Flood Insurance Premium Increases
And Increased Cost of Compliance Eligibility
Manual for Homeowners

July 15, 2015

(This document is updated frequently: please use the most recent edition)

Margaret Becker
Director of Disaster Recovery and Community Development
Legal Services NYC
40 Worth Street, Suite 606
New York, NY 10013
718-233-6484
mbecker@ls-nyc.org
www.LegalServicesNYC.org
To learn your current and future flood zone, go to floodhelpny.org

To speak to an advocate about your particular situation, please contact one of these Legal Services NYC offices:

**South Brooklyn Legal Services**

105 Court Street, 3rd Floor  
Brooklyn, New York 11201  
Tel: (718) 237-5500  
Fax: (718) 855-0733

**Queens Legal Services**

89-00 Sutphin Boulevard  
Jamaica, New York 11435  
Tel: (347) 592-2200  
Fax: (718) 526-5051

**Staten Island Legal Services**

36 Richmond Terrace, Ste. 205  
Staten Island, New York 10301  
Tel: (718) 233-6480  
Fax: (718) 448-2264
# Table of Contents

- Who Is Required to Carry Flood Insurance and How Much? p. 4
- Consequence of Purchasing a Policy for Less Than 80% of the Building’s *Replacement* Cost p. 6
- What Premium Increases Can Homeowners Expect? p. 7
- How Quickly Will Rates Increase? p. 10
- Examples of HFIAA rate increases at 15% and 18% p. 11
- When Your Home’s Flood Insurance Cost Rises, It Loses Value p. 12
- Is There Some Way to Estimate My Home’s Current Elevation without Hiring a Surveyor? p. 14
- Are You Eligible for a Subsidized Flood Insurance Premium? p. 16
  - Preferred Risk Policies p. 17
  - Grandfathering p. 19
  - “Pre-FIRM” Subsidy p. 21
  - “Newly-Mapped” Subsidy p. 24
- Full-Risk Premiums: X Zone p. 25
- Full-Risk Premiums: AE Zone p. 26
- Full-Risk Premiums: VE Zone p. 27
- Homes with a Crawlspace that Is Below Base Flood Elevation p. 28
- Homes Elevated on an Enclosure that Is Below Base Flood Elevation p. 30
- Can I Lower My Premium By Choosing a High Deductible? p. 31
- Beware of “Force-Placed” Flood Insurance p. 32
- The Problem of Elevated Homes Where the Lowest Floor Has Been Converted p. 33
- Increased Cost of Compliance (ICC) Coverage and Eligibility p. 34
Who Is Required to Carry Flood Insurance and How Much?

Regardless of any requirements:

- Anyone at risk of flooding should ideally carry enough flood insurance to cover the cost of rebuilding their home if it is destroyed, up to the maximum policy amount of $250,000.
- If the home is newer construction and is unlikely to be completely destroyed in a flood, it may be adequate to purchase enough flood insurance to cover significant damage to the home below the base flood elevation plus 2 feet. For example, if the home only had $100,000 in damage after Sandy, maybe that is a good ballpark for the amount of coverage to buy. But, be aware of 80% rule (below)!
- IMPORTANT: If the home isn’t insured for at least 80% of the cost of replacing the structure, the insurer will only pay you the “actual cash value” for any loss, rather than “replacement cost value”.
  (See explanation on page 6.)
- Additional coverage for contents is recommended. Bear in mind that most contents in a basement will not be covered by your policy.

The following are minimum requirements. More than one of these requirements may apply to you. You must meet the highest of the requirements that apply to you.

People who received assistance from FEMA’s Individual and Household Assistance Program (“IA” or “IHP”):

- Must purchase coverage for at least the amount of the FEMA grant that you received.
- Recipients of FEMA aid who do not purchase flood insurance and who apply for FEMA Assistance for a subsequent disaster will be ineligible to receive FEMA help for any repair/rebuild needs and will be ineligible for any other form of federal repair/rebuild help (like Build It Back).
- The flood insurance purchase requirement stays with the property forever.
- The requirement sticks to the address, even if the property is demolished and a new structure is built.
- Homeowners must inform future buyers of the requirement to maintain insurance.

People with a mortgage:

- If you have a mortgage and live in a special flood hazard zone (A, AE, or V), you must maintain flood insurance up to the amount of the outstanding balance on the mortgage, or the National Flood Insurance Program maximum policy amount of $250,000 for the structure, whichever is less.\(^*\)
- The requirement to purchase flood insurance ends when you have paid off the mortgage in full.
- If you do not purchase flood insurance, the mortgage servicer is likely to “force place” insurance on the property and pass the cost on to you by increasing the escrow portion of the monthly mortgage payment.
- “Force-placed” insurance is often more expensive than homeowner-purchased insurance and often gives you less protection than a policy you purchase.

\(^*\) Current legislation only mandates flood insurance for federally insured mortgages (e.g. Fannie, Freddie, FHA, or VA), but most mortgage companies will require flood insurance to protect their interest in the property. Most mortgage contracts allow the mortgage company to do this.
• Mortgage servicers are penalized if they do not enforce this insurance requirement, which is why banks/servicers “force place” flood insurance.

**Recipients of Small Business Administration (SBA) loans:**

• Must purchase flood insurance up to the market value of the structure (not including the land) or the National Flood Insurance Program (NFIP) maximum of $250,000, whichever is less.
• Even after the SBA loan is paid off, you or the future purchaser of the property must maintain flood insurance for at least the FEMA aide maximum (currently $32,400, but it increases periodically),
• As with mortgage servicers, SBA will force place insurance on the property and pass the cost on to you, if you do not purchase a policy while the SBA loan is in repayment.
• Failure to comply may make you ineligible for any form of federal assistance for any future flood damage to the structure.

**Recipients of Build It Back assistance:**

• Recipients of Build It Back assistance whose property is in a special flood hazard zone (e.g. A, AE, V zones) must maintain flood insurance up to the Build It Back grant amount, or the maximum flood insurance policy of $250,000, whichever is less.
• Since the requirement comes from the use of federal funds (Community Development Block Grant-Disaster Recovery), the requirement is permanent and attaches to the property, though the amount of insurance required on an ongoing basis has not been clarified.
• If you sell the property, you must disclose the flood insurance requirement to the purchaser.
• Failure to purchase flood insurance will make you and any future buyer of your home ineligible for any future federal flood assistance (FEMA, SBA, CDBG-DR).
How do I know the value of the “structure” separate from the land? Don’t try to guess!

- The New York City Department of Finance has these figures, but accessing them is not simple.
- The Build It Back program has this information for all those who have registered. Call Build It Back and ask for the value of the land and the value of the structure.
- The examples below come from Department of Finance figures.

**Midland Beach home built in 1960**
- Total value (land and structure): $287,000
- Value of structure alone (pre-storm): $130,000 (45%)

**Oakwood Beach home built in 1970**
- Total value (land and structure): $360,000
- Value of structure alone (pre-storm): $150,000 (42%)

**South Beach home built in 2002**
- Total value (land and structure): $347,000
- Value of structure alone (pre-storm): $280,000 (81%)

**New Dorp Beach home built in 1925**
- Total value (land and structure): $388,000
- Value of structure alone (pre-storm): $205,000 (53%)

**Rockaway Park home built in 1987**
- Total value (land and structure): $624,000
- Value of structure alone (pre-storm): $251,000 (40%)

**Purchasing a policy for less than 80% of the replacement cost of the structure will mean a smaller insurance payout.**
- Only applies to single-family homes, not 2- or more unit homes.
- The replacement cost of the structure is not the same as the current value of the structure in the examples above. Replacement cost is the cost to rebuild the structure from the ground up.
- If you purchases a building policy for less than 80 percent of the full replacement cost of the building, the insurer will only pay a claim at “actual cash value” of the loss, not “replacement cost value.”
- “Actual cash value” is the value of the building or contents today, taking wear and tear into account.
- Examples of the difference between actual cash value (ACV) and replacement cost value (RCV):
  
  - On a claim for $250,000, the difference was about $29,000 (i.e. homeowner only got $221,000)
  - On a claim for $198,000, the difference was about $26,500
  - On a claim for $43,000, the difference was about $8,400
  - On a claim for $37,000, the difference was about $3,700

*These are examples only. The difference in any given claim depends on what was damaged, because depreciation rates vary. For example, drywall depreciates faster than floor joists do.*
What Premium Increases Can Homeowners Expect?

Legislative Background:

Many homeowners in special flood hazard zones have been paying low, subsidized flood insurance rates. After Hurricane Katrina, FEMA went $18 Billion in debt. The Biggert-Waters Act of 2012 sought to address this by requiring that all flood insurance policies have premiums that match the property’s risk. It mandated that these new, often much higher rates be phased in within five years. Due to the devastating financial impact that these premium increases would have on many coastal homeowners, congress enacted the Homeowners Flood Insurance Affordability Act (HFIAA) in 2013. The HFIAA slowed the phase-in of full risk rates, but it did not stop the rate increases.

Factors That Affect the Rate:

1. Your Flood Hazard Zone (high or low risk)
   - The Flood Insurance Rate Map (FIRM) in New York is changing: your current zone may not be your zone when the new, “preliminary FIRM” maps are adopted.
   - You can find your home’s current and future flood zone by going to:
     - floodhelpny.org
     - Region2coastal.com
   - High risk zones in NYC start with A or V (for example AE or VE).
   - The low risk zone is X.
   - New York City is likely to adopt the preliminary FIRM maps sometime after 2016, at which point the new flood zones and elevation standards will take effect.

2. The “Base Flood Elevation” (BFE) Requirement for Your Address
   - FEMA sets elevation requirements for all property in a special flood hazard area (A and V zones).
   - The requirement is the height above sea level which a “100-year” flood is expected to reach.
   - If you are in a special flood hazard zone (high risk zone), your premium will be based on how far below of above the BFE requirement your home’s actual elevation is.
   - To learn your current and future BFE requirement, go to:
     - floodhelpny.org
     - Region2coastal.com

3. Property Characteristics
   - How far below (or above) the Base Flood Elevation (BFE) the home’s lowest floor is.
     - Elevation is measured against sea level, not the surrounding ground.
     - Elevation is measured from the top of the "floor” of your home’s lowest “floor.”
       (FEMA uses two different meanings of the word “floor.”)
     - “Top of the floor” means where your rug lies
     - “Lowest floor” means the lowest story of the home.
     - Your home’s elevation is measured from where the rug lies in the lowest story.
• Basements count!
  o The floor of the basement is where the home’s elevation will be measured from.
  o It does not matter whether the basement is finished or unfinished.
  o The rates account for the fact that the lowest floor is a basement (and therefore has limited coverage). Being 4 feet below BFE with a basement is not as bad as being 4 feet below BFE without a basement, in terms of the premium cost.
• In elevated homes, the “enclosure” below the first floor should not be “finished.” To qualify as unfinished, the lowest story must have less than 20 linear feet of drywall.
• Raising mechanicals (boiler, etc.) out of the basement can reduce your premium, but not dramatically.
Source: A Stronger, More Resilient New York/FEMA
How Quickly Will Rates Increase?

The following describes the current status of the law, under the HFIAA. Congress could change the law at any time. Congress is under pressure to stop FEMA’s ongoing slide deeper into debt, and therefore could revisit the issue of flood insurance premiums at any time.

1-4 family homeowners (primary residence): 15-18% increase per year

- Rate increases are capped at 15%-18% per year of the current premium.
- If your home is moving from a low-risk zone (X zone) to a high-risk zone (AE or VE zone), you can purchase a low-cost policy for the 1st year, and benefit from the 18% per year cap on increases in the following years. If you purchase the policy before your zone changes, you may be eligible to be “grandfathered” into the X zone rates (but not the “preferred risk” rate).
- You may qualify for “grandfathering,” which means they can continue to pay rates for your old zone or your old Base Flood Elevation (BFE).
- If your home is remaining in an X zone, you can continue to pay the “preferred risk” rate (about $500/year), if you have only had one significant flood claim (Sandy).

“Severe repetitive loss” properties: 25% increase per year

- “Severe repetitive loss” means a property:
  (a) that has at least four NFIP claim payments (including building and contents) over $5,000 each, and the cumulative amount of such claims payments exceeds $20,000; or
  (b) for which at least two separate claims payments (building payments only) have been made with the cumulative amount of the building portion of such claims exceeding the market value of the building.
  (c) For both (a) and (b) above, at least two of the referenced claims must have occurred within any ten-year period, and must be greater than 10 days apart.
- Not protected by the HFIAA delay in rate increases.
- Annual premium increase of 25% until the full risk rate is reached.
- Rate increases for severe repetitive loss properties began on October 1, 2013.

Second Homes and Businesses: 25% increase per year

- Not protected by HFIAA
- Rate increases began in 2013
- Annual premiums increase at 25% of the full risk rate until the full risk rate is reached.
Examples of HFIAA rate increases at 15% and 18%, starting from premiums of $1800 or $500

<table>
<thead>
<tr>
<th>Year</th>
<th>15% per year</th>
<th>18% per year</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Annual premium</td>
<td>Monthly premium</td>
</tr>
<tr>
<td></td>
<td>$1,800</td>
<td>$150</td>
</tr>
<tr>
<td>current</td>
<td></td>
<td></td>
</tr>
<tr>
<td>year 1</td>
<td>$2,070</td>
<td>$173</td>
</tr>
<tr>
<td>year 2</td>
<td>$2,381</td>
<td>$198</td>
</tr>
<tr>
<td>year 3</td>
<td>$2,738</td>
<td>$228</td>
</tr>
<tr>
<td>year 4</td>
<td>$3,148</td>
<td>$262</td>
</tr>
<tr>
<td>year 5</td>
<td>$3,620</td>
<td>$302</td>
</tr>
<tr>
<td>year 6</td>
<td>$4,164</td>
<td>$347</td>
</tr>
<tr>
<td>year 7</td>
<td>$4,788</td>
<td>$399</td>
</tr>
<tr>
<td>year 8</td>
<td>$5,506</td>
<td>$459</td>
</tr>
<tr>
<td>year 9</td>
<td>$6,332</td>
<td>$528</td>
</tr>
<tr>
<td>year 10</td>
<td>$7,282</td>
<td>$607</td>
</tr>
<tr>
<td>year 11</td>
<td>$8,374</td>
<td>$698</td>
</tr>
<tr>
<td>year 12</td>
<td>$9,630</td>
<td>$803</td>
</tr>
<tr>
<td>year 13</td>
<td>$11,075</td>
<td>$923</td>
</tr>
</tbody>
</table>

...and so on until the full-risk rate is reached.

<table>
<thead>
<tr>
<th>Year</th>
<th>15% per year</th>
<th>18% per year</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Annual premium</td>
<td>Monthly premium</td>
</tr>
<tr>
<td></td>
<td>$500</td>
<td>$42</td>
</tr>
<tr>
<td>current</td>
<td></td>
<td></td>
</tr>
<tr>
<td>year 1</td>
<td>$575</td>
<td>$48</td>
</tr>
<tr>
<td>year 2</td>
<td>$661</td>
<td>$55</td>
</tr>
<tr>
<td>year 3</td>
<td>$760</td>
<td>$63</td>
</tr>
<tr>
<td>year 4</td>
<td>$875</td>
<td>$73</td>
</tr>
<tr>
<td>year 5</td>
<td>$1,006</td>
<td>$84</td>
</tr>
<tr>
<td>year 6</td>
<td>$1,157</td>
<td>$96</td>
</tr>
<tr>
<td>year 7</td>
<td>$1,330</td>
<td>$111</td>
</tr>
<tr>
<td>year 8</td>
<td>$1,530</td>
<td>$128</td>
</tr>
<tr>
<td>year 9</td>
<td>$1,759</td>
<td>$147</td>
</tr>
<tr>
<td>year 10</td>
<td>$2,023</td>
<td>$169</td>
</tr>
<tr>
<td>year 11</td>
<td>$2,326</td>
<td>$194</td>
</tr>
<tr>
<td>year 12</td>
<td>$2,675</td>
<td>$223</td>
</tr>
<tr>
<td>year 13</td>
<td>$3,076</td>
<td>$256</td>
</tr>
</tbody>
</table>

...and so on until the full-risk rate is reached.

Remember, the rate increases will stop once the homeowner reaches the full-risk rate.
When Your Home’s Flood Insurance Cost Rises, Your Home Loses Value

- A $500 flood insurance premium increase is estimated to cause a $10,000 decrease in home value.

  Each $5,000 premium increase could lead to a $100,000 loss in the home’s value.

- A home with a $5,000-$10,000 annual flood insurance premium may be hard to sell at anything close to its pre-Sandy value, or even its value today.
What Is An Elevation Certificate and How to Get One?

- An elevation certificate states the elevation of the home’s lowest inhabited floor above sea level.
- Homeowners in high-risk flood zones ("special flood hazard areas") who do not already have an elevation certificate may eventually need one to purchase or renew a new flood insurance policy.
- Whether an elevation certificate will lower your flood insurance premium now depends on whether your home’s elevation is above or below the current Base Flood Elevation (BFE) requirement.
- An elevation certificate is prepared by a surveyor or engineer and costs $500-$800, possibly more.
Is There Some Way to Estimate a Home’s Elevation without Hiring a Surveyor?

A Build It Back “Feasibility Determination Report” gives enough information about a property to derive a **ballpark estimate** of the home’s current elevation. **You cannot rely on this as an accurate determination of the home’s elevation.** There are variables that could alter the estimate by several feet. However, this information can give you a **rough idea** of the home’s current elevation. Since most people in a Special Flood Hazard Zone will have to get an elevation certificate in order to renew a flood insurance policy, you should still hire a professional to determine accurately the home’s elevation.

- The first page of the Feasibility Determination Report states the homes lowest adjacent grade (LAG) and height of the first floor above ground (FFAG).
- The illustration on the following page shows you where to find this information on the Report.
- It makes no difference whether the below-ground space is a basement or a cellar: both have the same effect on the home’s elevation. (Crawlspaces are different, however.)
- To calculate the elevation of a home with a basement or cellar:
  - Measure how many feet below ground the basement or cellar floor is.
  - Subtract this number from the LAG
  - The result is your home’s approximate elevation above sea level.
- If your home is elevated on a crawlspace, add the FFAG to the LAG. The result is your home’s approximate elevation above sea level. (You should now turn to the page on how a crawlspace affects premiums.)
- If your home is elevated on an unfinished enclosure, such as an unfinished garage, add the height of that enclosure to the LAG. The result is your home’s approximate elevation above sea level.
Flood Zone (Special Flood Hazard Area)

Base Flood Elevation (future FEMA required home elevation, based in preliminary maps. These elevation requirements should take effect in early 2016)

Lowest Adjacent Grade (height of ground around home)

First Floor Above Ground (distance between the lowest ground point near the building and the bottom of the first floor above ground)
Are You Eligible for a Subsidized Flood Insurance Premium?

The following information reflects current FEMA policies and law. Those policies and law could change. These subsidies may or may not exist in the future, and the eligibility rules could change.

There are four types of rate subsidies:

- **Preferred Risk Rate:**
  
  Homes in an X zone that have been damaged by flooding only once (over $1,000 damage) in the last 10 years.

- **Grandfathered Rate:**

  Homes in an X zone now that are moving into an A or V zone in the new FEMA flood maps.

  or

  Homes in an A or V zone where the Base Flood Elevation (BFE) is increasing in the new maps

- **Pre-FIRM Rate:**

  Homes built before November 1983 (in New York City)

  The Pre-FIRM subsidy is a temporary subsidy: the rates will increase every year until they reach the full-risk rates.

- **Newly Mapped Rate:**

  Homes currently in an X zone that are moving into an A or V zone, and that have been damaged by flooding only once (over $1,000 damage) in the last 10 years.

  The Newly Mapped subsidy is also a temporary subsidy: the rates will increase every year.
Preferred Risk Policies (“PRP”)

Preferred Risk Policies are far cheaper than any other type of policy or subsidy!

Premiums for 1-4 family residential buildings range from about

$150 to $500 per year

depending on the amount of coverage you request.

To be eligible for this low premium, you:

• Must be in an X zone, and
• Must have a “qualifying flood loss history”

Your property’s flood loss history includes flood insurance claim payments as well as any federal flood disaster payments, including FEMA awards, SBA loans, Build It Back or New York Rising payments that you or a prior owner received in the last 10 years.

The flood loss history concerns your *house*—regardless of whether you owned it at the time.

Flood loss history:

If you have any of the following flood loss histories over the past 10 years means you ARE NOT ELIGIBLE for a PRP:

1. Two flood insurance claim payments for more than $1,000 each, for *separate* losses;

   Examples:

   • You received $1,001 flood insurance payment for Hurricane Irene and $4,000 flood insurance payment for Sandy: you *are not eligible* for a PRP.
   
   • If you received $800 from flood insurance for Irene, and received $50,000 from flood insurance for Sandy: you *are eligible* for PRP.

   It does not matter if the Sandy payments came in separate checks at separate times. You still qualify for a PRP (assuming none of the other items on this list apply). The payments must be for *separate* losses (different events), not the same loss.

2. Three or more flood insurance claim payments for separate losses, regardless of amount;
Remember these are payments for *separate* losses: If your only loss in the last 10 years was Sandy damage, and you got 3 checks—a $10,000 advance, then a $20,000 loss payment, then an additional $5,000 payment for something the insurer missed in the first evaluation of your claim, you still qualify for PRP.

3. Two federal flood disaster relief payments (including FEMA, SBA loan, Build It Back, or New York Rising), each more than $1,000, for separate occurrences;

4. Three federal flood disaster relief payments for separate occurrences, regardless of amount;

5. One flood insurance payment and one federal flood disaster relief payment, more than $1,000 each and each for separate losses.

What happens if you have a Preferred Risk Policy, and there is another flood?

If the new flood puts you in one of the five categories above, you will lose your Preferred Risk Policy at the next renewal. When the policy comes up for renewal, your premium will move to the standard X zone rates.

Grandfathering does not apply to the Preferred Risk Policy. In other words, if you are grandfathered into an X zone, you are not eligible for a regular Preferred Risk Policy. (You may be eligible for a temporary PRP under the Newly Mapped subsidy).
Grandfathering

There are two types of grandfathering:

1. **“Built-in-Compliance”** grandfathering:

   Applies only to homes built after November 1983 that are currently in a A zone or a V zone.

   If your home was built after November 1983, it should have been built in compliance with the flood risk management rules in your area. If your property was in a “Special Flood Hazard Area” (A or V zone), it had a base flood elevation (BFE) requirement. Any home in an A or V zone should have been built as an elevated building, to make sure that its lowest finished floor was above the BFE. (An example is a home with the living quarters above an unfinished garage on the ground floor, or a crawlspace with flood vents).

   If your home was built after 1983 but did not comply with the flood risk management rules (for example, because its lowest floor is below the BFE), you may qualify for “Continuous Coverage” grandfathering.

   New York City has had the same FIRM since 1983. (The new FIRM will likely be adopted sometime after 2016 for insurance rating purposes; the City has already adopted the new preliminary FIRM building requirements for new construction.)

   Eligibility:
   - Your home was built in compliance with the FIRM requirements (base flood elevation, etc.) in effect at the time it was built;
   - If your home was built as an elevated building, the lowest finished floor must be at or above the BFE, and
   - Any enclosed space below that floor must be unfinished and used only for parking, storage or building access;
   - Any enclosure must have proper flood openings (A zones) or breakaway walls (V zones).

2. **“Continuous Coverage”** grandfathering:

   This subsidy applies to homes built before or after 1983 (pre- or post-FIRM homes).

   Eligibility:
   - You (and any prior owner) have maintained continuous coverage since coverage was first obtained on the building; and
You (or a prior owner) have not altered the home to make the “lowest floor” below the BFE, (for example by converting a first-floor garage to living space); and

For elevated homes, anything below the original living quarters must be unfinished and used solely for parking storage or building access; and

For homes built after 1983, enclosures below the BFE must have proper flood vents (A zones) or breakaway walls (V zones); and

Homes built before 1983 can be grandfathered into the zone and BFE in effect at the time you or a prior owner first got flood insurance;

Homes built after 1983 can be grandfathered into the zone and BFE in effect at the time the home was built.

How Does Grandfathering Affect Me If I Currently Have a Flood Insurance Policy?

When you renew your policy, the premium can be rated based on the zone and BFE in effect when you first got the policy, as long as:

- you maintain continuous coverage; and
- you or a prior owner have not altered the building to make the lowest floor lower than the BFE (for example, by converting a first-floor garage to a finished space); and
- if your home is an elevated building, the enclosure below the living space is unfinished and used only for parking, storage or building access, and it has proper flood vents (A zone) or breakaway walls (V zones).

What If I Had A Flood Insurance Policy, But I Let It Lapse?

You are not eligible for grandfathering “continuous coverage” grandfathering, but you may be eligible for “built-in-compliance” grandfathering.

What If I Have Never Had a Flood Insurance Policy?

You can be grandfathered into the current zone and BFE, as long as you buy a policy before New York City adopts the new FIRMs (likely after 2016).
Pre-FIRM Subsidy

This is a temporary subsidy: your rates will gradually increase to match the full-risk Post-FIRM rates. The benefit of this subsidy is only that it will take a longer time for your premium to reach the full-risk rates.

A “pre-FIRM” home in New York City is a home that was built before November 1983. “Pre-FIRM” means a structure built before the community adopted its first Flood Insurance Rate Map (FIRM). New York City adopted its first FIRM in November 1983.

The rates vary based on these building characteristics:

“Basement” Any area of the home having its floor below ground level (subgrade) on all sides, unless it fits the definition of “subgrade crawlspace” (no more than 5 feet high and no more than 2 feet below ground level).

“Enclosure” The portion of an elevated building below the lowest elevated floor that is either partially or fully shut in by rigid walls.

“Elevated” A building that has no basement and has its lowest floor raised above ground level by foundation walls, shear walls, posts, piers, pilings, or columns.

“Crawlspace” Space beneath your home’s floor that is no more than 5 feet high.

But if the crawlspace is more than 2 feet below ground level on all four sides, it is considered a “basement.”

“Subgrade Crawlspace” A crawlspace that is no more than 2 feet below ground level on all sides.

The rates also vary depending on the zone your home is in, whether it is your primary residence, whether it has been “substantially damaged” or “substantially improved”, and whether the property has had “severe repetitive loss.”

“Substantial damage” Damage from any cause to a building whereby the cost of restoring the building to its before-damaged condition equals or exceeds 50% of the market value of the building before the damage occurred.

Note: the market value of the building does not include the value of the land the building sits on.

“Substantial improvement” Any reconstruction, rehabilitation, addition or other improvement of a building the cost of which equals or exceeds 50% of the market value of the building before the start of construction of the improvement.
“Severe repetitive loss”Any property (regardless of who owned it at the time) that has had any of the following:

• 4 or more separate flood loss claim payments of more than $5,000 each (including building and contents payments); or
• 2 or more separate building claim payments where the total of the payments exceeds the current value of the property.

Anyone with a “severe repetitive loss” property should have been notified of this already by FEMA or by your insurance carrier. If you have not been notified, you probably do not have a “severe repetitive loss” property.

A home’s elevation in relation to Base Flood Elevation is irrelevant for these subsidized pre-FIRM premiums. In some cases, the full-risk rate (based on elevation relative to BFE) can be cheaper than the subsidized pre-FIRM rate. To check this, you will need an elevation certificate, or an estimate of your home’s elevation (for example, from a smart phone app). Once you have the elevation certificate (or an estimate of your home’s elevation), give it to your insurer and ask what the full-risk and the subsidized pre-FIRM premiums would be for your home; you can then pick whichever is cheaper.

The following Pre-FIRM subsidized rate tables are for single-family homes. The rates for contents coverage for 2-4 family homes are slightly different, depending on whether the contents are above or below ground level.

The Pre-FIRM subsidized rates for “substantially damaged” or “substantially improved” properties in A and V zones are slightly higher than the rates in the tables below. If your home was substantially damaged or improved and you would like an estimate of what your subsidized rate will be, please contact one of the Legal Services NYC offices listed in the beginning of this manual.

† Since severe repetitive loss properties are rare, this manual does not include rating examples. If you have one of these properties and would like an estimate of what your rates will be increasing to (full risk rate), contact one of the Legal Services NYC offices listed in the beginning of this manual.

‡ The payments must have been within 10 years of each other, but could have occurred more than 10 years ago.
Temporary Subsidized Premiums for Homes Built Before 1983 ("Pre-FIRM")

This subsidy applies only if the home is your primary residence.

The subsidy is temporary: your rates will gradually increase to the full-risk rates

**X Zone**

The pre-FIRM “subsidized” rates for X zone primary homes are identical to the full-risk X zone rates.
To find your rates in an X zone, go to the full-risk rate section.

*The premiums below are annual premiums (per year), and assume a $2,000 deductible.*

**A, AE or AO Zone Single Family Primary Residence**

<table>
<thead>
<tr>
<th>Building Type</th>
<th>$250,000 structure $100,000 contents</th>
<th>$200,000 structure $50,000 contents</th>
<th>$250,000 structure only, no contents</th>
<th>$200,000 structure only, no contents</th>
<th>$100,000 structure only, no contents</th>
</tr>
</thead>
<tbody>
<tr>
<td>No basement</td>
<td>$3,803</td>
<td>$2,814</td>
<td>$2,534</td>
<td>$2,069</td>
<td>$1,137</td>
</tr>
<tr>
<td>With basement</td>
<td>$4,811</td>
<td>$3,414</td>
<td>$3,428</td>
<td>$2,738</td>
<td>$1,358</td>
</tr>
<tr>
<td>Elevated on Enclosure</td>
<td>$5,526</td>
<td>$3,870</td>
<td>$3,935</td>
<td>$3,124</td>
<td>$1,468</td>
</tr>
<tr>
<td>Elevated on Crawlspace</td>
<td>$4,108</td>
<td>$2,814</td>
<td>$2,517</td>
<td>$2,069</td>
<td>$1,137</td>
</tr>
<tr>
<td>Non-Elevated with Subgrade Crawlspace</td>
<td>$3,901</td>
<td>$2,423</td>
<td>$2,517</td>
<td>$2,069</td>
<td>$1,137</td>
</tr>
</tbody>
</table>

**V or VE Zone Single Family Primary Residence**

<table>
<thead>
<tr>
<th>Building Type</th>
<th>$250,000 structure $100,000 contents</th>
<th>$200,000 structure $50,000 contents</th>
<th>$250,000 structure only, no contents</th>
<th>$200,000 structure only, no contents</th>
<th>$100,000 structure only, no contents</th>
</tr>
</thead>
<tbody>
<tr>
<td>No basement</td>
<td>$8,855</td>
<td>$5,675</td>
<td>$5,413</td>
<td>$4,251</td>
<td>$1,894</td>
</tr>
<tr>
<td>With basement</td>
<td>$10,637</td>
<td>$7,187</td>
<td>$7,653</td>
<td>$5,917</td>
<td>$2,409</td>
</tr>
<tr>
<td>Elevated on Enclosure</td>
<td>$12,288</td>
<td>$8,222</td>
<td>$8,855</td>
<td>$6,802</td>
<td>$2,662</td>
</tr>
<tr>
<td>Elevated on Crawlspace</td>
<td>$8,855</td>
<td>$5,675</td>
<td>$5,413</td>
<td>$4,251</td>
<td>$1,894</td>
</tr>
<tr>
<td>Non-Elevated with Subgrade Crawlspace</td>
<td>$8,397</td>
<td>$5,522</td>
<td>$5,413</td>
<td>$4,251</td>
<td>$1,894</td>
</tr>
</tbody>
</table>
“Newly Mapped” Subsidy

This option applies only to properties that are currently in a low flood risk area (X zone) and are being mapped into a high risk area (Special Flood Hazard Zone—for example, A, AE, V, VE).

If you are already in an A or V zone, you are not eligible for this subsidy.

This is a temporary subsidy. To get a permanent subsidy based on your changing zone, you must be eligible for grandfathering.

Eligibility:

- Your home is currently in an X zone, and
- It is moving to an A or V zone under the new maps, and
- You buy a flood insurance policy within 12 months of the date the new maps are adopted in NYC, and
- Your only flood loss payment over $1,000 was from Sandy.
  (in other words, would have been eligible for Preferred Risk Policy if you were staying in an X zone or grandfathered into an X zone).

The subsidy:

- You will receive the Preferred Risk Policy rate (about $500) for the first year of your policy after April 2015.
- After the first year, your premium will increase by 15-18% per year until you reach the full-risk rates for your property.

IMPORTANT ALERT:

If you are currently in an X zone and you are being newly mapped into an A or V zone, buy flood insurance before your zone changes (when the new maps are adopted, likely after 2016)!

If you buy flood insurance before your zone changes, you can be grandfathered into the X-zone rates, which are lower than the A and V zone rates.

If you buy flood insurance now at the Preferred Risk Rate, your premium 12 years from now can cap out at around $2,600.

If you wait until after your zone changes to an A or V zone to buy flood insurance, your premium 12 years from now could be $7,000 and still climbing.

The grandfathered rate will help maintain the re-sale value of your home.
Full-Risk Premiums

The following tables show the end point of the premium increases. In other words, these premiums are roughly where your annual premium increases will stop (not including inflation adjustments). Use these tables to get an estimate of where your premiums will be in the future.

Full-Risk Premiums: X Zone (1-4 Family Home)

<table>
<thead>
<tr>
<th>Building Type</th>
<th>$250,000 building $100,000 contents</th>
<th>$200,000 building $50,000 contents</th>
<th>$250,000 building only, no contents</th>
<th>$200,000 building only, no contents</th>
<th>$100,000 building only, no contents</th>
<th>$60,000 building only, no contents</th>
</tr>
</thead>
<tbody>
<tr>
<td>No basement, cellar or enclosure</td>
<td>$2,209</td>
<td>$2,055</td>
<td>$1,355</td>
<td>$1,200</td>
<td>$890</td>
<td>$766</td>
</tr>
<tr>
<td>With basement/cellar</td>
<td>$2,677</td>
<td>$2,132</td>
<td>$1,700</td>
<td>$1,476</td>
<td>$1,028</td>
<td>$851</td>
</tr>
<tr>
<td>With enclosure</td>
<td>$2,825</td>
<td>$2,217</td>
<td>$1,787</td>
<td>$1,541</td>
<td>$1,046</td>
<td>$851</td>
</tr>
<tr>
<td>with crawlspace (above ground or below)</td>
<td>$2,209</td>
<td>$2,055</td>
<td>$1,355</td>
<td>$1,200</td>
<td>$890</td>
<td>$766</td>
</tr>
</tbody>
</table>

“Basement” Any area of the home having its floor below ground level on all sides and more than 5 feet high.

“Enclosure” Any portion of your home that is below the “lowest floor” (where elevation measured from) that is partly or fully enclosed by rigid walls, and is more than 5 feet high. In other words, an elevated home where the living quarters are raised above ground more than 5 feet, such as a home on top of an enclosed garage.

“Crawlspace” Space beneath your home’s floor that is no more than 5 feet high.

If you have a 2-4 family home: Rates for contents coverage for 2-4 family homes in the X zone may be slightly different, depending on the location of the contents.
## Full-Risk Premiums: AE Zone 1-4 Family Homes

<table>
<thead>
<tr>
<th>Building Type</th>
<th>Elevation relative to BFE (in feet)</th>
<th>$250,000 building, $100,000 contents</th>
<th>$200,000 building, $50,000 contents</th>
<th>$250,000 building only</th>
<th>$200,000 building only</th>
<th>$100,000 building only</th>
<th>$60,000 building only</th>
</tr>
</thead>
<tbody>
<tr>
<td>1 Story only</td>
<td>No Basement, Cellar, Enclosure or Crawlspace</td>
<td>+4</td>
<td>$635</td>
<td>$521</td>
<td>$422</td>
<td>$377</td>
<td>$285</td>
</tr>
<tr>
<td></td>
<td></td>
<td>+2</td>
<td>$759</td>
<td>$645</td>
<td>$546</td>
<td>$501</td>
<td>$409</td>
</tr>
<tr>
<td></td>
<td></td>
<td>+1</td>
<td>$1,048</td>
<td>$922</td>
<td>$818</td>
<td>$761</td>
<td>$646</td>
</tr>
<tr>
<td></td>
<td></td>
<td>0</td>
<td>$2,055</td>
<td>$1,895</td>
<td>$1,701</td>
<td>$1,610</td>
<td>$1,426</td>
</tr>
<tr>
<td></td>
<td></td>
<td>-1</td>
<td>$4,777</td>
<td>$4,341</td>
<td>$4,066</td>
<td>$3,878</td>
<td>$3,498</td>
</tr>
<tr>
<td></td>
<td></td>
<td>-2</td>
<td>$7,192</td>
<td>$5,616</td>
<td>$6,030</td>
<td>$5,461</td>
<td>$4,300</td>
</tr>
<tr>
<td></td>
<td></td>
<td>-4</td>
<td>$11,481</td>
<td>$9,992</td>
<td>$9,520</td>
<td>$8,375</td>
<td>$6,098</td>
</tr>
<tr>
<td></td>
<td></td>
<td>-6</td>
<td>$16,215</td>
<td>$14,605</td>
<td>$13,428</td>
<td>$12,232</td>
<td>$9,817</td>
</tr>
<tr>
<td></td>
<td></td>
<td>-8</td>
<td>$20,630</td>
<td>$17,211</td>
<td>$15,963</td>
<td>$14,307</td>
<td>$10,972</td>
</tr>
<tr>
<td>2 or more Stories</td>
<td>No Basement, Cellar, Enclosure or Crawlspace</td>
<td>+4</td>
<td>$628</td>
<td>$514</td>
<td>$415</td>
<td>$370</td>
<td>$278</td>
</tr>
<tr>
<td></td>
<td></td>
<td>+2</td>
<td>$704</td>
<td>$590</td>
<td>$491</td>
<td>$446</td>
<td>$354</td>
</tr>
<tr>
<td></td>
<td></td>
<td>+1</td>
<td>$905</td>
<td>$785</td>
<td>$692</td>
<td>$642</td>
<td>$538</td>
</tr>
<tr>
<td></td>
<td></td>
<td>0</td>
<td>$1,605</td>
<td>$1,468</td>
<td>$1,303</td>
<td>$1,235</td>
<td>$1,097</td>
</tr>
<tr>
<td></td>
<td></td>
<td>-1</td>
<td>$3,206</td>
<td>$2,862</td>
<td>$2,706</td>
<td>$2,523</td>
<td>$2,155</td>
</tr>
<tr>
<td></td>
<td></td>
<td>-2</td>
<td>$4,498</td>
<td>$4,038</td>
<td>$3,643</td>
<td>$3,384</td>
<td>$2,844</td>
</tr>
<tr>
<td></td>
<td></td>
<td>-4</td>
<td>$7,952</td>
<td>$7,389</td>
<td>$6,465</td>
<td>$6,137</td>
<td>$5,459</td>
</tr>
<tr>
<td></td>
<td></td>
<td>-6</td>
<td>$11,205</td>
<td>$10,561</td>
<td>$9,069</td>
<td>$8,695</td>
<td>$7,925</td>
</tr>
<tr>
<td></td>
<td></td>
<td>-8</td>
<td>$14,300</td>
<td>$12,266</td>
<td>$10,474</td>
<td>$9,905</td>
<td>$8,743</td>
</tr>
<tr>
<td>2 or More Stories (includes basement, etc.)</td>
<td>with Basement, Cellar, Enclosure or Crawlspace</td>
<td>+4</td>
<td>$628</td>
<td>$514</td>
<td>$415</td>
<td>$370</td>
<td>$278</td>
</tr>
<tr>
<td></td>
<td></td>
<td>+2</td>
<td>$683</td>
<td>$569</td>
<td>$470</td>
<td>$425</td>
<td>$333</td>
</tr>
<tr>
<td></td>
<td></td>
<td>+1</td>
<td>$801</td>
<td>$682</td>
<td>$589</td>
<td>$538</td>
<td>$435</td>
</tr>
<tr>
<td></td>
<td></td>
<td>0</td>
<td>$975</td>
<td>$850</td>
<td>$762</td>
<td>$706</td>
<td>$591</td>
</tr>
<tr>
<td></td>
<td></td>
<td>-1</td>
<td>$1,173</td>
<td>$1,030</td>
<td>$951</td>
<td>$883</td>
<td>$745</td>
</tr>
<tr>
<td></td>
<td>with basement/cellar (machinery in it)</td>
<td>-2</td>
<td>$2,241</td>
<td>$2,074</td>
<td>$1,933</td>
<td>$1,841</td>
<td>$1,634</td>
</tr>
<tr>
<td></td>
<td>with basement/cellar (no machinery in it)</td>
<td>-2</td>
<td>$1,838</td>
<td>$1,688</td>
<td>$1,529</td>
<td>$1,455</td>
<td>$1,282</td>
</tr>
<tr>
<td></td>
<td>with basement/cellar (machinery in it)</td>
<td>-4</td>
<td>$3,817</td>
<td>$3,437</td>
<td>$3,451</td>
<td>$3,152</td>
<td>$2,531</td>
</tr>
<tr>
<td></td>
<td>with basement/cellar (no machinery in it)</td>
<td>-4</td>
<td>$3,091</td>
<td>$2,855</td>
<td>$2,725</td>
<td>$2,570</td>
<td>$2,237</td>
</tr>
<tr>
<td></td>
<td>with basement/cellar (machinery in it)</td>
<td>-6</td>
<td>$5,015</td>
<td>$4,314</td>
<td>$4,609</td>
<td>$4,005</td>
<td>$2,775</td>
</tr>
<tr>
<td></td>
<td>with basement/cellar (no machinery in it)</td>
<td>-6</td>
<td>$4,301</td>
<td>$3,755</td>
<td>$3,895</td>
<td>$3,446</td>
<td>$2,526</td>
</tr>
<tr>
<td></td>
<td>with basement/cellar (machinery in it)</td>
<td>-8</td>
<td>$6,586</td>
<td>$5,672</td>
<td>$5,820</td>
<td>$5,061</td>
<td>$3,520</td>
</tr>
<tr>
<td></td>
<td>with basement/cellar (no machinery in it)</td>
<td>-8</td>
<td>$5,457</td>
<td>$4,189</td>
<td>$4,691</td>
<td>$4,196</td>
<td>$3,184</td>
</tr>
</tbody>
</table>
Full-Risk Premiums: VE Zone 1-4 Family Homes (un-elevated homes)

<table>
<thead>
<tr>
<th>Building Type</th>
<th>Elevation relative to BFE (in feet)</th>
<th>$250,000 building, $100,000 contents</th>
<th>$200,000 building, $50,000 contents</th>
<th>$250,000 building only</th>
<th>$200,000 building only</th>
<th>$100,000 building only</th>
<th>$60,000 building only</th>
</tr>
</thead>
<tbody>
<tr>
<td>1 Story only</td>
<td>No Basement, Cellar, Enclosure or Crawlspace</td>
<td>0 or higher</td>
<td>$6,623</td>
<td>$5,484</td>
<td>$4,207</td>
<td>$3,821</td>
<td>$3,039</td>
</tr>
<tr>
<td></td>
<td>-1</td>
<td>$22,760</td>
<td>$16,348</td>
<td>$13,614</td>
<td>$11,423</td>
<td>$7,030</td>
<td>$5,273</td>
</tr>
<tr>
<td>2 or more Stories</td>
<td>No Basement, Cellar, Enclosure or Crawlspace</td>
<td>0 or higher</td>
<td>$5,596</td>
<td>$4,509</td>
<td>$3,710</td>
<td>$3,325</td>
<td>$2,543</td>
</tr>
<tr>
<td></td>
<td>-1</td>
<td>$19,568</td>
<td>$14,215</td>
<td>$13,165</td>
<td>$10,974</td>
<td>$6,581</td>
<td>$4,824</td>
</tr>
<tr>
<td>2 or More Stories (includes basement, etc.)</td>
<td>with Basement, Cellar, Enclosure or Crawlspace</td>
<td>0 or higher</td>
<td>$4,857</td>
<td>$3,851</td>
<td>$3,420</td>
<td>$3,035</td>
<td>$2,253</td>
</tr>
<tr>
<td></td>
<td>-1</td>
<td>$13,433</td>
<td>$10,650</td>
<td>$11,871</td>
<td>$9,732</td>
<td>$5,443</td>
<td>$3,727</td>
</tr>
</tbody>
</table>

If your home’s elevation is lower than -1 (1 foot below the Base Flood Elevation):

Premiums for VE zone homes below -1 elevation relative to BFE involve different factors than for AE or X zones.

The cost of coverage for those below -1 elevation-to-BFE depends on the amount of coverage you need compared to the replacement cost of your home. To get a rough estimate of what the full-risk rate will be for your home, contact one of the Legal Services NYC offices listed at the beginning of this manual.

If your home is elevated

Premiums for elevated homes in the VE zone involve different factors than un-elevated homes.

To get a rough estimate of what the full-risk rate will be for your home, contact one of the Legal Services NYC offices listed at the beginning of this manual.
Homes with Crawlspace

Where the Crawlspace floor is **below** Base Flood Elevation

Calculating the full-risk flood insurance premium where the home has a crawlspace (any space below your living quarters that is no more than 5 feet high) is complicated.

Your premium will vary depending on whether your crawlspace has flood vents that allow water to escape. If your crawlspace has flood vents, your premium will be lower. If it lacks flood vents, the premium will be higher. This section applies if your crawlspace does **not** have flood vents.

Here is a **short-hand way to roughly approximate** your premium:

1. **If you have an elevation certificate:**
   a. line C2.b. tells you the elevation of the floor above your crawlspace (“top of the next higher floor”).
   b. Subtract this number from your Base Flood Elevation (BFE).

      Example: Line C2.b = 10 feet; your BFE = 12 feet; 12 feet - 10 feet = 2 feet

      Your first floor above the crawlspace is 2 feet below the BFE, or “-2”

   c. Go to the full-risk rate table for a home with “no basement” in your flood zone.
   d. Find the rate for a “no basement” home at the elevation of your first floor above the crawlspace (-2 in the example).
   e. Add the following to that premium, based on the square footage of your crawlspace:
      Under 1,200 square feet – add 15%
      1,200-2,400 square feet – add 20%
      Over 2,400 square feet – add 25%

2. **If you do not have an elevation certificate:**
   a. Determine your “lowest adjacent grade,” which is the height above sea level of the ground around your house at its lowest point.
      - Your flood insurance “Declarations” sheet may state the lowest adjacent grade (LAG).
      - If you are in Build It Back, the first page of your Feasibility Report will state the LAG.
   b. Measure how high above ground level the floor of your first story is. (Be sure you measure from the lowest point of the land around your house.)
   c. Add the height above ground of your first floor to the LAG. This tells you approximately how high your first floor is above sea level. Use this number as your home’s “elevation.”
   d. Subtract this “elevation” from the Base Flood Elevation (BFE) requirement for your home.
Example: Your first floor’s elevation above sea level (not ground level!) = 6 feet

The BFE for your home is 10 feet.

Your home is 4 feet below BFE, or “-4”.

e. Go to the table in this manual for Full-Risk homes with “no basement” (for “1 story” or “more than 1 story”), and find the premium for your elevation relative to BFE (-4 in the example).

f. Add the following to that premium, based on the square footage of your crawlspace:
   - Under 1,200 square feet – add 15%
   - 1,200-2,400 square feet – add 20%
   - Over 2,400 square feet – add 25%
Full-Risk Rates for a Home Elevated on an Enclosure (not crawlspace or basement)

That Is Below Base Flood Elevation

If your home is elevated on an enclosure (such as a garage), that is enclosed on all 4 sides, and the enclosure meets FEMA requirements (for example, it has flood vent, is unfinished, etc.), your home’s elevation will be measured from the floor of the story above the enclosure.

If the enclosure does not meet FEMA requirements—unfinished and used only for parking, storage, or access—the floor of the enclosure will be the point from which your home’s elevation will be measured. In this case, the calculation below does not apply to you. Go to the rates for an un-elevated home, and use the

Calculating a premium for an elevated home on an enclosure below -1’ elevation is complicated. You should consult a flood insurance broker, or, for a rough approximation, contact one of the Legal Services NYC offices listed in the front of this manual.

The following explains how the premium is calculated, if you want a ballpark range of what your full-risk flood insurance premium may be:

1. Go to the full-risk table in this manual for your zone and the elevation of story of your home above the elevation. (Line C.2.b. on an elevation certificate).

2. Use the “no basement” category in the full risk tables to find the relevant base premium.

3. You then need to add to that premium an additional amount for the enclosure. The amount you add depends on how far the floor of the enclosure is below BFE, or how far the floor of the enclosure is below the next higher floor, as well as how many square feet the enclosure is. The percentage you add on to the premium ranges from 10% to 343%. Below are some examples:

   - If the enclosure floor’s elevation is -1’, the amount you add ranges from 10% (for enclosures less than 300 square feet) to 51% (for enclosures more than 10,000 square feet).
   - If the enclosure floor’s elevation is -5’, the amount you add ranges from 20% (less than 300 square feet) to 70% (over 10,000 square feet).
   - If the enclosure floor’s elevation is -10’, the amount you add ranges from 32% (less than 300 square feet) to 92% (over 10,000 square feet).
   - If the enclosure floor’s elevation is -15’, the amount you add ranges from 122% to 343%.
Can I Lower My Premium By Choosing A High Deductible?

Increasing your deductible can reduce your premiums.

High Deductibles are not available for some subsidized policies.

If you have a mortgage, your mortgage company may not allow a very high deductible.

The tables below show only roughly how a deductible reduces your premium. Since the “deductible factor” is applied before the fees and ICC premium are applied, the actual effect on your premium will be slightly less than what is shown below. Also, the deductible varies according to whether you are buying building-only coverage, or building and contents coverage. These tables are for building-only polices.

For full-risk premiums—Building-only coverage:

<table>
<thead>
<tr>
<th>Deductible</th>
<th>How It Reduces Your Premium</th>
</tr>
</thead>
<tbody>
<tr>
<td>$3,000</td>
<td>You pay 88.5 % of the normal premium</td>
</tr>
<tr>
<td>$5,000</td>
<td>You pay 78.5 % of the normal premium</td>
</tr>
<tr>
<td>$10,000</td>
<td>You pay 65 % of the normal premium</td>
</tr>
</tbody>
</table>

For “pre-FIRM” subsidized premiums—Building-only coverage:

<table>
<thead>
<tr>
<th>Deductible</th>
<th>How It Reduces Your Premium</th>
</tr>
</thead>
<tbody>
<tr>
<td>$3,000</td>
<td>You pay 94.5 % of the normal premium</td>
</tr>
<tr>
<td>$5,000</td>
<td>You pay 84 % of the normal premium</td>
</tr>
<tr>
<td>$10,000</td>
<td>You pay 70 % of the normal premium</td>
</tr>
</tbody>
</table>
Beware of “Force-Placed” Flood Insurance!

If you have a mortgage and are in an A or V zone (Special Flood Hazard Area), you must purchase flood insurance.

The amount of building coverage you buy must equal the unpaid balance of your mortgage or $250,000, whichever is less. You are not required to buy contents coverage (but it is a good idea, if you can afford it).

If you have a mortgage and you do NOT purchase flood insurance for the building, your mortgage company can and probably will “force place” flood insurance on your home. This means the mortgage company buys the insurance for you and passes the cost of it on to you in your monthly mortgage bill.

The cost of force-placed flood insurance may be much higher than if you bought the policy yourself.

For example:

If your **mortgage balance is over $250,000**, your mortgage company can charge you:

- **in an A zone:**
  - $10,156 per year for building-only coverage
  - $14,181 per year for building and contents coverage.

- **in a V zone:**
  - $31,776 per year for building-only coverage
  - $44,425 per year for building and contents coverage

Even if **you only owe $100,000** on your mortgage, your mortgage company can charge you:

- **in an A zone:**
  - $4,981 per year for building-only coverage
  - $8,925 per year for building and contents coverage

- **in a V zone:**
  - $12,801 per year for building-only coverage
  - $25,451 per year for building and contents coverage.
The Problem of Elevated Homes Where the Lowest Story Has Been Converted

Many newer homes in the current high risk flood zone were built as elevated homes. This applies mainly to homes built after 1983, when New York City adopted its first flood rate maps (FIRMs). Many of these homes were later converted to make living quarters on the ground floor, which was formerly an unfinished garage or other non-living space. In some cases, the conversion was done by the current owner. In other cases, the current homeowner purchased the home believing that the converted ground floor complied with building codes. In either case, the floor (where the rug lies) of the converted ground-level story will be the point at which the home’s elevation will be measured for purposes of flood insurance premiums.

The home’s Certificate of Occupancy (available online from the NYC buildings department) may state whether the first floor was supposed to be living quarters. A garage door on the front of a non-garage space is an indication that your first floor has been converted.

If a building located in an A zone has an enclosure below the elevated story, such as a garage, the floor of that ground-level story will be the point from which the home’s elevation will be measured, if:

- The ground-floor space is finished (more than 20 linear feet of interior finished wall); or
- The ground-floor space is used for anything other than building access, parking, or storage; or
- The ground-floor space does not have flood vents (to let water flow out).

Some homes with converted ground floors may not need to be further elevated:

The good news is that homeowners with converted ground floors may not have to physically elevate the home to meet current BFE requirements. If the original lowest floor for living space (above the garage floor) is already at or above the new BFE, the homeowner can restore the ground floor to a garage or storage space (removing finishing) and pay low flood insurance premiums. This is much cheaper than elevating the home. The bad news is that the homeowner will lose the lowest floor as living space.

Is it possible to leave the finishing in place on the ground floor and still use the higher floor as the home’s elevation point, for purposes of flood insurance rating?

According to NFIP regulation, no. In the past, NFIP has not always checked whether the ground floors of elevated homes were finished. Many people received flood insurance payments after Sandy for losses in converted ground floors. This may not continue, and cannot be relied on in any event. Be aware, though, that a homeowner who receives a policy that is rated as an elevated home, despite a finished ground floor, will have very limited coverage for any loss below the elevated floor.
Increased Cost of Compliance Coverage and Eligibility

The National Flood Insurance Program (NFIP) standard flood insurance policy, which the vast majority of flood insured homeowners have, includes coverage for some homeowners to pay for some of the cost of home elevation. The coverage is called Increased Cost of Compliance (ICC).

Coverage:

- Up to $30,000.
- Subject to $250,000 maximum NFIP payout.
- Available only to homeowners whose homes were substantially damaged (50% or more of the structure value) or are a “repetitive loss structure” (2 flood damage claims during a 10-year period which combined reached 50% or more of the structure value).
- The 50% damage threshold includes only flood damage, not flood and wind combined.

Examples:

- Homeowner A has $250,000 in building coverage under her flood insurance policy. She received $200,000 payment for Sandy damage to her home. Her home (structure only) is valued at $120,000. She is eligible for ICC.

- Homeowner B has $200,000 in building coverage and received $200,000 in flood insurance payment for Sandy damage, which is greater than 50% of the structure value. He is eligible for an additional $30,000 from ICC.

- Homeowner C has $250,000 in building coverage and received $230,000 in insurance payment. She is eligible for $20,000 in ICC coverage.

Deadline to complete mitigation work for an ICC claim: October 28, 2016 (Four years from loss)

The standard flood insurance policy states that an ICC claim must be filed and work completed within 2 years of the date of loss, but that deadline was extended to 4 years by FEMA Bulletin W-13006 (February 11, 2013).