

# GUIDANCE FOR LEASED FEDERAL PROPERTIES

## I. GENERAL DESCRIPTION

In accordance with the provisions of the Flood Insurance Reform Act of 2004, Sec. 106, the Federal Emergency Management Agency (FEMA) will begin charging actuarial rates for a Leased Federal Property (LFP), which is any property leased from the Federal Government (including residential and non-residential properties) that the Administrator determines is located on the river-facing side of any dike, levee, or other riverine flood-control structure, or seaward of any seawall or other coastal flood-control structure. A list of property addresses meeting this description has been provided to FEMA by the U.S. Army Corps of Engineers. Actuarial rates will apply to all new and renewal policies with effective dates on or after October 1, 2009, that meet these criteria.

## II. NOTIFICATION REQUIREMENTS

The National Flood Insurance Program (NFIP) maintains a list of LFP addresses available only to insurers. The insurer must determine whether property addresses for new or existing business appear on this list. Policies that have an address match must be rated using actuarial rates in accordance with the procedures below.

The insurer must notify existing policyholders (and their agents/producers and lenders) at least 120 days before renewal that their property has been identified as being located on the river-facing side of any dike, levee, or other riverine flood-control structure, or seaward of any seawall or other coastal flood-control structure. The notice must include the requirement for such policies to be rated using actuarial rates. Sample notification letters have been provided at the end of this section that can be altered to work with a company's billing cycle as necessary.

In order to establish the actuarial rate, the insurer must obtain a FEMA Elevation Certificate (EC), which provides current Flood Insurance Rate Map (FIRM) information and elevations. At least 2 photographs (front and back) of the building must also be submitted. If the EC is not received within 45 days from the date of notice, the renewal policy may be canceled or nullified, or it may be issued using tentative rates. Tentative rates use Risk Rating Method code "F," which is part of the Transaction Record Reporting and Processing (TRRP) Plan.

The use of tentative rates must follow the established tentative rate procedure, which includes informing the parties of the missing information that prevents the policy from being rated actuarially. Additionally, the claim settlement procedure, when a tentatively rated property suffers a loss, must also be included in the

information presented with the tentative rates. Policies that are within the 120-day window prior to renewal will not receive the Leased Federal Property notice until the subsequent renewal.

## III. TENTATIVE RATES

Tentative rates (see table on page LFP 2) are used to issue policies when agents/producers fail to provide the required full-risk rating information. Tentative rates are generally higher than other rates published in the manual. If the premium payment received is not sufficient to purchase the coverage limits requested, the policy will be issued with the coverage limits that can be purchased for the premium received, based on tentative rates.

When tentative rates are applied, a declarations page and a Tentative Rate Letter will be forwarded to the policyholder, agent/producer, and mortgagee (if any), requesting the necessary information so that the proper rate can be determined. Tentatively rated policies cannot be endorsed to increase coverage limits, or renewed for another policy term, until the required actuarial rating information and full premium payment are received.

If a loss occurs on a tentatively rated policy, the loss payment will be limited by the lower of the amount of coverage that the premium initially submitted will purchase (using the correct full-risk rating information), or the amount requested by application.

## IV. APPEALS

The notice to policyholders must inform them that they can challenge their properties' inclusion on the Leased Federal Properties list by submitting documentation refuting the information that placed them on the list. One example of acceptable documentation is a letter from a community official or land surveyor stating that the property is not located on the river-facing side of any dike, levee, or other riverine flood-control structure, or seaward of any seawall or other coastal flood-control structure. Another example is documentation showing that the insured, and not the Federal Government, owns the property. This information should be submitted to insurer, who will then process the request and forward it to FEMA for final review and determination. If FEMA approves the appeal, the property will be removed from the list and the building may continue to be rated as it was previously.

If the policyholder does not provide acceptable documentation, or the appeal has been denied, the

property will remain on the list. The insurer has the following options.

- A new policy can be issued or an existing policy renewed for a single policy term using tentative rates. If the policyholder does not provide acceptable documentation prior to the next policy expiration date, the company must non-renew the policy.
- The renewal policy can be canceled or nullified in accordance with the Write Your Own (WYO) Company's business practices.

Claims relating to a tentatively rated policy will not be processed until the required underwriting information needed to establish an actuarial rate for the policy has been received.

Any flood loss occurring after notifying the policyholder of the property's inclusion in the subset of properties cannot be settled until the insurer receives the appropriate underwriting documentation (i.e., new EC and photographs) or proof that the property should not have been placed on the list.

**TABLE 1. TENTATIVE RATES<sup>1, 2</sup>**

RATES PER \$100 OF COVERAGE  
(Basic/Additional)

**FIRM ZONES A, AE, A1-A30, A0, AH RATES**

BUILDING TYPE	BUILDING		CONTENTS	
Non-Elevated, No Basement	Basic Limits	Additional Limits	Basic Limits	Additional Limits
1-4 Family	5.00	3.00	6.00	4.00
Other Residential	7.00	4.00	7.00	4.00
Non-Residential Business, Other Non-Residential <sup>3</sup>	7.00	4.00	8.00	8.00
Post-FIRM Non-Elevated with Basement and Post-FIRM Elevated Building <sup>4</sup>	Basic Limits	Additional Limits	Basic Limits	Additional Limits
1-4 Family	3.00	2.00	3.00	2.00
Other Residential	5.00	3.00	3.00	3.00
Non-Residential Business, Other Non-Residential <sup>3</sup>	5.00	3.00	5.00	3.00

**FIRM ZONES V, V1-V30, VE RATES**

BUILDING TYPE	BUILDING		CONTENTS	
Non-Elevated, No Basement	Basic Limits	Additional Limits	Basic Limits	Additional Limits
1-4 Family	11.00	11.00	12.00	12.00
Other Residential	12.00	12.00	12.00	12.00
Non-Residential Business, Other Non-Residential <sup>3</sup>	12.00	12.00	12.00	12.00
Post-FIRM Non-Elevated with Basement and Post-FIRM Elevated Building <sup>4</sup>	Basic Limits	Additional Limits	Basic Limits	Additional Limits
1-4 Family	6.00	6.00	6.00	6.00
Other Residential	8.00	8.00	6.00	6.00
Non-Residential Business, Other Non-Residential <sup>3</sup>	8.00	8.00	8.00	8.00

1 Use of this table is subject to the provisions found in the Tentative Rates subsection in this section.

2 Use Pre-/Post-FIRM full-risk deductible factors (Table 8B) and ICC premiums (Table 9) for all tentatively rated buildings.

3 For further guidance on Non-Residential Business and Other Non-Residential occupancies, refer to the General Rules section of this manual.

4 The basement/elevated building rates should be used only if the submitted information indicates that the risk is constructed as a Post-FIRM elevated building or has a basement as defined by the NFIP (coverage restrictions apply).

**IMPORTANT FLOOD INSURANCE POLICY INFORMATION**

Insured's Name:

Property Address:

Policy Number:

Dear Policyholder:

This letter is to inform you that your property, which is covered by flood insurance, meets the criteria for a new subset of properties that must be charged actuarial rates, in accordance with the provisions of the Flood Insurance Reform Act of 2004, Sec. 106.

In accordance with the law, the Federal Emergency Management Agency (FEMA) must charge actuarial rates for any property meeting the following criteria:

- (1) Leased from the Federal Government, and
- (2) Located on the river-facing side of any dike, levee, or other riverine flood control structure, or seaward of any seawall or other coastal flood control structure.

In order for an actuarial rate to be developed, proper underwriting documentation, including a FEMA Elevation Certificate using current Flood Insurance Rate Map data and two photographs showing the front and back of the building, must be submitted to your flood insurer. The insurer must receive this information within 45 days of receipt of this notice to allow for rate calculation and processing of the renewal bill.

If your insurer does not receive the requested underwriting information in sufficient time to meet their renewal billing cycle, they can only renew the flood policy using tentative rates. Please be advised that a policy with tentative rates cannot be endorsed to increase limits or be renewed. In the event of a loss a tentatively rated policy will not receive a claim settlement until actuarial rates are determined. These rates, along with the amount of premium originally submitted, will determine the coverage available.

You may appeal this determination by furnishing your insurer with documentation verifying that your property does not meet the criteria listed above.

Your insurance agent has also received this notice concerning your property.

If you have questions about the information in this letter, please contact (your company name and telephone number).

***IMPORTANT FLOOD INSURANCE POLICY INFORMATION***

Insured's Name:

Property Address:

Policy Number:

Dear Agent:

This letter is to inform you that your client's property, which is covered by flood insurance, meets the criteria for a new subset of properties that must be charged actuarial rates, in accordance with the provisions of the Flood Insurance Reform Act of 2004, Sec. 106.

In accordance with the law, the Federal Emergency Management Agency (FEMA) must charge actuarial rates for any property meeting the following criteria:

- (1) Leased from the Federal Government, and
- (2) Located on the river-facing side of any dike, levee, or other riverine flood control structure, or seaward of any seawall or other coastal flood control structure.

In order for an actuarial rate to be developed, proper underwriting documentation, including a FEMA Elevation Certificate using current Flood Insurance Rate Map data and two photographs showing the front and back of the building, must be submitted to the writing company. The writing company must receive this information within 45 days of receipt of this notice to allow for rate calculation and processing of the renewal bill.

A writing company that does not receive the requested underwriting information in sufficient time to meet their renewal billing cycle can only renew the flood policy using tentative rates. Please be advised that a policy with tentative rates cannot be endorsed to increase limits or be renewed. In the event of a loss a tentatively rated policy will not receive a claim settlement until actuarial rates are determined. These rates, along with the amount of premium originally submitted, will determine the coverage available.

Your client may appeal this determination by furnishing the writing company with documentation verifying that the property does not meet the criteria listed above.

This notice has also been sent to your client.

If you have questions about the information in this letter, please contact (your company name and telephone number).

***IMPORTANT FLOOD INSURANCE POLICY INFORMATION***

Insured's Name:

Property Address:

Policy Number:

Dear Lender:

This letter is to inform you that your client's property, which is covered by flood insurance, meets the criteria for a new subset of properties that must be charged actuarial rates, in accordance with the provisions of the Flood Insurance Reform Act of 2004, Sec. 106.

In accordance with the law, the Federal Emergency Management Agency (FEMA) must charge actuarial rates for any property meeting the following criteria:

- (1) Leased from the Federal Government, and
- (2) Located on the river-facing side of any dike, levee, or other riverine flood control structure, or seaward of any seawall or other coastal flood control structure.

In order for an actuarial rate to be developed, proper underwriting documentation, including a FEMA Elevation Certificate using current Flood Insurance Rate Map data and two photographs showing the front and back of the building, must be submitted to the writing company. The writing company must receive this information within 45 days of receipt of this notice to allow for rate calculation and processing of the renewal bill.

A writing company that does not receive the requested underwriting information in sufficient time to meet their renewal billing cycle can only renew the flood policy using tentative rates. Please be advised that a policy with tentative rates cannot be endorsed to increase limits or be renewed. In the event of a loss a tentatively rated policy will not receive a claim settlement until actuarial rates are determined. These rates, along with the amount of premium originally submitted, will determine the coverage available.

Your client may appeal this determination by furnishing the writing company with documentation verifying that the property does not meet the criteria listed above.

This notice has also been sent to your client and their insurance agent.

If you have questions about the information in this letter, please contact (your company name and telephone number).

