



# Preferred Risk Policy (PRP) 2-Year Eligibility Extension

Norm Ashford, FEMA Insurance Specialist  
303-235-4912

[Norman.ashford@dhs.gov](mailto:Norman.ashford@dhs.gov)

Erin May, NFIP Bureau & Stats Agent, Region VIII,  
iService Regional Manager

303-299-7873

[emay@ostglobal.com](mailto:emay@ostglobal.com)



# PRP 2 – Year Eligibility Extension



## Background

- Why are we doing it?
- What are we doing?
- How will we do it?

Participants: Please mute your phones unless you have a question

# PRP 2 – Year Eligibility Extension



## Background - Why are we doing this?

- For property owners, we are easing the transition of being newly designated in an SFHA
  - Mandatory purchase requirements
  - The cost of flood insurance
- We are providing communities time to upgrade flood control structures and floodplain management

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## Background - What are we doing?

We are expanding Preferred Risk Policy eligibility after a map revision

## What is a Preferred Risk Policy?

- Previously only available to homeowners located in low risk flood zones
- Includes all the features of a standard policy
- Simplified application process for homeowners and agents
- Lowest cost policy available through the NFIP
- Package Policies-Building and Contents wrapped together
- Policy Limits: 20,000/8,000 to 250,000/100,000
- Backed by the Federal Government
- Accepted by all lending institutions
- Available through all “participating” insurance companies

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## Impact of the PRP Extension – Rating Example

Pre-FIRM single family home in an AE flood zone

Building \$200,000/ Contents \$80,000

AE Flood Zone  
Rates

**\$ 1828\***

\*no contents inc.

PRP Extension  
Rates

**\$378**

Standard X Zone  
Rates\*\*

**\$1160\***

\*no contents inc.

\* After PRP Extension expires, policy will convert to a grandfathered Standard X zone rate (except for previous D zones).

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## General Overview

- Prior to new maps becoming effective in zones B, C or X
- Remapping to A zone
- PRP Extension
- Grandfathering to Standard B, C or X zones

Now, I'll turn it over to Erin May for details

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## How are we doing this?

### Expanding PRP eligibility temporarily:

Buildings newly designated within the SFHA due to a map revision on or after October 1, 2008, are eligible for coverage under the PRP for a period of up to 2 years after the later of the two following dates:

- The effective date of the map revision, or
- January 1, 2011

Loss history requirements must be met

No Refunds

\*This does include LOMA's or LOMR's so if a change to the map affects a small group of building owner's this extension still applies

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## Background - How will we do it?

- Notify potentially eligible policyholders\*
- Validate and document eligibility
- Offer the PRP
- Prepare consumers for the conversion to a standard-rated policy at the end of the 2-year PRP extension

\*Notification to homeowners without mortgages or existing policies won't be notified, so local outreach is imperative!



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## Eligibility

- Which properties are eligible?
- How are the two years determined?
- Which properties are ineligible?
- What if?

# PRP 2 – Year Eligibility Extension



## Eligibility - Which properties are eligible?

- Buildings covered by policies effective on or after January 1, 2011
- Buildings that were newly designated from a non-SFHA, including D-Zone, to a SFHA due to a map revision that was effective on or after October 1, 2008
- Buildings that meet the PRP loss history requirements

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## Eligibility - How are the two years determined?

- The extension period begins on either January 1, 2011, or the map revision effective date, whichever is later
  - If the effective date of a map revision is between October 1, 2008, and December 31, 2010, the extension period is available for policy terms that are effective between January 1, 2011, and December 31, 2012
  - If effective date of the map revision is on or after January 1, 2011, the extension period is available for policy terms that are effective within 2 years of the map revision effective date
- A new policy effective during the second year of the extension period will receive only 1 year of PRP eligibility

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## Eligibility - Which properties are NOT eligible for the extension?

- Properties located in an Emergency Program community
- Communities entering the program for the first time (initial FIRM – no previous map in place)
- New construction – this assists only current building owners
- Repetitive loss policies – including those with a disqualifying loss during the eligibility period
- Any Type of Condo Structure – either residential or non-residential

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## Eligibility - What if?

- There is no mandatory purchase requirement – eligible
- The property owner delays purchase till the second year – eligible for 1 year
- Ownership changes hands – eligibility adheres to the property
- There is a lapse in coverage – The eligibility period does not change
- An agent wrote a standard-rated policy on a property eligible for the PRP under the extension – correction for misrating (cancel RC 22)

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## Notification - What is the impact?

- There are approximately 17,000 standard X-Zone rated policies that are located on a map panel that has been revised after October 1, 2008
- There are approximately 90,000 standard SFHA rated policies that are located on a map panel that has been revised after October 1, 2008

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## Documentation

- What documentation is required?
- What is acceptable zone documentation?
- How will we obtain prior zone documentation?
- How do we present it to FEMA?

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## Documentation - What documentation is required?

- Companies are required to verify the building's flood zone on the current and prior flood map
  - The requirement to document the current map flood risk zone on a PRP is not new, but will reflect an SFHA when a PRP is issued under the extension
  - The same kinds of documentation referring to the prior map information will be used to document the prior map flood risk zone as B, C, X, or D when issuing a PRP under the extension
- The appropriate data collection indicated by the application form
- Documentation review for the PRP extension will be included in the Operation Review process



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## Documentation - What is acceptable zone documentation?

Acceptable forms of documentation (for both current and prior flood map):

- LOMA, LOMR or LODR
- Copy of the flood map with the property clearly marked
- A community letter, indicating the address and appropriate map information
- An Elevation Certificate (EC)
- A guaranteed flood zone determination certification

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## Documentation - How will prior zone documentation be obtained?

- Digital FIRMs, including historic FIRMs are available online at the FEMA Map Service Center.
- The FEMA Map Specialist are available at 1-877-366-2627
- Flood Smart will be providing community outreach materials, including a form letter for community officials
- The notice to policyholders advises property owners what is required
- The NFDA has been made aware of the extension
- We anticipate an evolution in process over time driven by the new demand for prior zone information created by the PRP extension

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## How Can Community Officials Help?

- Help community members with historic maps or refer them to the map service center
- Work with local media to notify the public of the PRP Extension
- Provide brochures on Floodsmart website to the press, policyholders
- Give referrals to Insurance Agents
- Refer questions to Norm or Erin

FEMA Map Service Center - - Windows Internet Explorer

http://www.msc.fema.gov/webapp/wcs/stores/servlet/FemaWelcomeView?storeId=10001&catalogId=10001&langId=-1&userType=G

File Edit View Favorites Tools Help

Microsoft Outlook Web Access FEMA Map Service Center - X

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**FEMA** Map Service Center

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Map Service Center

**Product Search by...**

**Address** **Map Panel ID**

1) Select a Product:

2) Enter an Address:  
 Street:   
 City:   
 State:  Zip:

**New to the FEMA Map Service Center?**

- Homeowners/Renters
- Real Estate/Flood Determination Agents
- Insurance Agents
- Engineers/Surveyors
- Federal/Exempt Customers

**What are you looking for?**

- Flood Maps
- FIRMettes
- DFIRM Databases
- MapViewer - Web
- Documents, Publications & Forms

**Log On**

User ID (email address) :

Password :

[» Forgot Password?](#)  
[» Register](#)

[Why register?](#)

**Announcements**

FEMA Digital Vision

On October 1, 2009, as part of FEMA's Digital Vision initiative, the FEMA MSC discontinued general distribution of paper mapping products. This affects Flood Insurance Rate Maps, Flood Hazard Boundary Maps, Flood Boundary and Floodway Maps, and Flood Insurance Study reports. Customers can continue to view these products free

**More Information**

- Product Availability
- How do I find the flood map for my area?
- What is a FIRMette?
- How do I find a LOMC?
- Definitions of FEMA Flood Zone Designations
- Product Information
- Price List
- How to Order
- Need Assistance?

**City of North Platte, Nebraska Letter of Map Revision Available**  
 Case Number: 07-07-0322P  
 Effective date: July 7, 2008  
 - and -  
 Case Number: 04-07-A439P

**NFHL**

**National Flood Hazard Layer** [\(learn more\)](#)

[View the NFHL Online using MapViewer - Web](#)

[Order NFHL GIS Datasets by state on DVD](#)

[Use Web Map Service in your own GIS application](#)

http://www.msc.fema.gov/webapp/wcs/stores/servlet/FemaWelcomeView?storeId=10001&catalogId=10001&langId=-1&userType=G

Internet 100%

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Internet Explorer Proposed Training Sc... Microsoft Office ... 2008 Effects of Map ... NFIP Grandfather Ru... Training




FEMA Map Service Center - Catalog - Windows Internet Explorer

http://www.msc.fema.gov/webapp/wcs/stores/servlet/StoreCatalogDisplay?storeId=10001&catalogId=10001&langId=-1&userType=G

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File Edit View Favorites Tools Help

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 **FEMA** Map Service Center

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Home > Product Catalog

### Product Catalog

- FEMA Issued Flood Maps
  - Latest Available Flood Maps
  - Historic Flood Maps
- Flood Insurance Studies (FIS)
- DFIRM Databases
- National Flood Hazard Layer (NFHL) Database
- Q3 Digital Flood Data and Coastal Barrier Resource Area (CBRA) Q3 Data
- Community Status Books (CSB)
- Flood Map Status Information System (FMSIS)
- Letters of Map Change (LOMC)
- National Flood Insurance Manual (NFIP)
- Documents

Internet 100%

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## Process

- Are there changes to the Grandfather rules?
- Can we correct standard-rated policies issued in error?
- How can we verify loss history?

# PRP 2 – Year Eligibility Extension



## The Final Step in this extension process

- Grandfathering

And now I'll turn it over to Norm Ashford to complete the discussion

# PRP 2 – Year Eligibility Extension



## Process - Are there changes to the Grandfather rules?

- PRP policies can not be grandfathered!!!!
- All PRP's purchased under the extension are potentially eligible for standard X-Zone rating under the “continuous coverage” Grandfathering rule
- There is no change to the “built-in-compliance” Grandfathering rule
- The 2-Year PRP Eligibility Extension is distinct from Grandfathering – a PRP cannot be Grandfathered as a PRP



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## Process – What is Grandfathering

- Allows a property owner to:
  - “Lock” in a previous flood zone or
  - “Lock” in a previous Base Flood Elevation (BFE)
- Two types of grandfathering
  - Loyal Customer – at end of PRP Extension on renewal at end of two years
  - Built in Compliance – Post-FIRM structures only who were built in compliance at the time of construction

# PRP 2 – Year Eligibility Extension



## Summary

- Temporary Relief for policyholders
- Property owners can save over \$1,000 per year for 2 years as they adjust to paying flood insurance and explore full risk premium options such as grandfathering, elevation rating, etc...
- Allows communities time to make improvements in their community such as updating levees
- It is **NOT** Grandfathering – PRP Policies can not be Grandfathered
- You may see an increase in agents and citizens needing assistance with historic maps
- For unique questions – give Norm or Erin a call!

Norm Ashford-FEMA Insurance Specialist

303-235-4912

Erin May-NFIP B& S/Regional Manager

202-200-7872



# PRP 2 – Year Eligibility Extension



## Resources

- Underwriting Bulletin W-10076 issued July 15, 2010 (supersedes W-10067 issued June 16, 2010)
- [www.FloodSmart.gov](http://www.FloodSmart.gov)
- <http://www.fema.gov/business/nfip/>
- FEMA Map Information eXchange (FMIX) 1-877-336-2676
- The NFIP Flood Insurance Manual – October 1, 2010 Edition

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## Q&A

