December 2, 2021

MEMORANDUM FOR: Write Your Own (WYO) Principal Coordinators and the National Flood Insurance Program (NFIP) Servicing Agent

FROM: Paul Huang
Assistant Administrator for Federal Insurance
Federal Insurance and Mitigation Administration

SUBJECT: Program Change – Post-FIRM Elevated Building Coverage Limitations

FEMA is updating guidance for elevated building coverage limitations as outlined in Article III.A.8 of the Standard Flood Insurance Policy. Effective October 1, 2021, for policies issued and claims processed under the Risk Rating 2.0: Equity in Action (RR 2.0) pricing methodology, insurers must use the flood zone on the Flood Insurance Rate Map (FIRM) that is effective at the time of loss to determine the application of elevated building coverage limitations.

Under the legacy rating methodology, certain scenarios could exclude elevated building coverage limitations based on the rated flood zone that appeared on a prior FIRM. However, under the RR 2.0 pricing methodology, the rated flood zone is not a rating element and is no longer collected as part of the application process. The current flood zone is still collected as part of the application process.

FEMA will update guidance in the Flood Insurance Manual and has updated the NFIP Claims Manual to reflect this change. FEMA encourages NFIP insurers to communicate this change to any impacted NFIP policyholders. As a reminder, current guidance requires all NFIP insurers to include a message on the policy declarations page for policyholders that may be subject to policy coverage limitations.

Please direct any questions regarding this program change to NFIPUnderwritingMailbox@fema.dhs.gov.

cc: Vendors, IBHS, FIPNC, Government Technical Representative

Required Routing: Accounting, Claims, Data Processing, Marketing, Underwriting