

Ronald F. Holehouse

Agency, Inc.

125 28th Street North * St. Petersburg, Florida 33713

Is Your Holehouse Insured?

Phone: 727-823-5551 * Fax: 727-894-3339 * E-mail: insurance@holehouseins.com

NFIP Changes effective 10-1-2013

What are they and what do they mean to you?

These changes primarily result from the Biggert-Waters Flood Insurance Reform Act of 2012 (BW12). The following changes will go into effect on October 1, 2013:

- **Premium Increases** – Premiums will increase an average of 10% for policies written or renewed on or after October 1, 2013. This is for all homes including those that meet base flood elevation.
- **Reserve Fund Assessment** – In accordance with Section 100212 of BW12, a Reserve Fund ratio will be applied to each NFIP policy, except Preferred Risk policies and Group Flood insurance policies, effective on or after October 1, 2013. Reserve Fund amounts will be part of the premium calculation for each policy. The Reserve Fund Assessment for policies effective on or after October 1, 2013 is 5% of the total premium.
- **Federal Policy Fee** – Effective October 1, 2013, the Federal Policy Fee will increase from \$40 to \$44 for Non-Preferred Risk policies and from \$20 to \$22 for Preferred Risk policies.
- **Elimination of no waiting period due to lender requirement** – The 30-day waiting period applies to a new application when the lender determines that a loan on a building is in a special flood hazard area that requires flood insurance and does not have it.
- **Preferred Risk Policies Extended Eligibility Program** – Preferred Risk policies issued under the Eligibility Extension Program will see annual increases averaging 20% beginning with new business and renewals effective on or after October 1, 2013. The Extended Eligibility issued policies will be rated with a separate rating table than those properties that are currently mapped in B, C, or X zones.



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- **25% Rate increases for certain Pre-Firm Policies** – Pre-Firm increases (including the Reserve Fund Assessment) include a 25% increase above the rates in effect when BW12 was enacted for policies issued on:
 - Non-Primary (non-principal) residences. (The first 25% increase was effective January 1, 2013. The next increase is effective January 1, 2014)
 - Severe Repetitive Loss properties
 - Properties that have incurred flood-related damages in which the cumulative amount of NFIP claim payments exceeded the fair market value of the property (as a subset of SRL properties)
 - Business properties (for the purpose of completing an application, a business property is any non-residential building that produces income, or a building designed as an office or retail space, or for wholesale, hospitality, or similar uses.)
- **No extension of subsidy to new policies or lapsed policies for Pre-Firm properties in special flood hazard areas and Zone D.**
 - Properties not insured by the NFIP as of the date of enactment of BW 12 – Any application for a policy that is not a rollover, transfer, or rewrite, and is effective on or after October 1, 2013, will be subject to full risk rating. These properties will require an Elevation Certificate including photos in order to determine full-risk rating using the current firm. Tentative or Provisional rates may be used for 1 year only until an Elevation Certificate is provided.
 - Because there are no coverage limitations in an enclosure below the elevated floor of a Pre-Firm building, such buildings must be rated as non-elevated buildings.
 - The implementation of Section 100205 of BW12 eliminates the NFIP grandfather rules for all new business Pre-Firm structures receiving



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subsidized rates, except for Pre-Firm structures that were built in compliance and have a construction date that is on or after the community's initial FIRM date and before January 1, 1975.

- **Properties purchased after the date of enactment of BW12**
 - Properties for Pre-Firm structures purchased after the date of enactment will be subject to full-risk rating and require an Elevation Certificate.
 - Renewals of policies receiving subsidized rates and covering a property purchased on or after July 6, 2012 are subject to full-risk rating on the first renewal effective on or after October 1, 2013.
- **Estimated Renewal Pricing**
 - **New Purchases**
 - 1960 home with a dwelling value of \$148,000 purchased on March 15, 2013. Current flood insurance rate is \$1,072. The house is 7 feet below base flood elevation meaning an estimated renewal of \$22,400
 - 1969 home with a dwelling coverage of \$250,000 purchased on December 31, 2012. Current flood insurance rate is \$1,980. The house is 4 feet below base flood elevation meaning an estimated renewal of \$8,850
 - 1956 home with a dwelling value of \$250,000 purchased on 07/31/2013. Current flood rate is \$1,980. The house is 8 feet below base flood elevation meaning an estimated renewal of \$29,100
 - **Existing Homeowner**
 - An existing homeowner will pay a 25% a year rate increase until they reach their elevation certificate rate. Using two examples of pre-firm (prior to 1974) homes with current flood policies in an A flood zone and a V flood zone.



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- A Flood Zone
 - Current Rate- \$2,000
 - 4 Year Rate- \$4,883
 - 8 Year Rate- \$11,921
- V Flood Zone
 - Current Rate- \$4,000
 - 4 Year Rate- \$9,765.63
 - 8 Year Rate- \$23,842
- **Who is affected?**
 - **Homeowners**
 - Future homeowners buying a pre-firm house that is currently receiving a subsidized rate
 - Current Homeowners in pre-firm homes currently receiving a subsidized rate
 - Homeowners in a house that is currently being grandfathered into a previous flood zone. The grandfathering program allowed someone who built a house in 1977 to the 1974 flood map to rate on that map because it was built in compliance. This program will be phased out over a 5 year period starting in late 2014.
 - **Condo Associations**
 - Condo associations with permits pulled prior to 1974 will take a 25% a year rate increase the master policy.
 - **Commercial Properties**
 - Similar to homeowners these will have an immediate rate increase for new purchases. They will also see a 25% per year rate increase on current policies.



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- **Who to contact?**
 - **Congressman**
 - Bill Young
 - Washington DC Office- 202-225-5961
 - Seminole Office- 727-392-4100
 - **Senator Rubio**
 - Marco Rubio
 - Washington DC Office- 202-224-3041
 - Tampa Office- 813-977-6450
 - **Senator Nelson**
 - Bill Nelson
 - Washington DC Office- 202-224-5274
 - Orlando Office- 407-872-7161
 - **Insurance**
 - Ronald F. Holehouse Insurance Agency
 - Phone- 727-823-5551
 - Email- jake@holehouseins.com
 - Address- 125 28th Street North, St. Petersburg, FL 33713
 - **Land Survey**
 - John Bredla and Associates
 - Phone- 727-576-7546
 - Address- 4015 82nd Ave N, Pinellas Park, FL 33781



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