The basic insurance limits (also called the first-tier rate) are being increased for all categories of buildings and contents. For example, the basic limit on building coverage for a 1-4 family dwelling is going from \$50,000 to \$60,000.
2. Rates are being raised again
 - a. Rates will go up by the 10% maximum
 - b. A zone rates will go up by the 10% maximum, except for AH and AO zones
 - c. X zone rates are going up by 8% (standard rates).
3. Minimum deductibles are going up as well. There will no longer be a \$500 deductible option. The standard deductible for pre-FIRM policies will be \$2000 (with an option of buying it down to \$1000). The post-FIRM deductible will be \$1000.
4. Whether the building is grandfathered or not will be captured (along with any pertinent information about the grandfathering) and it will be indicated on the declarations page if grandfathering was used for rating.
5. Two new building types (and diagrams) have been added: "elevated on crawlspace" and "non-elevated with sub-grade crawlspace."
6. WYO (write-your-own) companies will have to start reporting the source of the building construction date used in rating policies.

The Cypress Creek Flood Control Coalition, a member of the Association of State Floodplain Managers (ASFPM), issued this news announcement based on information recently received in the ASFPM's April monthly newsletter.

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