

2 Dwelling Form

PLEASE READ THE POLICY CAREFULLY. THE FLOOD INSURANCE PROVIDED IS SUBJECT TO LIMITATIONS, RESTRICTIONS, AND EXCLUSIONS. THIS POLICY COVERS ONLY:

1. A NON-CONDOMINIUM RESIDENTIAL BUILDING DESIGNED FOR PRINCIPAL USE AS A DWELLING PLACE OF ONE TO FOUR FAMILIES, OR
2. 2. A SINGLE FAMILY DWELLING UNIT IN A CONDOMINIUM BUILDING.

I. Agreement	
Policy Language	Additional Explanation
<p>The Federal Emergency Management Agency (FEMA) provides flood insurance under the terms of the National Flood Insurance Act of 1968 and its Amendments, and Title 44 of the Code of Federal Regulations.</p> <p>We will pay you for direct physical loss by or from flood to your insured property if you:</p> <ol style="list-style-type: none"> 1. Have paid the correct premium; 2. Comply with all terms and conditions of this policy; and 3. Have furnished accurate information and statements. <p>We have the right to review the information you give us at any time and to revise your policy based on our review.</p>	<p>This policy is under Federal law, unlike other property lines. Relevant definition at II.B.12 (direct physical loss). Policyholder responsibilities appear at Section VII.J, K. post-loss underwriting at Section VII.G.</p>

II. Definitions	
Policy Language	Additional Explanation
<p>A. In this policy, “you” and “your” refer to the insured(s) shown on the Declarations Page of this policy and your spouse, if a resident of the same household. Insured(s) includes: Any mortgagee and loss payee named in the Application and Declarations Page, as well as any other mortgagee or loss payee determined to exist at the time of loss in the order of precedence. “We,” “us,” and “our” refer to the insurer.</p> <p>Some definitions are complex because they are provided as they appear in the law or regulations or result from court cases. The precise definitions are intended to protect you.</p>	
<p>Flood, as used in this flood insurance policy, means:</p>	
<p>1. A general and temporary condition of partial or complete inundation of two or more acres of normally dry land area or of two or more properties (one of which is your property) from:</p> <ul style="list-style-type: none"> a. Overflow of inland or tidal waters, b. Unusual and rapid accumulation or runoff of surface waters from any source, c. Mudflow. 	<p>For a general condition of flood to exist, the inundation must cover two or more acres of normally dry land or two or more parcels of land, one of which can be public property (such as a roadway).</p> <p>The reference to “partial or complete inundation of two or more acres of normally dry land area or of two or more properties” requires that the two or more acres must be continuous acres, and that the two or more inundated parcels of land must touch.</p> <p>For mudflow definition, see SFIP Section II.B.19.</p>
<p>2. Collapse or subsidence of land along the shore of a lake or similar body of water as a result of erosion or undermining caused by waves or currents of water exceeding anticipated cyclical levels that result in a flood as defined in A.1.a. above.</p>	<p>The SFIP also defines a flood as the collapse or subsidence of land along the shore of a lake or similar body of water from erosion or undermining caused by waves or currents of water (velocity flow) exceeding anticipated cyclical levels during a flood from the overflow of inland or tidal waters.</p> <p>The SFIP does not cover damage from any other cause, form, or type of earth movement. It also does not cover gradual erosion.</p> <p>See Exclusions at SFIP Section V.C.</p>
<p>B. The following are the other key definitions we use in this policy:</p>	
<p>1. Act The National Flood Insurance Act of 1968 and any amendments to it.</p>	<p>Refer to policy language.</p>
<p>2. Actual Cash Value The cost to replace an insured item of property at the time of loss, less the value of its physical depreciation.</p>	<p>Actual cash value (ACV) is the cost to replace a building, a building item, or a personal property item, that includes all charges related to material, labor, and equipment. The unit price may include charges such as delivery, assembly, sales tax, and any applicable overhead and profit, and the like, less applicable depreciation on all components of such price.</p>

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<p>3. Application The statement made and signed by you or your agent in applying for this policy. The application gives information we use to determine the eligibility of the risk, the kind of policy to be issued, and the correct premium payment. The application is part of this flood insurance policy. For us to issue you a policy, the correct premium payment must accompany the application.</p>	<p>The statement made and signed by the prospective policyholder or the agent when applying for a policy. The application contains information including the property description, information to determine eligibility, the policy form selected, the selected coverage and limits, deductible, and the premium amount.</p>
<p>4. Base Flood A flood having a one percent chance of being equaled or exceeded in any given year.</p>	<p>Refer to policy language.</p>
<p>5. Basement Any area of the building, including any sunken room or sunken portion of a room, having its floor below ground level (subgrade) on all sides.</p>	<p>The SFIP definition for a basement means the floor level of a room, or any area of a floor level in a building is below the ground level on all sides. This definition may differ from what policyholders consider as their “basement.” The SFIP considers a sunken room or sunken portion of a room to be a basement if the floor level is below the ground level on all sides. The entire below-ground-floor-level area, including walls and the ceiling that may extend above grade, is subject to basement coverage limitations.</p>

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	<p>Figure 2. Sunken Room</p>  <p>Photograph credit Amber Flooring</p> <p>Ground level is the surface of the ground immediately along the perimeter of the building. If an exterior area of egress into the building is below the ground level on all sides, installed over a subgrade, the area of egress is below ground level.</p> <p>Figure 3. Ground Level vs. Below Ground Level</p> 

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Policy Language	Additional Explanation
<p></p>	<p style="text-align: center;">Figure 4. Egress</p>  <p>A subgrade is a surface of earth leveled off to receive a foundation such as a concrete slab of a building.</p> <p>The insurer may need to engage a qualified, licensed professional (e.g., surveyor) to measure the floor level in question. See Section 2 of this manual.</p> <p>Sump wells and elevator pits are not basements because they are not a floor level.</p>
<p>6. Building</p> <p>a. A structure with two or more outside rigid walls and a fully secured roof, that is affixed to a permanent site;</p> <p>b. A manufactured home (a “manufactured home,” also known as a mobile home, is a structure: built on a permanent chassis, transported to its site in one or more sections, and affixed to a permanent foundation); or</p> <p>c. A travel trailer without wheels, built on a chassis and affixed to a permanent foundation, that is regulated under the community’s floodplain management and building ordinances or laws.</p> <p>Building does not mean a gas or liquid storage tank or a recreational</p>	<ul style="list-style-type: none"> • The SFIP covers a building, manufactured home (mobile home), or travel trailer, if located at the described location as shown on the Declaration Page. The policy insures only one building. • The SFIP requires a building to be affixed to a permanent site, whereas it requires a manufactured home and a travel trailer to be affixed to a permanent foundation. • A travel trailer (recreational vehicle) with attached wheels is not a building. • Apply the same rules to determine building and contents coverage with a storage or shipping container, if it is used as a shed, storage building or residence, as you would a manufactured home or travel trailer.

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vehicle, park trailer or other similar vehicle, except as described in B.6.c. above.	
<p>7. Cancellation</p> <p>The ending of the insurance coverage provided by this policy before the expiration date.</p>	<ul style="list-style-type: none"> • The NFIP Flood Insurance Manual provides a list for all valid policy cancellation reasons. • The expiration date is the ending of the policy term, the period of coverage provided by the insurance policy. • The policy term for the SFIP is one year, after any applicable waiting period.
<p>8. Condominium</p> <p>That form of ownership of real property in which each unit owner has an undivided interest in common elements.</p>	Refer to policy language.
<p>9. Condominium Association</p> <p>The entity made up of the unit owners responsible for the maintenance and operation of:</p> <ol style="list-style-type: none"> Common elements owned in undivided shares by unit owners; and Other real property in which the unit owners have use rights; where membership in the entity is a required condition of unit ownership. 	<p>A unit must be part of a condominium governed by a condominium association for a unit owner to have coverage eligibility under the Dwelling Form. Homeowners’ associations, townhome associations, and cooperatives, and the like are not condominium associations.</p>
<p>10. Declarations Page</p> <p>A computer-generated summary of information you provided in the application for insurance. The Declarations Page also describes the term of the policy, limits of coverage, and displays the premium and our name. The Declarations Page is a part of this flood insurance policy.</p>	Refer to policy language.
<p>11. Described Location</p> <p>The location where the insured building(s) or personal property are found. The described location is shown on the Declarations Page.</p>	Each SFIP insures only one building. Under the Dwelling Form, an eligible detached garage can be covered along with the dwelling at the option of the policyholder. Part of this eligibility requires the detached garage to be located at the described location stated on the Declarations Page. Personal property is covered within any building, but only at the described location.
<p>12. Direct Physical Loss By or From Flood</p> <p>Loss or damage to insured property, directly caused by a flood. There must be evidence of physical changes to the property.</p>	The SFIP only pays for damage caused by direct physical loss by or from flood, as defined by the SFIP. Direct physical loss means flood must physically contact the insured property and there must be evidence of physical change by or from flooding to

II. Definitions	
Policy Language	Additional Explanation
	<p>the insured building or to insured personal property.</p> <p>Several SFIP provisions, each with its own criteria, address specific situations where the condition of direct physical loss by or from flood occurs despite an exclusion that would suggest otherwise. In these specific situations, listed below, the insurer must thoroughly document the presence of the relevant criteria in the claim file for coverage and payment:</p> <ul style="list-style-type: none"> • Losses from mudflow and collapse or subsidence of land as a result of erosion specifically covered under the SFIP definition of flood (see SFIP Section V.C., as well as II.A.1.c and II.A.2) • Back up of water and water-borne material through sewers or drains, where a flood is the proximate cause of the sewer or drain backup (see SFIP Section V.D.5.a.) • Discharge or overflow from a sump, sump pump, or related equipment, where a flood is the proximate cause of the sump pump discharge or overflow (see SFIP Section V.D.5.b.) • Seepage or leakage on or through the insured building, where a flood is the proximate cause of the seepage of water (see SFIP Section V.D.5.c.) • Pressure or weight of water, where a flood is the proximate cause of the damage from the pressure or weight of water (see SFIP Section V.D.6.)
<p>13. Dwelling</p> <p>A building designed for use as a residence for no more than four families or a single-family unit in a building under a condominium form of ownership.</p>	<p>Refer to policy language.</p>
<p>14. Elevated Building</p> <p>A building that has no basement and that has its lowest elevated floor raised above ground level by foundation walls, shear walls, posts, piers, pilings, or columns.</p>	<p>For more information about elevated buildings, see Section 2 of this manual, Lowest Floor Elevation.</p>
<p>15. Emergency Program</p> <p>The initial phase of a community’s participation in the National Flood Insurance Program. During this phase, only limited amounts of insurance are available under the Act.</p>	<p>Refer to policy language.</p>

II. Definitions	
Policy Language	Additional Explanation
<p>16. Expense Constant A flat charge you must pay on each new or renewal policy to defray the expenses of the Federal Government related to flood insurance.</p>	<p>There is no longer an Expense Constant charge.</p>
<p>17. Federal Policy Fee A flat charge you must pay on each new or renewal policy to defray certain administrative expenses incurred in carrying out the National Flood Insurance Program. This fee covers expenses not covered by the Expense Constant.</p>	<p>Refer to policy language.</p>
<p>18. Improvements Fixtures, alterations, installations, or additions comprising a part of the insured dwelling or the apartment in which you reside.</p>	<p>Refer to policy language.</p>
<p>19. Mudflow A river of liquid and flowing mud on the surface of normally dry land areas, as when earth is carried by a current of water. Other earth movements, such as landslide, slope failure, or a saturated soil mass moving by liquidity down a slope, are not mudflows.</p>	<p>A mudflow is liquefied soil flowing in a manner akin to water flowing, which causes damage in a manner similar to moving water.</p>
<p>20. National Flood Insurance Program (NFIP) The program of flood insurance coverage and floodplain management administered under the Act and applicable Federal regulations in Title 44 of the Code of Federal Regulations, Subchapter B.</p>	<p>Refer to policy language.</p>
<p>21. Policy The entire written contract between you and us. It includes:</p> <ul style="list-style-type: none"> a. This printed form; b. The application and Declarations Page; c. Any endorsement(s) that may be issued; and d. Any renewal certificate indicating that coverage has been instituted for a new policy and new policy term. b. Only one dwelling, which you specifically described in the application, may be insured under this policy. 	<p>Refer to policy language.</p>

II. Definitions	
Policy Language	Additional Explanation
<p>22. Pollutants Substances that include, but are not limited to, any solid, liquid, gaseous, or thermal irritant or contaminant, including smoke, vapor, soot, fumes, acids, alkalis, chemicals, and waste. “Waste” includes, but is not limited to, materials to be recycled, reconditioned, or reclaimed.</p>	<p>Testing for or monitoring of pollutants is not covered unless required by law. See Section V.F. of the SFIP.</p>
<p>23. Post-FIRM Building A building for which construction or substantial improvement occurred after December 31, 1974, or on or after the effective date of an initial Flood Insurance Rate Map (FIRM), whichever is later.</p>	<p>Start of construction or substantial improvement after December 31, 1974, or on or after the issuance of the community’s initial Flood Insurance Rate Map (FIRM), whichever is later. Note: A pre-FIRM building is a building constructed or substantially improved on or before December 31, 1974, or prior to the effective date of the community’s initial FIRM, whichever is later.</p>
<p>24. Probation Premium A flat charge you must pay on each new or renewal policy issued covering property in a community the NFIP has placed on probation under the provisions of 44 CFR 59.24.</p>	<p>Refer to policy language.</p>
<p>25. Regular Program The final phase of a community’s participation in the National Flood Insurance Program. In this phase, a Flood Insurance Rate Map is in effect and full limits of coverage are available under the Act.</p>	<p>Refer to policy language.</p>
<p>26. Special Flood Hazard Area An area having special flood or mudflow, and/or flood-related erosion hazards, and shown on a Flood Hazard Boundary Map or Flood Insurance Rate Map as Zone A, AO, A1–A30, AE, A99, AH, AR, AR/A, AR/AE, AR/AH, AR/AO, AR/A1–A30, V1–V30, VE, or V.</p>	<p>All zones listed are SFHAs. However, the post-FIRM elevated building coverage limitations apply only to Zones A1–A30, AE, AH, AR, AR/A, AR/AE, AR/AH, AR/A1–A30, V1–V30, and VE, at SFIP Section III.A.8.</p>
<p>27. Unit A single-family unit you own in a condominium building.</p>	<p>Refer to policy language.</p>
<p>28. Valued Policy A policy in which the insured and the insurer agree on the value of the property insured, that value being payable in the event of a total loss. The Standard Flood Insurance Policy is not a valued policy.</p>	<p>The SFIP is not a valued policy. A valued policy is a policy where the policyholder and insurer agree on the dollar value of the property at the time a policy is placed. In the event of a total loss, a valued policy pays the agreed dollar value of coverage, without the policyholder proving the value of the loss.</p>

III. Property Covered	
Policy Language	Additional Explanation
<p>A. Coverage A—Building Property We insure against direct physical loss by or from flood to:</p>	
<p>1. The dwelling at the described location, or for a period of 45 days at another location as set forth in III.C.2.b., Property Removed to Safety.</p>	<p>Refer to policy language.</p>
<p>2. Additions and extensions attached to and in contact with the dwelling by means of a rigid exterior wall, a solid load-bearing interior wall, a stairway, an elevated walkway, or a roof. At your option, additions and extensions connected by any of these methods may be separately insured. Additions and extensions attached to and in contact with the building by means of a common interior wall that is not a solid load-bearing wall are always considered part of the dwelling and cannot be separately insured.</p>	<p>A property owner has the option to separately insure an addition under its own SFIP if the addition, considered by itself, meets the definition of a building at SFIP II.B.6. Otherwise, the Dwelling Form covers an addition or extension as part of the building.</p> <p style="text-align: center;">Figure 5. Examples of additions and extensions and the five means of connection</p> <div style="display: flex; justify-content: space-around;">  <div style="border: 1px solid black; padding: 5px; width: 150px;"> <p>Roof Elevated walkways Exterior rigid walls Load-bearing (solid) interior walls Stairs</p> </div> </div>

III. Property Covered	
Policy Language	Additional Explanation
<p>3. A detached garage at the described location. Coverage is limited to no more than 10% of the limit of liability on the dwelling. Use of this insurance is at your option but reduces the building limit of liability. We do not cover any detached garage used or held for use for residential (i.e., dwelling), business, or farming purposes.</p>	<p>The SFIP covers a single detached garage up to 10 percent of the dwelling liability. Any payment for damage to a detached garage reduces the insured dwelling’s available coverage.</p> <p>The garage must meet the definition of a building (SFIP Section II.B.6) and have a garage door or opening large enough to accommodate an entire automobile within the building.</p> <p>The Dwelling Form does not cover a detached garage if the policyholder uses or holds it for residential, business, or farming purposes. A policyholder may purchase a separate policy to cover a garage used for these purposes.</p> <p>The term “residential” means used as a residence, dwelling place, domicile, or providing living accommodations. There must be evidence of the capability for an individual to live in the building overnight or longer. The presence of household property, installed kitchen appliances, HVAC equipment, sink, bathroom, exercise room, hobby room, or workshop does not necessarily disqualify a detached garage from coverage under this provision. This provision disqualifies a detached garage used entirely or partly as or held for sleeping space.</p> <p>If the claim recommendation denies coverage to a detached garage used for residential, business, or farming purposes, the claim file must include documentation or detailed explanation that supports the decision.</p>
<p>4. Materials and supplies to be used for construction, alteration, or repair of the dwelling or a detached garage while the materials and supplies are stored in a fully enclosed building at the described location or on an adjacent property.</p>	<p>Refer to policy language.</p>
<p>5. A building under construction, alteration, or repair at the described location.</p> <p>a. If the structure is not yet walled or roofed as described in the definition for building (see II.B. 6.a.) then coverage applies:</p> <ul style="list-style-type: none"> (1) Only while such work is in progress; or (2) If such work is halted, only for a period of up to 90 continuous days thereafter. 	<p>The SFIP only covers buildings under construction affixed to a permanent site. For example, NFIP does not cover a building elevated on temporary cribbing and not affixed to a permanent site.</p> <p>The SFIP covers building materials and supplies for the insured building under construction stored in an eligible detached garage under Coverage A, up to building policy limits per Section III.A.4.</p> <p>When a building under construction, alteration, or repair does not have at least two rigid exterior walls and a fully secured roof at the time of loss, your deductible</p>

III. Property Covered	
Policy Language	Additional Explanation
<p>b. However, coverage does not apply until the building is walled and roofed if the lowest floor, including the basement floor, of a non-elevated building or the lowest elevated floor of an elevated building is:</p> <ul style="list-style-type: none"> (1) Below the base flood elevation in Zones AH, AE, A1–A30, AR, AR/AE, AR/AH, AR/A1–A30, AR/A, AR/AO; or (2) Below the base flood elevation adjusted to include the effect of wave action in Zones VE or V1–V30. <p>The lowest floor levels are based on the bottom of the lowest horizontal structural member of the floor in Zones VE or V1–V30 and the top of the floor in Zones AH, AE, A1–A30, AR, AR/AE, AR/AH, AR/A1–A30, AR/A, AR/AO.</p>	<p>amount will be two times the deductible that would otherwise apply to a completed building. See Dwelling Form – Section VI. Deductibles</p> <p>The SFIP does not cover a building under construction if work stops for more than 90 continuous days. Coverage resumes when work resumes.</p> <p>The SFIP does not cover tools for construction, such as forms, cribbing, power tools, etc.</p> <p>Figure 6 and Figure 7 show a dwelling elevated but temporarily supported on cribbing. The structure becomes eligible for SFIP coverage once it is affixed to a permanent site as shown in Figure 8.</p> <p style="text-align: center;">Figure 6. Building in Process of Elevating</p>  <p style="text-align: center;">Photograph credit Leesa Tomsett, FEMA</p> <p style="text-align: center;">Figure 7. Temporary Cribbing</p>  <p style="text-align: center;">Photograph credit Leesa Tomsett, FEMA</p>

III. Property Covered	
Policy Language	Additional Explanation
	<p>Figure 8. Building Affixed to a Permanent Site</p>  <p>Photograph credit Leesa Tomsett, FEMA</p>
<p>6. A manufactured home or a travel trailer as described in the Definitions section (see II.B.6.b. and II.B.6.c.).</p> <p>If the manufactured home or travel trailer is in a special flood hazard area, it must be anchored in the following manner at the time of the loss:</p> <ol style="list-style-type: none"> a. By over-the-top or frame ties to ground anchors; or b. In accordance with the manufacturer’s specifications; or c. In compliance with the community’s floodplain management requirements unless it has been continuously insured by the NFIP at the same described location since September 30, 1982. 	<p>A manufactured (mobile) home is a structure built on a permanent chassis, transported to its site in one or more sections, and affixed to a permanent foundation. It can be a travel trailer without wheels, built on a chassis, affixed to a permanent foundation that a community regulates under its floodplain management and building ordinances. The term “manufactured home” does not include a recreational vehicle.</p> <p>For the SFIP to insure a manufactured home, the owner must affix it to a permanent foundation. A permanent foundation for a manufactured home may be a poured masonry slab, foundation walls, piers, or block supports. The foundation, not the wheels and or the axles, must support all the weight of the manufactured (mobile) home.</p> <p>If the mobile home is in an SFHA, the owner must anchor it to a permanent foundation to resist flotation, collapse, or lateral movement by:</p> <ul style="list-style-type: none"> • Providing over-the-top or frame ties to ground anchors. Following the manufacturer’s specification for anchoring. • Complying with the community’s floodplain management requirements.
<p>7. The following items of property, which are covered under Coverage A only:</p> <ol style="list-style-type: none"> a. Awnings and canopies; b. Blinds; 	<ul style="list-style-type: none"> • Blinds include vertical and horizontal types. • Central air conditioners include related built-in equipment for dehumidification, air filtering, and ventilation.

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<ul style="list-style-type: none"> c. Built-in dishwashers; d. Built-in microwave ovens; e. Carpet permanently installed over unfinished flooring; f. Central air conditioners; g. Elevator equipment; h. Fire sprinkler systems; i. Walk-in freezers; j. Furnaces and radiators; k. Garbage disposal units; l. Hot water heaters, including solar water heaters; m. Light fixtures; n. Outdoor antennas and aerials fastened to buildings; o. Permanently installed cupboards, bookcases, cabinets, paneling, and wallpaper; p. Plumbing fixtures; q. Pumps and machinery for operating pumps; r. Ranges, cooking stoves, and ovens; s. Refrigerators; and, t. Walls and mirrors, permanently installed. 	<ul style="list-style-type: none"> • Walk-in freezers and coolers must be permanently installed or built-in. Furnaces and radiators include heat pumps, boilers, and related installed equipment for humidification, air filtering, and ventilation. • Ranges, cooking stoves, ovens include cooktops, range hoods, and built-in cooking exhaust apparatuses. • Refrigerators include beverage coolers, and other major appliances that refrigerate.
<p>8. Items of property in a building enclosure below the lowest elevated floor of an elevated post-FIRM building located in Zones A1-A30, AE, AH, AR, AR/A, AR/AE, AR/AH, AR/A1-A30, V1-V30, or VE, or in a basement, regardless of the zone. Coverage is limited to the following:</p> <ul style="list-style-type: none"> a. Any of the following items, if installed in their functioning locations and, if necessary for operation, connected to a power source: 	<p>When the Declarations Page reflects two zones, a current zone and a rating zone (or FIRM zone), the rating zone represents the zone in force at the time of the policy's inception, which is applicable to the claim during the policy term period. This zone may be a grandfathered zone that remains in effect for coverage unless or until the home is substantially damaged, substantially improved, or there is a lapse in coverage.</p> <p>The current zone may be a different zone that reflects the zone designation in the current flood map. This zone is intended only for non-claim related purposes such as underwriting premiums and ICC applicability.</p> <p>This post-FIRM elevated building limitation does not apply to SFHA Zones A, AO, A99, AR/AO, V, and VO. Basement limitations apply in all zones.</p>

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Policy Language	Additional Explanation
	<p>The SFIP does not cover items of property that are not listed under this provision when installed or located in a basement, even if the item of property is installed or located above an equal point with the ground level. The policy limitation applies to the complete area defined as a basement--floors, walls, and ceilings.</p> <p>For a post-FIRM elevated building enclosure subject to this policy limitation, the SFIP does not cover items of property that are not listed under this provision when installed or located at a level below the level of the lowest elevated floor, whether or not the item is on an exterior part of the building or part of the enclosure, in, on, or within. Subject to all other terms and conditions of the SFIP, all items of property installed or located at or above the level of the lowest elevated floor are covered, exterior or interior.</p> <p>For items of property that originate or straddle the line level with the lowest elevated floor, the item(s) is subject to the coverage limitation. For example, a cabinet, door, window, or refrigerator that originates below, or straddles the line level equal with the lowest elevated floor is not covered, even that portion or value at or above the lowest elevated floor.</p> <p>However, coverage can be provided for building materials and finishes installed above the line level with the lowest elevated floor, even if the items originate or straddle the line level with the lowest elevated floor, when the function of the building material or finish is not reduced by cutting or removing the damaged and otherwise excluded building material physically located at or below the line level equal with the lowest elevated floor. Examples include exterior siding, wood trim, drywall, paint, or insulation, even if the same item extends below the level of the lowest elevated floor. The building materials and finishes below the line level with the lowest elevated floor are still excluded. This coverage interpretation is in sync with new FEMA-approved building codes for new construction and substantially improved buildings.</p>
(1) Central air conditioners;	Central air conditioners include related built-in equipment for dehumidification, air filtering, and ventilation.
(2) Cisterns and the water in them;	See Section 2 Claims Processes and Guidance in this manual.
(3) Drywall for walls and ceilings in a basement and the cost of labor to nail it, unfinished and unfloated and not taped, to the framing;	The SFIP covers unfinished, unfloated, and not taped drywall installed anywhere in a basement. The SFIP will also pay for unfinished, unfloated, and not taped drywall in lieu of paneling or any finished wall or ceiling treatment.

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	<p>The SFIP does not cover non-structural building elements, including non-load bearing floor, wall, or ceiling framing components, such as when installed for the purpose to improve a basement or enclosure area with finish floors, walls, and ceilings.</p> <p>For an elevated building located in an SFHA, full coverage begins at the lowest elevated floor. This is the lowest floor raised above ground, even if the pilings extend beyond it (see Lowest Elevated Floor Determination, in Section 2 this manual). Items of property that include but not limited to, garage doors, exterior doors, windows, and drywall that originate below the lowest elevated floor are subject to the post-FIRM limitations and excluded.</p> <p>The SFIP does not cover items, interior or exterior, located below the lowest elevated floor of a post-FIRM elevated building.</p>
<p>(4) Electrical junction and circuit breaker boxes; (5) Electrical outlets and switches;</p>	<p>Electrical junction and circuit breaker boxes include a junction box, which serves as an unfinished basic light fixture. See Figure 9 below. The SFIP does not cover finished lighting, which is an improvement as defined in Section II.B.18, of the SFIP.</p> <p style="text-align: center;">Figure 9. Unfinished Basic Light Fixture</p> 
<p>(6) Elevators, dumbwaiters, and related equipment, except for related equipment installed below the base flood elevation after September 30, 1987;</p>	<p>An elevator or dumbwaiter is covered if within the covered building enclosure or attached to and in contact with the insured building; or directly attached to the 16 square foot landing area used for egress if unattached.</p> <p>For elevators and dumbwaiters installed below the BFE after September 30, 1987, coverage is limited to the cab and the included controls installed on or in the cab. Related equipment is everything except the cab and the included controls and is not covered unless the damaged part of the equipment is installed above the level at or above the BFE.</p>

III. Property Covered	
Policy Language	Additional Explanation
	<p>A chair lift is covered if within the covered building enclosure or attached to an in contact with the insured building; or attached directly to the 16 square foot landing area used for egress (See Figures 10 and 11).</p> <p style="text-align: center;">Figure 10. Example of a Covered Chair Lift Attached to a Building</p>  <p style="text-align: center;">Photograph credit BFA, LLC</p> <p style="text-align: center;">Figure 11. Example of a Non-covered Chair Lift.</p> 
(7) Fuel tanks and the fuel in them;	Fuel tanks and the fuel in them include a connected fuel gauge or fuel filter.
(8) Furnaces and hot water heaters;	Furnaces and hot water heaters include boilers and permanently installed equipment for humidification, air filtering, and ventilation. This includes those portions of the central HVAC in a building enclosure below the Lowest Floor Elevation (LFE) or basement, including boilers and connected radiators and hot water baseboards. This

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	does not include electric baseboard heaters whether hardwired to the electrical system or not.
(9) Heat pumps	Heat pumps and other central HVAC units permanently installed equipment related to humidification, dehumidification, air filtering, and ventilation.
(10) Nonflammable insulation in a basement;	<p>Nonflammable insulation in walls and ceilings of a basement includes:</p> <ul style="list-style-type: none"> • Nonflammable insulation in walls and ceilings. • Nonflammable insulation installed between joists within the lowest elevated floor and unfinished protective weather barriers affixed to floor joists. <p>The SFIP covers unattached protective barriers located in a crawlspace as personal property provided the area is not subject to basement or post-FIRM coverage limitations and the policyholder purchased contents coverage.</p> <p>When installed underneath a building in a crawlspace the barrier must be physically attached to the building's foundation or floor framing.</p>
(11) Pumps and tanks used in solar energy systems;	Refer to policy language
(12) Stairways and staircases attached to the building, not separated from it by elevated walkways;	<p>The SFIP covers unfinished base support material for staircases and stairways (underneath the finished treads and risers) attached to the building, not separated from it by elevated walkways, includes an exterior staircase into a basement that is part of the building and enclosed by an addition defined under SFIP Section III.A.2. This also includes interior basement or post-FIRM elevated building staircases.</p> <p>The SFIP does not pay to treat, paint, or stain the base support material in a basement, or below the lowest elevated floor of a post-FIRM elevated building in an SFHA.</p> <p>The SFIP does not cover damage to finish materials used for a tread, riser, or stringer, if such material is installed onto unfinished base support material for stairways and staircases. If finish material is the base support material, such as with a floating staircase or step, the finish material is covered but not the cost to apply a finish coating, or paint.</p>

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	<p>Figure 12. Unfinished base stairs (left) are covered in a basement or below a post-FIRM elevated building; however, improvements added to finish treads, risers, and stringers (right) are not:</p>  <p>Figure 13. Covered Stairs Where the Finish Material is the Base Material; However, no Coverage to Paint, Stain, or Coat</p>  <p>The SFIP does not cover the basement exterior egress staircase located outside of the perimeter building walls, even if covered by a roof or door. See SFIP Section IV.9.</p>

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<p>(13) Sump pumps;</p> <p>(14) Water softeners and the chemicals in them, water filters, and faucets installed as an integral part of the plumbing system;</p>	<p>Refer to policy language.</p> <p>The SFIP allows for a faucet that is affixed directly to the plumbing line, as opposed to a faucet that is connected to plumbing lines but mounted onto a sink as a finished fixture.</p>
<p>(15) Well water tanks and pumps;</p>	<p>Well water tanks and pumps include the pressure switch, pressure valve, and gauge.</p>
<p>(16) Required utility connections for any item in this list; and</p>	<p>Refer to policy language.</p>
<p>(17) Footings, foundations, posts, pilings, piers, or other foundation walls and anchorage systems required to support a building.</p>	<p>Footings, foundations, posts, pilings, piers, or other foundation walls and anchorage systems required to support a building:</p> <ul style="list-style-type: none"> • Includes windows and doors installed in the perimeter foundation walls of an SFIP-defined basement area such as a perimeter wall basement garage door or sliding glass door. • Includes vents installed in and considered part of the covered foundation walls of a post-FIRM elevated building. However, there is no coverage for breakaway walls, or for vents in breakaway walls. • Does not include screen or storm doors, or a door covering or enclosing an exterior egress in a basement, such as a Bilco™ door. • Does not include doors and windows of any type in an enclosure subject to post-FIRM limitations when located below the lowest elevated floor.
<p>b. Clean-up.</p>	<p>Clean-up includes:</p> <ul style="list-style-type: none"> • Pumping out trapped floodwater • Labor to remove or extract spent cleaning solutions • Treatment for mold and mildew • Structural drying of salvageable interior foundation elements <p>The SFIP does not cover clean-up of an item or property located in areas subject to basement and post-FIRM coverage limitations – that is, the property must itself be covered under SFIP Section III(A)(8) –or for items or loss otherwise excluded under this policy.</p> <p>Clean-up is not debris removal. See SFIP Section III.C.1 for Debris Removal.</p>

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B Coverage B—Personal Property	
<p>1. If you have purchased personal property coverage, we insure against direct physical loss by or from flood to personal property inside a building at the described location, if:</p> <ul style="list-style-type: none"> a. The property is owned by you or your household family members; and b. At your option, the property is owned by guests or servants. <p>Personal property is also covered for a period of 45 days at another location as set forth in III.C.2.b., Property Removed to Safety.</p> <p>Personal property in a building that is not fully enclosed must be secured to prevent flotation out of the building. If the personal property does float out during a flood, it will be conclusively presumed that it was not reasonably secured. In that case there is no coverage for such property.</p>	<ul style="list-style-type: none"> • The personal property may be inside any SFIP-defined building, at the described location. • The SFIP does not cover personal property that floats out of a partially enclosed building. • See SFIP Section III.C.2.b. for Property Removed to Safety. • Property leased under a “capital lease”, a contract that entitles a renter the temporary use of an item and to account for the financial effect of ownership on their balance sheet, qualifies as an insurable interest and can be claimed even if the property is not solely owned by the policyholder. <p>In contrast, an “operating lease” is a contract that entitles a renter the temporary use of an item but does not convey ownership rights. According to Generally Accepted Accounting Principles (GAAP), property in the possession of a policyholder obtained through an operating lease, cannot be represented in balancing sheet financials. Therefore, it is not covered under the SFIP Coverage B-Personal Property.</p>
<p>2. Coverage for personal property includes the following property, subject to B.1. above, which is covered under Coverage B only:</p> <ul style="list-style-type: none"> a. Air conditioning units, portable or window type; b. Carpets, not permanently installed, over unfinished flooring; c. Carpets over finished flooring; d. Clothes washers and dryers; e. “Cook-out” grills; f. Food freezers, other than walk-in, and food in any freezer; and g. Portable microwave ovens and portable dishwashers. 	<ul style="list-style-type: none"> • Coverage A – Building Property covers through-the-wall air conditioning units that are permanently installed. • Clothes washers and dryers including the dryer exhaust vent kit. The connectors and plumbing line for a gas dryer are covered under building coverage only. • Coverage B applies to food freezers only. NFIP considers an appliance that both refrigerates and freezes as a refrigerator and covers it under Coverage A – Building Property.
<p>3. Coverage for items of property in a building enclosure below the lowest elevated floor of an elevated post-FIRM building located in Zones A1–A30, AE, AH, AR, AR/A, AR/AE, AR/AH, AR/A1–A30, V1–V30, or VE, or in a basement, regardless of the zone, is limited to the</p>	<ul style="list-style-type: none"> • Coverage A – Building Property covers through-the-wall air conditioning units that are permanently installed. • Clothes washers and dryers include a dryer exhaust vent kit.

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<p>following items, if installed in their functioning locations and, if necessary for operation, connected to a power source:</p> <ul style="list-style-type: none"> a. Air conditioning units, portable or window type; b. Clothes washers and dryers; and c. Food freezers, other than walk-in, and food in any freezer. 	<ul style="list-style-type: none"> • Coverage B applies to food freezers only. NFIP considers an appliance that both refrigerates and freezes as a refrigerator and covers it under Coverage A – Building Property. <p>This provision does not apply to Zones A, AO, A99, AR/AO, V, and VO.</p>
<p>4. If you are a tenant and have insured personal property under Coverage B in this policy, we will cover such property, including your cooking stove or range and refrigerator. The policy will also cover improvements made or acquired solely at your expense in the dwelling or apartment in which you reside, but for not more than 10% of the limit of liability shown for personal property on the Declarations Page. Use of this insurance is at your option but reduces the personal property limit of liability.</p>	<p>The SFIP considers tenant-owned appliances such as refrigerators, stoves, and ovens as personal property, not as building improvements, therefore they are not subject to the 10 percent building improvements limitation.</p>
<p>5. If you are the owner of a unit and have insured personal property under Coverage B in this policy, we will also cover your interior walls, floor, and ceiling (not otherwise covered under a flood insurance policy purchased by your condominium association) for not more than 10% of the limit of liability shown for personal property on the Declarations Page. Use of this insurance is at your option but reduces the personal property limit of liability.</p>	<p>This provision applies only to a condominium unit owner, who purchased Coverage B – Personal Property under the Dwelling Form. This provision does not provide coverage for loss assessments charged to the unit owner by a condominium association and does not require an assessment to trigger coverage (see SFIP Section III.C.3. Condominium Loss Assessments). This provision is comparable to the provision that provides coverage to a tenant’s betterments and improvements to the building.</p> <p>The RCBAP is the primary insurance coverage. The RCBAP pays for flood damage to interior walls, floors, and ceilings within the unit when the unit owner is responsible for those items of property.</p> <p>The Condominium Association’s bylaws or articles of incorporation detail the unit owner’s responsibility if there is no RCBAP or if there is no remaining RCBAP building coverage because of coinsurance provisions. For example, when an association purchases RCBAP coverage to 80 percent of the full replacement cost of the condominium building, no coinsurance applies. If the damages exceed the coverage purchased, this provision provides coverage to the unit owner of up to 10 percent of the amount of coverage purchased under Coverage B – Personal Property. This provision allows coverage for damages to building property (interior walls, floors, and ceilings) within the unit not to exceed 10 percent of the Coverage</p>

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	<p>B limits of liability even when the unit owner has not purchased coverage under Coverage A – Building Property.</p> <p>A payment made under this provision is not an additional amount of insurance and reduces the Coverage B limit available to pay for personal property (contents) damages.</p> <p>Claims professionals must coordinate the RCBAP claim and the unit-owner claim under the Dwelling Form to prevent payment that exceeds:</p> <ul style="list-style-type: none"> • The maximum insurance available that can be paid for the condominium building, which is \$250,000 times the number of units. • The maximum insurance available for a single-family residence, including a unit in a condominium, which is \$250,000. <p>See Section 2 for detailed information on condominium claims handling.</p>
<p>6. Special Limits. We will pay no more than \$2,500 for any one loss to one or more of the following kinds of personal property:</p> <ol style="list-style-type: none"> a. Artwork, photographs, collectibles, or memorabilia, including but not limited to, porcelain or other figures, and sports cards; b. Rare books or autographed items; c. Jewelry, watches, precious and semi-precious stones, or articles of gold, silver, or platinum; d. Furs or any article containing fur which represents its principal value; or e. Personal property used in any business. 	<p>Payments for these items may not exceed \$2,500.00 in aggregate.</p>
<p>7. We will pay only for the functional value of antiques.</p>	<p>The SFIP does not value an antique based on the rarity of the item, nor does it apply depreciation based solely on age or its physical condition. The SFIP bases the value of an antique item on its functional value considering its quality. The adjuster should apply depreciation based on its restored condition at the time of the loss.</p> <p>SFIP-covered Functional value for an antique = Agreed appraised value – Intangible value – Depreciation</p> <p>As an example, a 400-year-old fully restored chair formerly owned by a historical figure is appraised by a certified industry professional at \$25,000. The chair has seen general usage for 3-years after its restoration date. Applying judgment, a new chair</p>

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	with the same or similar functional design, material quality, and craftsmanship is comparably worth \$3,500. Less 3 percent depreciation, the SFIP would pay the functional value of \$3,395, as the functional value must also consider depreciation.
C. Coverage C—Other Coverages	
<p>1. Debris Removal</p> <p>a. We will pay the expense to remove non-owned debris that is on or in insured property and debris of insured property anywhere.</p> <p>b. If you or a member of your household perform the removal work, the value of your work will be based on the Federal minimum wage.</p> <p>c. This coverage does not increase the Coverage A or Coverage B limit of liability.</p>	<p>Insured property means the insured dwelling, the SFIP-eligible detached garage and covered personal property.</p> <p>The SFIP does not pay for removal of:</p> <ul style="list-style-type: none"> • Non-covered debris anywhere, such as a non-covered damaged property or debris located in the yard, driveway, or on another parcel of land. • Non-covered items of property even if the removal of the item facilitates cleanup or covered building repairs, such as the removal of carpet installed inside a basement, or the removal of plants, shrubs or trees along the perimeter of the building to access foundation or siding repairs.
<p>2. Loss Avoidance Measures</p> <p>a. Sandbags, Supplies, and Labor</p> <p>(1) We will pay up to \$1,000 for costs you incur to protect the insured building from a flood or imminent danger of flood, for the following:</p> <p>(a) Your reasonable expenses to buy:</p> <ul style="list-style-type: none"> (i) Sandbags, including sand to fill them; (ii) Fill for temporary levees; (iii) Pumps; and (iv) Plastic sheeting and lumber used in connection with these items. <p>(b) The value of work, at the Federal minimum wage, that you or a member of your household perform.</p> <p>(2) This coverage for Sandbags, Supplies and Labor only applies if damage to insured property by or from flood is imminent and the threat of flood damage is apparent enough to lead a person</p>	<p>The SFIP only covers those items specifically noted. The policyholder must provide receipts for covered materials they purchased. Additionally, the NFIP reimburses the policyholder and members of the policyholder’s household labor at the Federal minimum wage at the time of the loss.</p> <p>Water-filled bladders, as shown in Figure 14, are considered a temporary levee for the purposes of loss avoidance coverage. However, because these are reusable, the SFIP will pay the cost to purchase the bladder once, but only when the initial purchase is in connection to the claimed flood event. After that event, any future claim for loss avoidance here is limited to the labor and fill material.</p>

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<p>of common prudence to anticipate flood damage. One of the following must also occur:</p> <ul style="list-style-type: none"> (a) A general and temporary condition of flooding in the area near the described location must occur, even if the flood does not reach the insured building; or (b) A legally authorized official must issue an evacuation order or other civil order for the community in which the insured building is located calling for measures to preserve life and property from the peril of flood. <p>This coverage does not increase the Coverage A or Coverage B limit of liability.</p>	<p style="text-align: center;">Figure 14. Water-filled Bladder</p>  <p style="text-align: center;">Photograph credit Randy Wagner</p>
<p>b. Property Removed to Safety</p> <p>(1) We will pay up to \$1,000 for the reasonable expenses you incur to move insured property to a place other than the described location that contains the property in order to protect it from flood or the imminent danger of flood.</p> <p>Reasonable expenses include the value of work, at the Federal minimum wage, you or a member of your household perform.</p> <p>If you move insured property to a location other than the described location that contains the property, in order to protect it from flood or the imminent danger of flood, we will cover such property while at that location for a period of 45 consecutive days from the date you begin to move it there. The personal property that is moved must be placed in a fully enclosed building or otherwise reasonably protected from the elements.</p> <p>Any property removed, including a moveable home described in II.B.6.b. and c., must be placed above ground level or outside of the special flood hazard area.</p> <p>(2) This coverage does not increase the Coverage A or Coverage B limit of liability.</p>	<ul style="list-style-type: none"> • The SFIP coverage of “reasonable expenses” under this provision is limited to the policyholder’s removal, storage, and return of covered building and personal property to the location described on the declarations page. The insurer may reimburse the policyholder for related expenses for labor of the policyholder and family members at Federal minimum wage, and incurred transportation and storage costs. The policyholder must itemize and support these expenses with valid proof of payment. Coverage here is limited only to the length of time that a flood or the imminent danger of flood exists. Payment under this provision does not increase Coverage A – Building Property or Coverage B – Personal Property limits of liability. • The SFIP will cover from the peril of flood, the property relocated to another location for a period of 45 consecutive days from the date the policyholder began to move the property. If the policyholder does not place the property in a fully enclosed building, the property must be secured to prevent flotation out of the building. If the property floats out or away from the structure used to reasonably protect the property from the elements, it will be conclusively presumed that the policyholder did not reasonably secure the property. In that case there is no coverage for the property. • Regarding the provision “must be placed above ground level or outside of the SFHA”, the relocated site of the property must be a reasonable location to prevent loss compared to the described location. For example, where

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	<p>surrounding terrain is sloped, the site of the relocated property must be on a higher elevation than the floor level of the building at described location where the property was originally located; the policyholder may not relocate the property to a basement. Where the surrounding terrain is level and the site of the relocated property is considered within the same flood hazard area, the property must be placed on a floor level in the relocated building that is a higher elevation compared to the floor level in the building at the described location where the property was originally located. The property may not be relocated into a lower enclosure below an elevated floor within a post-FIRM building located in a SFHA.</p>
<p>3. Condominium Loss Assessments</p> <p>a. If this policy insures a unit, we will pay, up to the Coverage A limit of liability, your share of loss assessments charged against you by the condominium association in accordance with the condominium association’s articles of association, declarations and your deed.</p> <p>The assessment must be made as a result of direct physical loss by or from flood during the policy term, to the building’s common elements.</p>	<p>The Dwelling Form covers a condominium association’s loss assessments to a covered property for direct physical damage by flood. This does not include an assessment from the Condominium Association for property not covered by the SFIP, such as the cleanup of debris, sand, landscape lighting, repairs to parking lots, decks, sidewalks, pools, etc.</p>
<p>b. We will not pay any loss assessment charged against you:</p> <ul style="list-style-type: none"> (1) And the condominium association by any governmental body; (2) That results from a deductible under the insurance purchased by the condominium association insuring common elements; (3) That results from a loss to personal property, including contents of a condominium building; (4) That results from a loss sustained by the condominium association that was not reimbursed under a flood insurance policy written in the name of the association under the Act because the building was not, at the time of loss, insured for an amount equal to the lesser of: <ul style="list-style-type: none"> (a) 80% or more of its full replacement cost; or 	<p>The Dwelling Form covers assessments if the Association does not have insurance for 80 percent of the RCV or the maximum insurance available for the condominium building. The Dwelling Form does not cover assessments for non-covered items.</p> <p>This provision does not increase building limits. The SFIP will not pay more than once for any building item regardless of the number of policies. The total payments for an individual unit from all NFIP policies may not exceed \$250,000, the maximum insurance available for a single-family residence.</p>

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<p>(b) The maximum amount of insurance permitted under the Act;</p> <p>(5) To the extent that payment under this policy for a condominium building loss, in combination with payments under any other NFIP policies for the same building loss, exceeds the maximum amount of insurance permitted under the Act for that kind of building; or</p> <p>(6) To the extent that payment under this policy for a condominium building loss, in combination with any recovery available to you as a tenant in common under any NFIP condominium association policies for the same building loss, exceeds the amount of insurance permitted under the Act for a single-family dwelling.</p> <p>Loss assessment coverage does not increase the Coverage A limit of liability.</p>	
D. Coverage D—Increased Cost of Compliance	
<p>1. General</p> <p>This policy pays you to comply with a State or local floodplain management law or ordinance affecting repair or reconstruction of a structure suffering flood damage. Compliance activities eligible for payment are: elevation, floodproofing, relocation, or demolition (or any combination of these activities) of your structure. Eligible floodproofing activities are limited to:</p> <ul style="list-style-type: none"> a. Non-residential structures. b. Residential structures with basements that satisfy FEMA’s standards published in the Code of Federal Regulations [44 CFR 60.6 (b) or (c)]. 	<p>Refer to policy language.</p>
<p>2. Limit of Liability</p> <p>We will pay you up to \$30,000 under this Coverage D—Increased Cost of Compliance, which only applies to policies with building coverage (Coverage A). Our payment of claims under Coverage D is in addition to the amount of coverage which you selected on the application and which appears on the Declarations Page. But the maximum you can collect under this policy for both</p>	<p>All three SFIP forms provide Increased Cost of Compliance (ICC) benefits as Coverage D. ICC provides up to \$30,000 toward the cost of bringing a flood-damaged structure into compliance with state or community floodplain management laws or ordinances governing repair or reconstruction following a flood.</p>

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<p>Coverage A— Building Property and Coverage D—Increased Cost of Compliance cannot exceed the maximum permitted under the Act. We do not charge a separate deductible for a claim under Coverage D.</p> <p>3. Eligibility</p> <p>a. A structure covered under Coverage A—Building Property sustaining a loss caused by a flood as defined by this policy must:</p> <p style="margin-left: 20px;">(1) Be a “repetitive loss structure.” A repetitive loss structure is one that meets the following conditions:</p> <p style="margin-left: 40px;">(a) The structure is covered by a contract of flood insurance issued under the NFIP.</p> <p style="margin-left: 40px;">(b) The structure has suffered flood damage on two occasions during a 10-year period which ends on the date of the second loss.</p> <p style="margin-left: 40px;">(c) The cost to repair the flood damage, on average, equaled or exceeded 25% of the market value of the structure at the time of each flood loss.</p> <p style="margin-left: 40px;">(d) In addition to the current claim, the NFIP must have paid the previous qualifying claim, and the State or community must have a cumulative, substantial damage provision or repetitive loss provision in its floodplain management law or ordinance being enforced against the structure; or</p> <p style="margin-left: 20px;">(2) Be a structure that has had flood damage in which the cost to repair equals or exceeds 50% of the market value of the structure at the time of the flood. The State or community must have a substantial damage provision in its floodplain management law or ordinance being enforced against the structure.</p> <p>b. This Coverage D pays you to comply with State or local floodplain management laws or ordinances that meet the minimum standards of the National Flood Insurance Program found in the Code of Federal Regulations at 44 CFR 60.3. We pay for compliance activities that exceed those standards under these conditions:</p>	<p>To be eligible for ICC, the community must declare the building substantially damaged. The amount paid for Coverage D – ICC and Coverage A – Building Property combined cannot exceed the maximum program limits of \$250,000 for the Dwelling Form.</p> <p>ICC is not available in Emergency Program communities. ICC is not available for:</p> <ul style="list-style-type: none"> • Contents-only policies. • Group Flood Insurance policies. • Dwelling Form policies on individual condominium units in a multi-unit building. <p>In a multi-unit condominium building, ICC coverage is available through the condominium association’s flood policy. No separate deductible applies.</p> <p>ICC Claims</p> <p>The date of loss of the ICC claim is the date of loss of the underlying flood claim that triggers the requirement to comply with a community law or ordinance.</p> <p>Policyholders have up to six years from the date of the underlying flood loss to complete the eligible mitigation activity. Policyholders should know that initiating a mitigation project before receiving a substantial damage declaration from the community may jeopardize their eligibility to receive an ICC payment.</p> <p>For buildings in Zones B, C, X, D, unnumbered A and V, and A99, the adjuster must document why a building must undergo mitigation and obtain a written statement from the community to substantiate the ICC claim.</p> <p>ICC does not pay for testing, monitoring, clean up, removal, containment, treatment, detoxification, or neutralization of pollutants even if required by community ordinance.</p> <p>Repetitive Loss Properties</p> <p>ICC is also available for repetitive loss properties for communities with a cumulative damage language in their ordinance. The NFIP defines a Repetitive Loss Structure as</p>

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<p>(1) 3.a.(1) above.</p> <p>(2) Elevation or floodproofing in any risk zone to preliminary or advisory base flood elevations provided by FEMA which the State or local government has adopted and is enforcing for flood-damaged structures in such areas. (This includes compliance activities in B, C, X, or D zones which are being changed to zones with base flood elevations. This also includes compliance activities in zones where base flood elevations are being increased, and a flood-damaged structure must comply with the higher advisory base flood elevation.) Increased Cost of Compliance coverage does not apply to situations in B, C, X, or D zones where the community has derived its own elevations and is enforcing elevation or floodproofing requirements for flood-damaged structures to elevations derived solely by the community.</p> <p>(3) Elevation or floodproofing above the base flood elevation to meet State or local “freeboard” requirements, i.e., that a structure must be elevated above the base flood elevation.</p> <p>c. Under the minimum NFIP criteria at 44 CFR 60.3 (b)(4), States and communities must require the elevation or floodproofing of structures in unnumbered A zones to the base flood elevation where elevation data is obtained from a Federal, State, or other source. Such compliance activities are also eligible for Coverage D.</p> <p>d. This coverage will also pay for the incremental cost, after demolition or relocation, of elevating or floodproofing a structure during its rebuilding at the same or another site to meet State or local floodplain management laws or ordinances, subject to Exclusion D.5.g. below.</p> <p>e. This coverage will also pay to bring a flood-damaged structure into compliance with state or local floodplain management laws or ordinances even if the structure had received a variance before the present loss from the applicable floodplain management requirements.</p>	<p>a building covered by an NFIP policy that has incurred flood-related damages on two occasions during a 10-year period ending on the date of the event for which the insured makes a second claim. The cost of repairing the flood damage, on the average, must equal or exceed 25 percent of the market value of the building at the time of each flood. The adjuster must verify that the community ordinance has such cumulative damage language and that the NFIP paid a claim for both qualifying losses.</p> <p>Substantial Damage</p> <p>Insurers may only open an ICC claim when the community declares a building substantially damaged in writing. Neither FEMA nor the insurer can determine substantial damage or issue a substantial damage declaration. The community has the sole authority to determine substantial damage.</p> <p>Note that in some cases a community may declare a building substantially damaged, based in whole or in part on non-flood-related damage. While having more than 50 percent damage may trigger a requirement to comply with the local floodplain management ordinances, the SFIP requires the percentage of damage to be by or from flood, whether covered by the SFIP or not.</p> <p>See Section 3 Increased Cost of Compliance in this manual for more detail.</p>

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Policy Language	Additional Explanation
<p>4. Conditions</p> <p>a. When a structure covered under Coverage A—Building Property sustains a loss caused by a flood, our payment for the loss under this Coverage D will be for the increased cost to elevate, floodproof, relocate, or demolish (or any combination of these activities) caused by the enforcement of current State or local floodplain management ordinances or laws. Our payment for eligible demolition activities will be for the cost to demolish and clear the site of the building debris or a portion thereof caused by the enforcement of current State or local floodplain management ordinances or laws. Eligible activities for the cost of clearing the site will include those necessary to discontinue utility service to the site and ensure proper abandonment of on-site utilities.</p> <p>b. When the building is repaired or rebuilt, it must be intended for the same occupancy as the present building unless otherwise required by current floodplain management ordinances or laws.</p>	<p>ICC pays for the following mitigation activities or combination thereof:</p> <ul style="list-style-type: none"> • Floodproofing to reduce the potential for flood damage by keeping floodwater out of a building, for nonresidential structures and for certain residential structures that satisfy FEMA’s standards under 44 C.F.R. 60.6(b) or (c). • Elevation to raise a building to or above the BFE plus freeboard adopted by a community, adopted Advisory Base Flood Elevations (ABFE), or the best available data provided by FEMA. • Demolition when a building is in such poor condition that elevation and relocation are not technically feasible or cost effective. • Relocation to move a building outside of the floodplain. <p>See Section 3 Increased Cost of Compliance in this manual for more detail.</p>
<p>5. Exclusions</p> <p>Under this Coverage D - Increased Cost of Compliance, we will not pay for:</p> <p>a. The cost to comply with any floodplain management law or ordinance in communities participating in the Emergency Program.</p> <p>b. The cost associated with enforcement of any ordinance or law that requires any insured or others to test for, monitor, clean up, remove, contain, treat, detoxify or neutralize, or in any way respond to, or assess the effects of pollutants.</p> <p>c. The loss in value to any insured building or other structure due to the requirements of any ordinance or law.</p> <p>d. The loss in residual value of the undamaged portion of a building demolished as a consequence of enforcement of any State or local floodplain management law or ordinance.</p> <p>e. Any Increased Cost of Compliance under this Coverage D:</p>	<p>Refer to policy language.</p>

III. Property Covered	
Policy Language	Additional Explanation
<p>(1) Until the building is elevated, floodproofed, demolished, or relocated on the same or to another premises; and</p> <p>(2) Unless the building is elevated, floodproofed, demolished, or relocated as soon as reasonably possible after the loss, not to exceed two years.</p> <p>f. Any code upgrade requirements, e.g., plumbing or electrical wiring, not specifically related to the State or local floodplain management law or ordinance.</p> <p>g. Any compliance activities needed to bring additions or improvements made after the loss occurred into compliance with State or local floodplain management laws or ordinances.</p> <p>h. Loss due to any ordinance or law that you were required to comply with before the current loss.</p> <p>i. Any rebuilding activity to standards that do not meet the NFIP’s minimum requirements. This includes any situation where the insured has received from the State or community a variance in connection with the current flood loss to rebuild the property to an elevation below the base flood elevation.</p> <p>j. Increased Cost of Compliance for a garage or carport.</p> <p>k. Any structure insured under an NFIP Group Flood Insurance Policy.</p> <p>l. Assessments made by a condominium association on individual condominium unit owners to pay increased costs of repairing commonly owned buildings after a flood in compliance with State or local floodplain management ordinances or laws.</p>	
<p>6. Other Provisions</p> <p>a. Increased Cost of Compliance coverage will not be included in the calculation to determine whether coverage meets the 80% insurance-to-value requirement for replacement cost coverage as set forth in VII. General Conditions, V. Loss Settlement.</p> <p>b. All other conditions and provisions of the policy apply.</p>	<p>Refer to policy language.</p>

IV. Property Not Covered	
Policy Language	Additional Explanation
We do not cover any of the following	
1. Personal property not inside a building;	The SFIP covers personal property inside of an SFIP-defined building at the location described on the policy declarations page.
2. A building, and personal property in it, located entirely in, on, or over water or seaward of mean high tide if it was constructed or substantially improved after September 30, 1982;	<ul style="list-style-type: none"> • The SFIP allows coverage for a building not entirely over water, i.e., when part of the exterior perimeter wall and foundation of the building is on land or on the landward side of mean high tide (mean high water). • When the exterior perimeter walls of the building are completely over water and the support system or foundation underneath the insured building extends onto land, or the extension of any mechanism for access into a building (including, but not limited to, stairs, decks, walkways, piers, posts, pilings, docks, or driveways), even if the mechanism is on or partially on land, the building or the access will not be eligible for coverage. • If the exterior perimeter walls of a building are completely over water, but connected to another eligible building by means of an elevated walkway, stairway, roof, and/or rigid exterior wall, or there is an appurtenant structure on the same slab, foundation, or other continuous support system that is on land (such as a shed or garage), the presence of the connected building or appurtenant structure on land does not allow coverage to be afforded to the building that has its exterior perimeter walls entirely over water.
3. Open structures, including a building used as a boathouse or any structure or building into which boats are floated, and personal property located in, on, or over water;	<p>The SFIP does not cover boathouses or buildings into which boats can float and personal property located within buildings used solely as boathouses.</p> <p>When a boathouse is also used as a dwelling, the SFIP covers the dwelling portion and its foundation, even when the foundation includes the foundation and other building elements shared with the boathouse subject to the provisions of the SFIP including IV. Property Not Covered.</p> <p>The SFIP does not cover a building and personal property in, located in, on, or over water or seaward of mean high tide if the building was constructed or substantially improved after September 30, 1982.</p>
4. Recreational vehicles other than travel trailers described in the Definitions section (see II.B.6.c.) whether affixed to a permanent	A recreational vehicle is a self-propelled vehicle (see Figure 15). A travel trailer is not self-propelled and is towed behind a road vehicle (see Figure 16).

IV. Property Not Covered	
Policy Language	Additional Explanation
We do not cover any of the following	
foundation or on wheels;	<p>Figure 15. Recreational Vehicle</p>  <p>Photograph credit Fleetwood RV</p> <p>Figure 16. Travel Trailer</p> 
<p>5. Self-propelled vehicles or machines, including their parts and equipment. However, we do cover self-propelled vehicles or machines not licensed for use on public roads that are:</p> <ul style="list-style-type: none"> a. Used mainly to service the described location or b. Designed and used to assist handicapped persons, while the vehicles or machines are inside a building at the described location; 	<p>The SFIP covers a self-propelled vehicle as described here located inside a building at the location described on the declarations page. The vehicle type and design must be consistent with the services provided at the location described on the declarations page and used primarily for that purpose. For example, an all-terrain vehicle (ATV) designed mainly for off-road recreation or sport would not be eligible under this provision, even if the policyholder uses it to pull a trailer to collect litter at the described location.</p> <p>Under 5.b, the vehicle is covered if it is designed as a mobility vehicle for a handicapped person. The vehicle must be inside a building at the location described on the declarations page for coverage to apply. However, vehicles not designed for handicapped persons, including but not limited to golf carts, ATVs, Segways® or the like, and hoverboards/balance boards are never covered by the SFIP under 5.b., even if repurposed to provide mobility to a handicapped person.</p>
<p>6. Land, land values, lawns, trees, shrubs, plants, growing crops, or</p>	<p>The SFIP does not cover animals and live bait, such as worms or minnows. The SFIP</p>

IV. Property Not Covered	
Policy Language	Additional Explanation
We do not cover any of the following	
animals;	covers artificial plants inside an SFIP-defined building at the described location.
7. Accounts, bills, coins, currency, deeds, evidences of debt, medals, money, scrip, stored value cards, postage stamps, securities, bullion, manuscripts, or other valuable papers;	<ul style="list-style-type: none"> • Scrip is a form of money issued by a local government or private organization, such as gift cards, coupons, or any substitute for legal tender. • The SFIP does not cover financial loss from damage or destruction of electronic data or the cost of restoring that data. • Other valuable papers include stocks, certificates, and bonds.
8. Underground structures and equipment, including wells, septic tanks, and septic systems;	<ul style="list-style-type: none"> • Underground structures and equipment include, but is not limited to, wires, conduits, pipes, sewers, tanks, tunnels, sprinkler systems, similar property, and any apparatus connected beneath the surface of the ground. The SFIP provides coverage if other SFIP requirements are met for equipment installed and used in the operation of underground structures and equipment installed above ground and within a building, for example, a sprinkler timer • When installed, a sewage grinder pump is an integral part of the building’s septic system. The grinder pump pulverizes waste for discharge into the septic drainage field. This item of property is not covered. However, the SFIP covers the sewage grinder pump’s alarm service panel if installed above ground level and affixed to the building or its foundation. The SFIP does not cover alarm service panels installed to an item of property that is not covered, such as a support post to a deck.

IV. Property Not Covered	
Policy Language	Additional Explanation
We do not cover any of the following	
<p>9. Those portions of walks, walkways, decks, driveways, patios and other surfaces, all whether protected by a roof or not, located outside the perimeter, exterior walls of the insured building or the building in which the insured unit is located;</p>	<p>The SFIP pays to repair or replace damage to any existing egress on the sides of a building, including underneath an elevated building. For each existing egress, the SFIP covers one 16 square foot (SF) landing and a single set of stairs, and one landing per staircase. The SFIP covers materials of a like kind and quality, such as concrete, wood or composite wood material. Covered items include any existing hand or support rail, support posts, and hardware. The SFIP does not cover improvements such as lighting or finishing (paint or preservative stains).</p> <p>Figure 17 shows a deck with a single set of stairs providing access to the building through two doors. The SFIP would cover one 16 SF landing and the existing single set of stairs.</p> <p style="text-align: center;">Figure 17. Deck with Single Set of Stairs</p>  <p>The SFIP does not cover the second set of stairs of the double staircase, as shown in Figure 18 because a single set of stairs provides egress.</p> <p style="text-align: center;">Figure 18. Deck with Double Staircase</p> 

IV. Property Not Covered	
Policy Language	Additional Explanation
We do not cover any of the following	
	<p>The SFIP does not cover the cost to comply with Americans with Disabilities Act of 1990 (ADA) regulations; however, the SFIP will repair or replace an existing flood damaged handicap ramp shown in Figure 19 for egress, in lieu of the 16 SF of landing and stairs.</p> <p style="text-align: center;">Figure 19. Existing Handicap Ramp</p> 
10. Containers, including related equipment, such as, but not limited to, tanks containing gases or liquids;	The SFIP does not cover fuel tanks, pressure tanks, and well water tanks located outside a basement or elevated building enclosure. The SFIP does not cover tanks containing other liquids or gases. The SFIP does not cover containers, including shipping containers used for storage or residential purposes, unless they meet the definition of a building.
11. Buildings or units and all their contents if more than 49% of the actual cash value of the building is below ground, unless the lowest level is at or above the base flood elevation and is below ground by reason of earth having been used as insulation material in conjunction with energy efficient building techniques;	A building must have over 51 percent of its actual cash value above ground level. This calculation relies solely upon the ACV, not on concepts like square footage, volume, or otherwise.
12. Fences, retaining walls, seawalls, bulkheads, wharves, piers, bridges, and docks;	The SFIP considers a structure physically connected to a building that directly supports and is integral to the building’s foundation, even if it has a secondary purpose such as a retaining wall.
13. Aircraft or watercraft, or their furnishings and equipment;	<ul style="list-style-type: none"> The SFIP covers remote controlled boats, aircraft, and drones or UAVs (Unmanned Aerial Vehicles) designed and intended for recreational use only, and not used to carry people or cargo, or for commercial use. The same policy provisions that apply to other personal property apply to these items.

IV. Property Not Covered	
Policy Language	Additional Explanation
We do not cover any of the following	
	<ul style="list-style-type: none"> The SFIP does not cover drones or UAVs registered with the Federal Aviation Administration for purposes other than recreational model aircraft. The SFIP does not cover furnishings and equipment for non-covered watercraft and aircraft including parts and other items identified for use with watercraft and aircraft.
14. Hot tubs and spas that are not bathroom fixtures, and swimming pools, and their equipment, such as, but not limited to, heaters, filters, pumps, and pipes, wherever located;	Refer to policy language.
15. Property not eligible for flood insurance pursuant to the provisions of the Coastal Barrier Resources Act and the Coastal Barrier Improvement Act and amendments to these Acts;	The SFIP does not provide flood insurance coverage for a structure built or substantially improved after the U.S. Department of Interior’s Fish and Wildlife Service designates it as within Coastal Barrier Resources System (CBRS) boundaries or as Otherwise Protected Areas (OPAs). See FWS website for more information.
16. Personal property you own in common with other unit owners comprising the membership of a condominium association.	Refer to policy language.

V. Exclusions	
Policy Language	Additional Explanation
A. We only pay for direct physical loss by or from flood, which means that we do not pay you for:	
<ol style="list-style-type: none"> 1. Loss of revenue or profits; 2. Loss of access to the insured property or described location; Loss of use of the insured property or described location; Loss from interruption of business or production; 3. Any additional living expenses incurred while the insured building is being repaired or is unable to be occupied for any reason; 4. The cost of complying with any ordinance or law requiring or regulating the construction, demolition, remodeling, renovation, or repair of property, including removal of any resulting debris. This exclusion does not apply to any eligible activities we describe in Coverage D—Increased Cost of Compliance; or, 5. Any other economic loss you suffer. 	<ul style="list-style-type: none"> • The SFIP does not cover the costs to pack, move, or store personal property from the insured building or return it to the building when an owner repairs the building or cannot occupy it. • The SFIP does not cover replacing non-flood damaged property required to comply with government codes, ordinances, or regulations. For example, the SFIP does not cover the cost of replacing an undamaged interior HVAC unit to match a replaced exterior HVAC unit because of a change in size, Seasonal energy efficiency ratio (SEER)-rating, refrigerant, or any other reason even if local, state, or federal code required the upgrade.
B. We do not insure a loss directly or indirectly caused by a flood that is already in progress at the time and date:	
<ol style="list-style-type: none"> 1. The policy term begins; or 2. Coverage is added at your request. 	<p>NFIP adjusts flood insurance losses individually. Flood insurance benefits are available if an insured property suffers a covered loss caused by a general condition of flooding, as defined by the SFIP.</p> <p>See Flood in Progress in Section 2 of this manual.</p>
C. We do not insure for loss to property caused directly by earth movement even if the earth movement is caused by flood. Some examples of earth movement that we do not cover are:	
<ol style="list-style-type: none"> 1. Earthquake; 2. Landslide; 3. Land subsidence; 4. Sinkholes; 5. Destabilization or movement of land that results from accumulation of water in subsurface land area; or 6. Gradual erosion. 	<p>The SFIP is a single-peril policy that only pays for covered damage due to direct physical loss by or from flood, defined in the policy at Section II. The SFIP does not cover damage resulting from an intervening cause of loss, even if the resulting cause is due to flood. The SFIP does not cover damage that results when saturated soils cause the soil below ground level to sink, expand, compact, destabilize, or otherwise lose its load bearing capacity such as from voids or rotten organic matter when the soil dries. The SFIP does not cover earth movement; each form of earth movement is an intervening cause of loss and a separate peril.</p> <p>The SFIP’s exclusion for other perils, such as fire, exemplifies the exclusion of earth movement as a cause of loss. When a flood causes a fire, which damages the building</p>

V. Exclusions	
Policy Language	Additional Explanation
<p>We do, however, pay for losses from mudflow and land subsidence as a result of erosion that are specifically covered under our definition of flood (see II.A.1.c. and II.A.2.).</p>	<p>during inundation or after floodwaters recede, the SFIP does not cover the resulting fire and smoke damage to the building even if flood directly caused the fire.</p> <p>The SFIP covers damage to a building’s structure if the damage results from the collapse or subsidence of land that is the direct result of erosion or undermining to the building’s support soil underneath or directly along the perimeter foundation of the building from waves or currents of floodwater (velocity flow) during a flood from the overflow of inland or tidal waters. This includes damage to the foundation of the building and any resulting damage to interior and exterior finishes. The SFIP does not cover gradual erosion.</p>
<p>D. We do not insure for direct physical loss caused directly or indirectly by any of the following:</p>	<p>Refer to policy language.</p>
<ol style="list-style-type: none"> 1. The pressure or weight of ice; 2. Freezing or thawing; 3. Rain, snow, sleet, hail, or water spray; 4. Water, moisture, mildew, or mold damage that results primarily from any condition: <ol style="list-style-type: none"> a. Substantially confined to the dwelling; or b. That is within your control, including but not limited to: <ol style="list-style-type: none"> (1) Design, structural, or mechanical defects; (2) Failure, stoppage, or breakage of water or sewer lines, drains, pumps, fixtures, or equipment; or (3) Failure to inspect and maintain the property after a flood recedes; 	<p>When the policyholder is prevented access to promptly remove wetted building and personal property items, and this delay directly results in water, moisture, mildew or mold damage to other building and personal property items not in physical contact with surface floodwater, this damage could be covered. As examples, local authorities may restrict access by order or prolonged inundation of floodwater may prevent access. The claim file must include the proper documentation, such as but not limited to photographs, an acceptable explanation provided by the adjuster, or a signed statement from the policyholder or community official, that supports the payment for property damages above the waterline. For instances when coverage and payment is not recommended, the claim file should include the proper documentation which clearly points to the policyholder’s failure to inspect and maintain their insured property or take reasonable measures to reduce damage when it is feasible to do so.</p> <p>The SFIP does not cover damage caused by long-term exposure to moisture, water, rot, and insect infestation. This includes damage from the lack of climate control inside the building when the approach to repair does not include the timely repair to the building HVAC.</p> <p>The SFIP does not cover pre-existing damage to structural building components, such as damage due to rot, or for any resulting damage to non-structural finished building material.</p>
<ol style="list-style-type: none"> 5. Water or water-borne material that: <ol style="list-style-type: none"> a. Backs up through sewers or drains; 	<p>The adjuster must document that a flood occurred in the area, and that the flood was the proximate cause of the back-up of the sewer or drain, overflow of the</p>

V. Exclusions	
Policy Language	Additional Explanation
<p>b. Discharges or overflows from a sump, sump pump or related equipment; or</p> <p>c. Seeps or leaks on or through the covered property;</p> <p>d. unless there is a flood in the area and the flood is the proximate cause of the sewer or drain backup, sump pump discharge or overflow, or the seepage of water;</p>	<p>sump pump, pump failure, seepage of water, or damage due to the pressure or weight of water (hydrostatic pressure) in the claim file. See SFIP Section II.A and related discussion for the definition of flood.</p> <p>When paying a loss due to a flood in the area proximately causing discharge or overflow of water or water-borne material from a sump, sump pump, or related equipment, the insurer must document the claim file to show that a homeowner’s policy endorsement or policy rider did not pay for the loss. If the homeowner’s policy covers the same loss, the SFIP payment must apply a proportional loss distribution, as stated under Section VII.C. Other Insurance.</p> <p>The adjuster must document a flood occurred in the area, and that the flood was the proximate cause of the back-up of the sewer or drain, overflow of the sump pump, pump failure, seepage of water, or damage due to the pressure or weight of water (hydrostatic pressure). A flood is two or more parcels of partial or complete inundation of normally dry land, or of two or more continuous acres of normally dry land. For coverage under this provision the condition of flood does not have to be on the parcel of land described at the location; it may be within the proximate area.</p>
<p>6. The pressure or weight of water unless there is a flood in the area and the flood is the proximate cause of the damage from the pressure or weight of water;</p>	<p>Refer to SFIP Section V.D.5. above.</p>
<p>7. Power, heating, or cooling failure unless the failure results from direct physical loss by or from flood to power, heating, or cooling equipment on the described location;</p>	<p>The SFIP does not cover damage to insured property when caused by a power surge or power outage that originates from the failure or shutting down of equipment that is not located at the described location, even if the reason is a direct result of a flood. For example, the local utility operator may shut down a section of the electrical grid to avoid system damage from a flood. When the power returns to the electrical grid, the initial surge of electricity can damage insured property. Under this loss description the damage is not covered.</p> <p>The SFIP covers damage to any covered building electrical system, such as the building’s main service or home security system, or to the HVAC system, when a flood physically damages equipment installed at the described location. For example, if the flood damage creates an electrical short within the building system affecting a second piece of equipment, the second piece of equipment is also covered, even though it was not physically touched by water. Under this loss description, the damage is considered a direct physical loss by or from flood. To cover the loss described, the</p>

V. Exclusions	
Policy Language	Additional Explanation
	adjuster must document the cause of loss in the claim file to rule out the possibility of a non-covered cause, such as described in the previous paragraph.
<p>8. Theft, fire, explosion, wind, or windstorm;</p> <p>9. Anything you or any member of your household do or conspires to do to deliberately cause loss by flood; or</p> <p>10. Alteration of the insured property that significantly increases the risk of flooding.</p>	Refer to policy language.
<p>E. We do not insure for loss to any building or personal property located on land leased from the Federal Government, arising from or incident to the flooding of the land by the Federal Government, where the lease expressly holds the Federal Government harmless under flood insurance issued under any Federal Government program.</p>	Refer to policy language.
<p>F. We do not pay for the testing for or monitoring of pollutants unless required by law or ordinance.</p>	<p>The SFIP only pays to test or monitor the removal of a pollutant when a law or ordinance requires it. Insurers must have a copy of the law or ordinance for the file to support their decision to pay for the testing for or monitoring of pollutants.</p> <p>The law or ordinance must be in effect at the date of loss to apply.</p>

VI. Deductibles	
Policy Language	Additional Explanation
<p>A. When a loss is covered under this policy, we will pay only that part of the loss that exceeds your deductible amount, subject to the limit of liability that applies. The deductible amount is shown on the Declarations Page.</p> <p>However, when a building under construction, alteration, or repair does not have at least two rigid exterior walls and a fully secured roof at the time of loss, your deductible amount will be two times the deductible that would otherwise apply to a completed building.</p>	
<p>B. In each loss from flood, separate deductibles apply to the building and personal property insured by this policy.</p>	
<p>C. The deductible does NOT apply to:</p> <ol style="list-style-type: none"> 1. III.C.2. Loss Avoidance Measures; 2. III.C.3. Condominium Loss Assessments; or 3. III.D. Increased Cost of Compliance. 	<p>The SFIP applies a separate deductible to both building and personal property losses. The SFIP will only pay that portion of the loss that exceeds the applicable deductibles.</p> <p>For building and personal property losses, the insurer should take the deductible from the gross loss before applying policy limits. For example, if the covered loss is \$110,000, the policy limit is \$100,000, and the deductible is \$5,000, the insurer should apply the deductible to the \$110,000 loss, which leaves \$105,000, meaning the insurer should pay the \$100,000 policy limit.</p> <p>The SFIP does not apply coverage of excess damage from a covered detached garage to the deductible.</p> <p>The SFIP does not apply excess loss to items subject to Special Limits to reduce the personal property deductible.</p>

VII. General Conditions	
Policy Language	Additional Explanation
A. Pair and Set Clause	
<p>In case of loss to an article that is part of a pair or set, we will have the option of paying you:</p> <ol style="list-style-type: none"> 1. An amount equal to the cost of replacing the lost, damaged, or destroyed article, minus its depreciation, or 2. The amount that represents the fair proportion of the total value of the pair or set that the lost, damaged, or destroyed article bears to the pair or set. 	<p>If the damaged property item is ruined, and cannot be replaced individually as a single item, and this renders the other item in the pair or the set unusable or worthless, then the SFIP pays for the pair or set.</p> <p>Examples: Left shoe ruined by flood, and the right shoe undamaged. The left shoe cannot be purchased without the right, rendering the undamaged right shoe unusable. The SFIP allows for a new pair of shoes. Other similar examples include a ruined china base cabinet and undamaged matching china base top; half the seats ruined in a sectional sofa; a ruined left window curtain and an undamaged right window curtain.</p> <p>If the damaged property item is ruined and can be replaced individually as a single item with like kind and quality, and this renders the other item or the set usable, the SFIP will only cover the damaged/ruined item along with reasonable cost for like kind and quality, except in the case of the Section V. Exclusion (A)(6) for ordinance or law, and the like.</p> <p>Examples: Base cabinets ruined by flood with the upper cabinets undamaged. The upper cabinets remain usable. The SFIP allows to replace the base cabinets with like kind and quality, including reasonable costs to match the new base cabinets with existing undamaged cabinets. Other similar examples include a damaged dresser and undamaged or repairable matching armoire and night stands; a ruined dining table leaf and undamaged or repairable dining table; a ruined granite cabinet countertop and salvageable granite island countertop.</p> <p>Example: An outdoor heating ventilation, and air conditioning (HVAC) unit is ruined by flood, interior HVAC unit is undamaged. Due to Department of Energy code requirements regarding energy efficiency, or an Environmental Protection Agency (EPA)-mandate regarding refrigerant type, a replacement outdoor HVAC unit that works with the existing interior HVAC unit is unavailable, rendering the undamaged interior unit unusable. Section VII (A) Pair and Set clause is superseded by Section V Exclusions (A)(6) and the SFIP only allows to replace the outdoor HVAC unit with like kind and quality; and does not cover replacement of the undamaged interior HVAC unit.</p>

VII. General Conditions	
Policy Language	Additional Explanation
B. Concealment or Fraud and Policy Voidance	
<p>1. With respect to all insureds under this policy, this policy:</p> <ul style="list-style-type: none"> a. Is void; b. Has no legal force or effect; c. Cannot be renewed; and d. Cannot be replaced by a new NFIP policy, if, before or after a loss, you or any other insured or your agent have at any time: <ul style="list-style-type: none"> (1) Intentionally concealed or misrepresented any material fact or circumstance; (2) Engaged in fraudulent conduct; or (3) Made false statements; relating to this policy or any other NFIP insurance. 	<p>When claims professionals suspect wrongful acts or misrepresentations on a claim by a policyholder or their representatives:</p> <ul style="list-style-type: none"> • The adjuster should promptly submit written notification with supporting documentation to the insurer. The adjuster should not draw any conclusions regarding the suspected fraud and should only present facts in written reports. • The examiner should engage management to determine if the insurer should refer the matter to the FEMA Fraud Unit (email: StopFEMAFraud@fema.dhs.gov) and to the insurer’s investigative unit for a Reservation of Rights.
<p>2. This policy will be void as of the date wrongful acts described in B.1. above were committed.</p> <p>3. Fines, civil penalties, and imprisonment under applicable Federal laws may also apply to the acts of fraud or concealment described above.</p>	<p>The SFIP will be void if the proper authorities determine any part of a claim was fraudulent.</p>
<p>4. This policy is also void for reasons other than fraud, misrepresentation, or wrongful act. This policy is void from its inception and has no legal force under the following conditions:</p> <ul style="list-style-type: none"> a. If the property is located in a community that was not participating in the NFIP on the policy’s inception date and did not join or reenter the program during the policy term and before the loss occurred; or b. If the property listed on the application is otherwise not eligible for coverage under the NFIP. 	<p>When a community no longer participates in the NFIP, an active SFIP will remain in force up to the day before the policy renewal date. Refer to the Flood Insurance Manual for other reasons why a building may be ineligible for coverage.</p>
C. Other Insurance	
<p>1. If a loss covered by this policy is also covered by other insurance that includes flood coverage not issued under the Act, we will not pay more than the amount of insurance you are entitled to for lost,</p>	<p>Other insurance includes primary flood coverage provided by a private carrier, an endorsement for sewer, sumps or drains backup, or any other insurance that duplicates SFIP coverage.</p>

VII. General Conditions													
Policy Language	Additional Explanation												
<p>damaged, or destroyed property insured under this policy subject to the following:</p> <ol style="list-style-type: none"> a. We will pay only the proportion of the loss that the amount of insurance that applies under this policy bears to the total amount of insurance covering the loss, unless C.1.b. or c. immediately below applies. b. If the other policy has a provision stating that it is excess insurance, this policy will be primary. c. This policy will be primary (but subject to its own deductible) up to the deductible in the other flood policy (except another policy as described in C.1.b. above). When the other deductible amount is reached, this policy will participate in the same proportion that the amount of insurance under this policy bears to the total amount of both policies, for the remainder of the loss. 	<ul style="list-style-type: none"> • Use the following formula to determine the NFIP’s share of the loss: NFIP share = ((SFIP policy limit ÷ total insurance) x loss) - other insurance deductible • Use the following formula to determine the other insurance’s share of the loss: Other insurance share = ((other insurance policy limit ÷ total insurance) x loss) - other insurance deductible • Use the following formula to determine the NFIP payment: NFIP payment = NFIP share + other insurance deductible – SFIP deductible <p>Below is an example of how to apply the formulas to compute the insurer’s shares and NFIP payment for a \$480,000 loss.</p> <p style="text-align: center;">Table 5: Insurance Coverage and Deductibles</p> <table border="1" style="width: 100%; border-collapse: collapse; text-align: center;"> <thead> <tr> <th style="background-color: #1a3d54; color: white;">Insurance</th> <th style="background-color: #1a3d54; color: white;">Coverage</th> <th style="background-color: #1a3d54; color: white;">Deductible</th> </tr> </thead> <tbody> <tr> <td>NFIP</td> <td>\$250,000</td> <td>\$5,000</td> </tr> <tr> <td>Other</td> <td>\$500,000</td> <td>\$15,000</td> </tr> <tr> <td>Total</td> <td>\$750,000</td> <td></td> </tr> </tbody> </table> <ul style="list-style-type: none"> • NFIP share: (($\\$250,000 \div \\$750,000$) x $\\$480,000$) - $\\$15,000$ = $\\$145,000.00$ • Other insurance share: (($\\$500,000 \div \\$750,000$) x $\\$480,000$) - $\\$15,000$ = $\\$305,000.00$ • NFIP payment: $\\$145,000.00 + \\$15,000 - \\$5,000 = \\$155,000.00$ <p>IMPORTANT – Use the order of operations as shown, starting within the innermost parentheses, for accurate calculation.</p>	Insurance	Coverage	Deductible	NFIP	\$250,000	\$5,000	Other	\$500,000	\$15,000	Total	\$750,000	
Insurance	Coverage	Deductible											
NFIP	\$250,000	\$5,000											
Other	\$500,000	\$15,000											
Total	\$750,000												
<ol style="list-style-type: none"> 2. If there is other insurance in the name of your condominium association covering the same property covered by this policy, then this policy will be in excess over the other insurance. 	<p>The Biggert-Waters Flood Insurance Reform Act of 2012, Section 100214, does not allow the NFIP to deny a unit owner’s claim based on flood insurance coverage purchased by a condominium association.</p> <p>The SFIP allows unit owner building payments for loss assessments when a condominium association did not purchase insurance to at least 80 percent of the full</p>												

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	<p>replacement cost of the condominium building or the maximum insurance available for the condominium building. The provision does not allow insurers to pay for a building item more than once.</p> <p>The SFIP cannot pay more than the maximum amount of insurance available for a single-family residence, currently \$250,000, for a single condominium even if the unit has additional insurance available under other NFIP policies.</p> <p>The legislation did not change the coverage provided under the Residential Condominium Building Association Policy (RCBAP).</p> <p>See the Biggert-Waters Flood Insurance Reform Act of 2012 for more information.</p>
D. Amendments, Waivers, Assignment	
<p>This policy cannot be changed nor can any of its provisions be waived without the express written consent of the Federal Insurance Administrator. No action we take under the terms of this policy constitutes a waiver of any of our rights. You may assign this policy in writing when you transfer title of your property to someone else except under these conditions:</p> <ol style="list-style-type: none"> 1. When this policy covers only personal property; or 2. When this policy covers a structure during the course of construction. 	<p>The SFIP allows assignment of the policy when the title to the property transfers to a new owner.</p> <p>The SFIP does not allow assignment of a claim. The only exception to this is a Coverage D – Increased Cost of Compliance (ICC) claim that can transfer in conjunction with a FEMA project, such as a Hazard Mitigation Grant Program (HMGP) grant. Typically, the policyholder assigns the claim to a community, which typically uses the payment for the community’s non-Federal match for the project. The policyholder may only assign the part of the ICC benefit used to meet the project requirements.</p>
E. Cancellation of the Policy by You	
<ol style="list-style-type: none"> 1. You may cancel this policy in accordance with the applicable rules and regulations of the NFIP. 2. If you cancel this policy, you may be entitled to a full or partial refund of premium also under the applicable rules and regulations of the NFIP. 	<p>Policyholders must have a valid reason to cancel their flood insurance coverage during a policy term. Cancellation does not automatically create a refund.</p> <p>See the Cancellation section of the Flood Insurance Manual.</p>

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F. Non-Renewal of the Policy by Us	
<p>Your policy will not be renewed:</p> <ol style="list-style-type: none"> 1. If the community where your covered property is located stops participating in the NFIP, or 2. If your building has been declared ineligible under Section 1316 of the Act. 	<p>When a community no longer participates in the NFIP, an active SFIP will remain in force up to the day before the policy renewal date.</p> <p>Coverage may not be available for a building constructed or altered in violation of state or local floodplain management laws, regulations, or ordinances. Section 1316 of the Act allows a state or community to declare a building in violation of its floodplain management rules. When a state or community declares that a building is in violation of Section 1316, the building and any contents in it are not eligible for SFIP coverage. Insurers have a list of buildings with Section 1316 violations that are ineligible for NFIP coverage. When the owner corrects the violation, the building becomes eligible for coverage again. The examiner should verify the building's eligibility.</p>
G. Reduction and Reformation of Coverage	
<ol style="list-style-type: none"> 1. If the premium we received from you was not enough to buy the kind and amount of coverage you requested, we will provide only the amount of coverage that can be purchased for the premium payment we received. 2. The policy can be reformed to increase the amount of coverage resulting from the reduction described in G.1. above to the amount you requested as follows: <ol style="list-style-type: none"> a. Discovery of Insufficient Premium or Incomplete Rating Information Before a Loss: <p>If we discover before you have a flood loss that your premium payment was not enough to buy the requested amount of coverage, we will send you and any mortgagee or trustee known to us a bill for the required additional premium for the current policy term (or that portion of the current policy term following any endorsement changing the amount of coverage). If you or the mortgagee or trustee pay the additional premium within 30 days from the date of our bill, we will reform the policy to increase the amount of coverage to the originally requested amount effective to the beginning of the current policy term (or</p> 	<p>If the policyholder gives the insurer a premium that will not purchase the amounts of insurance requested, the insurer must issue the policy for the insurance coverage amount the premium will purchase for a one-year policy term.</p> <p>After a Loss:</p> <ul style="list-style-type: none"> • The insurer will send a bill for the required additional premium for the current policy term only. This is an exception to the SFIP Provisions requiring the current and the prior policy terms. • If the insurer receives the premium within 30 days from the date of the bill, the insurer should increase the policy limits to the originally requested amount effective as of the beginning of the current policy term. <p>If the insurer does not receive the additional premium by the due date, the insurer must settle the claim based on the previously submitted premium and reduced policy limits.</p> <p>Exceptions for Incorrect Flood Zone or BFE After a Loss. When the insurer discovers that an incorrect flood zone or BFE resulted in insufficient premium, the following exceptions apply:</p> <ul style="list-style-type: none"> • The insurer should calculate any additional premium due prospectively from the date of discovery.

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<p>subsequent date of any endorsement changing the amount of coverage).</p> <p>(2) If we determine before you have a flood loss that the rating information we have is incomplete and prevents us from calculating the additional premium, we will ask you to send the required information. You must submit the information within 60 days of our request. Once we determine the amount of additional premium for the current policy term, we will follow the procedure in G.2.a.(1) above.</p> <p>(3) If we do not receive the additional premium (or additional information) by the date it is due, the amount of coverage can only be increased by endorsement subject to any appropriate waiting period.</p> <p>b. Discovery of Insufficient Premium or Incomplete Rating Information After a Loss:</p> <p>(1) If we discover after you have a flood loss that your premium payment was not enough to buy the requested amount of coverage, we will send you and any mortgagee or trustee known to us a bill for the required additional premium for the current and the prior policy terms. If you or the mortgagee or trustee pay the additional premium within 30 days of the date of our bill, we will reform the policy to increase the amount of coverage to the originally requested amount effective to the beginning of the prior policy term.</p> <p>If we discover after you have a flood loss that the rating information we have is incomplete and prevents us from calculating the additional premium, we will ask you to send the required information. You must submit the information before your claim can be paid. Once we determine the amount of additional premium for the current and prior policy terms, we will follow the procedure in G.2.b.(1) above.</p> <p>(3) If we do not receive the additional premium by the date it is due, your flood insurance claim will be settled based on the</p>	<ul style="list-style-type: none"> • The insurer should apply the automatic reduction in policy limits effective on the date of discovery. <p>Incorrect Policy Form. The insurer must use the correct policy form before making a loss payment. When the insurer issues coverage using an incorrect SFIP form, the policy is void and the insurer must rewrite the coverage under the correct form. The provisions of the correct SFIP form apply.</p> <ul style="list-style-type: none"> • The insurer must reform the coverage limits according to the provisions of the correct SFIP form. • Coverage cannot exceed the coverage issued under the incorrect policy form. • See the Flood Insurance Manual for detailed information

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<p>reduced amount of coverage. The amount of coverage can only be increased by endorsement subject to any appropriate waiting period.</p> <p>(1) However, if we find that you or your agent intentionally did not tell us, or falsified, any important fact or circumstance or did anything fraudulent relating to this insurance, the provisions of Condition B. Concealment or Fraud and Policy Voidance apply.</p>	
H. Policy Renewal	
<ol style="list-style-type: none"> 1. This policy will expire at 12:01 a.m. on the last day of the policy term. 2. We must receive the payment of the appropriate renewal premium within 30 days of the expiration date. 3. If we find, however, that we did not place your renewal notice into the U.S. Postal Service, or if we did mail it, we made a mistake, e.g., we used an incorrect, incomplete, or illegible address, which delayed its delivery to you before the due date for the renewal premium, then we will follow these procedures: <ol style="list-style-type: none"> a. If you or your agent notified us, not later than 1 year after the date on which the payment of the renewal premium was due, of non-receipt of a renewal notice before the due date for the renewal premium, and we determine that the circumstances in the preceding paragraph apply, we will mail a second bill providing a revised due date, which will be 30 days after the date on which the bill is mailed. b. If we do not receive the premium requested in the second bill by the revised due date, then we will not renew the policy. In that case, the policy will remain an expired policy as of the expiration date shown on the Declarations Page. 4. In connection with the renewal of this policy, we may ask you during the policy term to recertify, on a Recertification Questionnaire we will provide to you, the rating information used to rate your most recent application for or renewal of insurance. 	<p>The SFIP is not a continuous policy. It is a contract for a one-year term. Every policy contract expires at 12:01 a.m. on the last day of the policy term. Renewal of an expiring policy establishes a new policy term and new contractual agreement. See the Flood Insurance Manual for detailed information.</p> <p>The adjuster should investigate the claim under a signed non-waiver agreement or a reservation of rights by the insurer when a policyholder reports a loss and there is uncertainty as to whether a policy is active.</p>

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I. Conditions Suspending or Restricting Insurance	
<p>We are not liable for loss that occurs while there is a hazard that is increased by any means within your control or knowledge.</p>	<p>The SFIP will not cover a flood loss or increased flood damage to insured property that the policyholder purposely or inadvertently causes. For example, a policyholder constructs a flood barrier to prevent floodwater from a river from reaching the building. However, the improvement now causes runoff during heavy rainfall events to collect behind the barrier and flood the building and a neighboring parcel.</p> <p>When the investigation of a loss reveals this provision might apply, the adjuster should notify the insurer at once and request immediate guidance.</p>
J. Requirements in Case of Loss	
<p>In case of a flood loss to insured property, you must:</p> <ol style="list-style-type: none"> 1. Give prompt written notice to us; 2. As soon as reasonably possible, separate the damaged and undamaged property, putting it in the best possible order so that we may examine it; 3. Prepare an inventory of damaged property showing the quantity, description, actual cash value, and amount of loss. Attach all bills, receipts, and related documents; 	<p>The policyholder’s claim begins with the written notice of loss.</p> <p>The policyholder must report the loss to the insurer immediately; failure to provide a notice of loss to the insurer could prejudice the ability of the insurer to inspect the loss, identify the cause and extent of damage, and determine applicable coverage under the SFIP. If the policyholder delays reporting a loss, adjusters cannot help policyholders protect the property and avoid further damage.</p> <p>A policyholder’s failure to provide timely notice of loss can be a basis for denial of a claim.</p> <ul style="list-style-type: none"> • The adjuster should document the reason for a delay in the policyholder reporting a loss to the insurer. • The adjuster should execute a non-waiver agreement when there is a delay in reporting the loss. The non-waiver agreement should include the reason for the non-waiver and the policyholder’s explanation for the delay. The adjuster should have the policyholder sign the non-waiver agreement immediately. If the policyholder refuses to sign the non-waiver agreement, the insurer may decide to send a Reservation of Rights. The adjuster should continue the inspection and review. <p>The SFIP requires that the policyholder separate damaged from undamaged property putting it in the best possible order, so the adjuster may examine it. It is the policyholder’s duty to perform the separation described above and prepare an inventory of damaged property including quantity, description, and the total</p>

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	<p>amount of loss claimed. Any bills, receipts, photographs of damages, and related documents should be attached to the inventory.</p> <p>If flood-damaged building or contents property is removed before the adjuster can examine it, the policyholder must photograph the items in their damaged location prior to moving the property and prepare the inventory.</p> <p>To minimize potential documentation issues and assist the adjuster’s investigation, the policyholder should, if possible, retain samples or swatches of carpeting, wallpaper, furniture upholstery, window treatments, and other items of exceptional value where the type and quality of material will influence the amount payable on the claim. Photographs should also include groups of items such as clothing, kitchen items, furniture, etc. The insurer will evaluate and consider these items and the policyholder’s written inventory of damaged items.</p>
<p>4. Within 60 days after the loss, send us a proof of loss, which is your statement of the amount you are claiming under the policy signed and sworn to by you, and which furnishes us with the following information:</p> <ul style="list-style-type: none"> a. The date and time of loss; b. A brief explanation of how the loss happened; c. Your interest (for example, “owner”) and the interest, if any, of others in the damaged property; d. Details of any other insurance that may cover the loss; e. Changes in title or occupancy of the covered property during the term of the policy; f. Specifications of damaged buildings and detailed repair estimates; g. Names of mortgagees or anyone else having a lien, charge, or claim against the insured property; h. Details about who occupied any insured building at the time of loss and for what purpose; and i. The inventory of damaged personal property described in J.3. above. <p>5. In completing the proof of loss, you must use your own judgment concerning the amount of loss and justify that amount.</p>	<p>The proof of loss is the policyholder’s statement of the amount of money they are requesting. The policyholder must sign and swear to the proof of loss and provide documentation to support the amount requested for the insurer to consider it completed. The policyholder (or legal representative with a signed Power of Attorney or Executor in the case of a deceased policyholder) is the only person who can sign the proof of loss.</p> <p>SIGNED AND SWORN:</p> <p>FEMA encourages the use of electronic signatures on proof of loss and other NFIP-related submissions. FEMA will not deny the legal effect, validity, or enforceability of a signature solely because it is in electronic form. Insurers should accept electronic signatures in accordance with their general business practices and applicable laws.</p> <p>MULTIPLE PROOFS OF LOSS ALLOWED:</p> <p>Policyholders must submit a completed proof of loss and documentation to support the amount requested initially and completed proofs of loss for any additional payment requests to the insurer within 60 days after the date of loss or within any extension of that deadline granted by FEMA.</p> <p>ONE CLAIM PER LOSS:</p> <p>The proof of loss is not the claim. The claim is the policyholder’s assertion that they are entitled to payment for a covered loss under the terms of the SFIP. A policyholder has only one claim from a flood event regardless of the number of proofs of loss and</p>

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<p>6. You must cooperate with the adjuster or representative in the investigation of the claim.</p> <p>7. The insurance adjuster whom we hire to investigate your claim may furnish you with a proof of loss form, and she or he may help you complete it. However, this is a matter of courtesy only, and you must still send us a proof of loss within 60 days after the loss even if the adjuster does not furnish the form or help you complete it.</p>	<p>documentation the policyholder may submit in support of that claim. Refer to policy language.</p>
<p>8. We have not authorized the adjuster to approve or disapprove claims or to tell you whether we will approve your claim.</p>	<p>Only the NFIP insurer has the authority to approve or deny a claim, to tell the policyholder if they will approve or deny a claim, or to provide payment details. The insurer must rely only upon the terms and conditions established by Federal statute, NFIP regulations, the Federal Insurance Administrator’s interpretations, and the express terms of the SFIP. See 44 C.F.R. § 61.5(e) (2018).</p>
<p>9. At our option, we may accept the adjuster’s report of the loss instead of your proof of loss. The adjuster’s report will include information about your loss and the damages you sustained. You must sign the adjuster’s report. At our option, we may require you to swear to the report.</p>	<p>The insurer, not the policyholder or their representative, determines whether to accept the adjuster’s report signed and sworn to by the policyholder, instead of a proof of loss.</p>
K. Our Options After a Loss	
<p>Options we may, in our sole discretion, exercise after loss include the following:</p>	<p>This section sets forth the steps that insurers may take to require action on the part of the policyholder. If the policyholder fails to comply with the insurer’s request, the policyholder is in breach of the insuring agreement, which may affect the payment of the claim.</p>
<p>1. At such reasonable times and places that we may designate, you must:</p> <p style="margin-left: 20px;">a. Show us or our representative the damaged property;</p>	<p>The policyholder must make the flood damaged property available for examination as often as needed to verify the loss and claim. Insurer representatives will give the policyholder advanced notice of the specific time and meeting place to inspect the damaged property.</p> <p>The policyholder should document their loss with photographs before removing or disposing of damaged items that pose a health hazard, such as perishable food.</p>
<p style="margin-left: 40px;">b. Submit to examination under oath, while not in the presence of another insured, and sign the same; and</p>	<p>The insurer can require the policyholder to submit to an examination under oath but not in the presence of another policyholder when there are questions concerning the claim. An examination under oath is a formal proceeding, conducted prior to a</p>

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	lawsuit, during which the insurer’s representative questions a policyholder under oath in the presence of a court reporter. The insurer should ask the policyholder to present information and documentation necessary to evaluate their claim when requiring an examination under oath. This can include books of accounts, financial records, receipts, income tax records, property settlement records, invoices, purchase orders, affidavits, and other materials to verify the loss.
<p>c. Permit us to examine and make extracts and copies of:</p> <p>(1) Any policies of property insurance insuring you against loss and the deed establishing your ownership of the insured real property;</p>	<p>The SFIP will not pay more than the amount of insurance that the policyholder is entitled to for the damaged, lost, or destroyed property insured under this policy if non-NFIP insurance covers a loss covered by the SFIP.</p> <p>The policyholder must confirm the availability of other insurance to determine what the NFIP will pay. Examples include a homeowner’s policy water damage or sump overflow endorsement, mobile-homeowner’s policy, scheduled property policy, renter’s policy, builder’s risk policy, etc.</p> <p>See SFIP Section VII.C. for Other Insurance.</p>
<p>(2) Condominium association documents including the Declarations of the condominium, its Articles of Association or Incorporation, Bylaws, rules and regulations, and other relevant documents if you are a unit owner in a condominium building; and</p>	<p>A claim involving a unit in a condominium building requires the declarations of the condominium, bylaws, etc. to determine the policyholder’s insurable interest in the building. Adjusters may have to determine if the RCBAP paid for any damages. NFIP will not pay for the same damage item twice nor pay a claim for a residential unit that exceeds the statutory limits. Adjusters must provide documentation that a condominium association owns the insured building, not a homeowners’ association or a building cooperative.</p>
<p>(3) All books of accounts, bills, invoices and other vouchers, or certified copies pertaining to the damaged property if the originals are lost.</p>	<p>Insurers may require the policyholder to provide information that documents the extent of the loss and the amount of the claim. Examples include books of accounts, bills, invoices, vouchers, and items showing the actual amounts paid to stores, contractors, or others for repair or replacement of items. This may also include photographs of the flood-damaged property that sufficiently and reasonably document the damage, quality of the item, and describe the damaged property. The policyholder can provide certified copies when the originals are lost or destroyed.</p>
<p>2. We may request, in writing, that you furnish us with a complete inventory</p>	<p>“Costs” is the amount to replace a personal property item with like kind and quality at</p>
<p>of the lost, damaged or destroyed property, including:</p>	<p>current pricing, including the price for sales tax plus any applicable shipping and</p>

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a. Quantities and costs;	product assembly.
b. Actual cash values or replacement cost (whichever is appropriate);	<ul style="list-style-type: none"> Replacement cost is the cost to replace a building, a building item, or a personal property item that includes all charges related to material, labor, equipment, any charges, if applicable, for design, delivery, assembly, sales tax, and applicable overhead and profit. Actual cash value is replacement cost to replace, not repair, less applicable depreciation of all components of the price.
c. Amounts of loss claimed;	The amounts of loss claimed is the amount of payment the policyholder asks to receive for the damaged and covered property.
d. Any written plans and specifications for repair of the damaged property that you can reasonably make available to us; and	<p>Written plans and specifications for repair of the damaged property include contractor estimates, subcontractor bids, invoices, architectural reports and drawings, engineering reports, etc. This also includes water restoration or structural drying invoices and supporting documentation.</p> <p>NFIP will not accept a non-itemized, lump sum, or single line estimate or invoice in support of a claim.</p>
e. Evidence that prior flood damage has been repaired.	<p>Policyholders must provide evidence that previous flood damage was repaired, whether or not they owned or insured the property at the time of the previous flood. This includes any flood damages unrepaired by a previous owner.</p> <p>NFIP expects policyholders to maintain proof of repairs such as receipts, cancelled checks, etc. in a safe location away from the threat of flood.</p> <p>When policyholders do not have proof of repairs, adjusters should request other forms of documentation such as:</p> <ul style="list-style-type: none"> Pre-flood photographs (social media or other family members) to compare old and replaced items. Credit card or bank statements showing dates and dollar amount of payments to contractors. Itemized statements and paid invoices from contractors.
3. If we give you written notice within 30 days after we receive your signed, sworn proof of loss, we may:	3.a. Refer to policy language.
a. Repair, rebuild, or replace any part of the lost, damaged, or destroyed	3.b. Refer to Section VII.O. and other guidance including Salvage in Section 2 of this manual.

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<p>property with material or property of like kind and quality or its functional equivalent; and</p> <p>b. Take all or any part of the damaged property at the value that we agree upon or its appraised value.</p>	
L. No Benefit to Bailee	
<p>No person or organization, other than you, having custody of covered property will benefit from this insurance.</p>	<p>Bailment is the delivery of personal property by one person (the bailor) to another (the bailee) who holds the property for a certain purpose, such as a service, under an expressed or implied-in-fact contract.</p> <p>The SFIP does not cover the bailee because bailment is a change of possession, not a change of ownership or title. An example is when a customer (bailor) takes personal clothing to the drycleaner (bailee). A bailment exists when the bailee has the clothing. The articles of clothing in the possession of the bailee are bailee goods and are not covered.</p> <p>Consignment is a written agreement where a consignor provides owned personal property to a consignee for sale and gives the consignee a percentage of the sale price when sold. The SFIP does not cover property on consignment.</p>
M. Loss Payment	
<p>1. We will adjust all losses with you. We will pay you unless some other person or entity is named in the policy or is legally entitled to receive payment. Loss will be payable 60 days after we receive your proof of loss (or within 90 days after the insurance adjuster files the adjuster’s report signed and sworn to by you in lieu of a proof of loss) and:</p> <p>a. We reach an agreement with you;</p> <p>b. There is an entry of a final judgment; or</p> <p>c. There is a filing of an appraisal award with us, as provided in VII.P.</p>	<p>Adjusters and examiners should work with a policyholder or their authorized representative to understand the loss, prepare the estimate, and reach an agreed value for the loss.</p> <p>The insurer’s obligation to pay and the timeframe to pay begins once the policyholder meets the requirements in Paragraph J, a proof of loss that meets all NFIP requirements, or after the signed and sworn to adjuster’s report is received, and,</p> <ul style="list-style-type: none"> • Insurer and the policyholder agree on the payment amount, or • There is an entry of final judgment or an appraisal award by a court of competent jurisdiction. <p>The insurer should promptly process all claims and payment requests. The insurer should communicate to policyholders any unforeseen delays in the claim examination process and advance undisputed claimed amounts at the earliest opportunity.</p>

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	<p>When the insurer cannot pay a completed proof of loss, the examiner and the adjuster should promptly communicate the necessary adjustments or documentation required to the policyholder. Insurers should work with policyholders to settle the loss without resorting to a denial of the claim by the insurer.</p> <p>See Section 4 Appeals of this manual for information on denial letters.</p>
<p>2. If we reject your proof of loss in whole or in part you may:</p> <ul style="list-style-type: none"> a. Accept our denial of your claim; b. Exercise your rights under this policy; or c. File an amended proof of loss as long as it is filed within 60 days of the date of the loss. 	<p>Courts have not accepted the language “reject your proof of loss” as sufficient to communicate to the policyholder that the insurer has denied their claim in whole or in part. Hence, insurers should not use this language to deny all or part of a claim.</p> <p>When the insurer issues a written denial, the policyholder has certain rights, which include filing an appeal directly to FEMA (see Section 4 Appeals), filing suit against the insurer, or submitting an amended proof of loss with the documentation to support the requested loss and payment amount.</p> <p>The one year statute of limitations for filing suit begins when the insurer issues the first denial letter (42 U.S.C. § 4072; 44 C.F.R. § 62.22(a)). Submitting subsequent additional or amended proofs of loss does not reset the one-year statute of limitations. Adjusters and examiners must assist policyholders in identifying all opportunities for payment. This helps the policyholder recover, ensures customer satisfaction, and prevents unnecessary appeals and lawsuits.</p>
N. Abandonment	
You may not abandon to us damaged or undamaged property insured under this policy.	Refer to policy language.
O. Salvage	
We may permit you to keep damaged property insured under this policy after a loss, and we will reduce the amount of the loss proceeds payable to you under the policy by the value of the salvage.	<p>The insurer always has the right to seek salvage or to take possession of damaged property. Insurers should pursue opportunities for a financial recovery when available.</p> <p>See Salvage in Section 2 of this manual.</p>
P. Appraisal	
If you and we fail to agree on the actual cash value or, if applicable, replacement cost of your damaged property to settle upon the amount of loss, then either may demand an appraisal of the loss. In this event, you and we will	See Appraisal in Section 2 of this manual.

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<p>each choose a competent and impartial appraiser within 20 days after receiving a written request from the other. The two appraisers will choose an umpire. If they cannot agree upon an umpire within 15 days, you or we may request that the choice be made by a judge of a court of record in the State where the covered property is located. The appraisers will separately state the actual cash value, the replacement cost, and the amount of loss to each item. If the appraisers submit a written report of an agreement to us, the amount agreed upon will be the amount of loss. If they fail to agree, they will submit their differences to the umpire. A decision agreed to by any two will set the amount of actual cash value and loss, or if it applies, the replacement cost and loss.</p> <p>Each party will:</p> <ol style="list-style-type: none"> 1. Pay its own appraiser; and 2. Bear the other expenses of the appraisal and umpire equally. 	
Q. Mortgage Clause	
<p>The word “mortgagee” includes trustee.</p> <p>Any loss payable under Coverage A—Building Property will be paid to any mortgagee of whom we have actual notice, as well as any other mortgagee or loss payee determined to exist at the time of loss, and you, as interests appear. If more than one mortgagee is named, the order of payment will be the same as the order of precedence of the mortgages.</p> <p>If we deny your claim, the denial will not apply to a valid claim of the mortgagee, if the mortgagee:</p> <ol style="list-style-type: none"> 1. Notifies us of any change in the ownership or occupancy, or substantial change in risk of which the mortgagee is aware; 2. Pays any premium due under this policy on demand if you have neglected to pay the premium; and 3. Submits a signed, sworn proof of loss within 60 days after receiving notice from us of your failure to do so. <p>All of the terms of this policy apply to the mortgagee.</p> <p>The mortgagee has the right to receive loss payment even if the mortgagee has</p>	<p>The SFIP pays claims for building property to the named policyholder, mortgage holders, lienholders, other loss payees for whom we have actual notice, and any loss payee determined to exist at the time of loss. The mortgage clause is a contract within a contract. It is a contract between the mortgagee and the insurer within the contract between the policyholder and the insurer. Including the name of the mortgagee on each building claim payment is the surest way to keep this promise to the mortgagee. For all building payments, except Coverage C – Other Coverages and Coverage D – ICC, include all known mortgagees, as they are additional insureds.</p> <p>The insurer may potentially include a loss payee or lienholder on Coverage B – Personal Property of whom the insurer received actual notice such as from the U.S. Small Business Administration (SBA). If the insurer receives a letter of an SBA-approved loan, the SBA must be included on the building check(s) <u>and</u> the contents check(s) if the loan is for both real estate and personal or business property.</p>

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<p>started foreclosure or similar action on the building.</p> <p>If we decide to cancel or not renew this policy, it will continue in effect for the benefit of the mortgagee only for 30 days after we notify the mortgagee of the cancellation or non-renewal.</p> <p>If we pay the mortgagee for any loss and deny payment to you, we are subrogated to all the rights of the mortgagee granted under the mortgage on the property. Subrogation will not impair the right of the mortgagee to recover the full amount of the mortgagee’s claim.</p>	
R. Suit Against Us	
<p>You may not sue us to recover money under this policy unless you have complied with all the requirements of the policy. If you do sue, you must start the suit within 1 year after the date of the written denial of all or part of the claim, and you must file the suit in the United States District Court of the district in which the covered property was located at the time of loss. This requirement applies to any claim that you may have under this policy and to any dispute that you may have arising out of the handling of any claim under the policy.</p>	<p>The statute of limitations begins with the insurer’s first written denial of the claim. Subsequent denial letters do not re-start the statute of limitations. Policyholders must file suit in a U.S. District Court in the district where the loss occurred within one year after the insurer’s first written denial. Neither the Federal Insurance Administrator nor the insurer may extend the one year statute of limitation to file suit.</p>
S. Subrogation	
<p>Whenever we make a payment for a loss under this policy, we are subrogated to your right to recover for that loss from any other person. That means that your right to recover for a loss that was partly or totally caused by someone else is automatically transferred to us, to the extent that we have paid you for the loss. We may require you to acknowledge this transfer in writing. After the loss, you may not give up our right to recover this money or do anything that would prevent us from recovering it. If you make any claim against any person who caused your loss and recover any money, you must pay us back first before you may keep any of that money.</p>	<p>When the adjuster believes there may be potential for subrogation, the adjuster should complete FEMA Form 086-0-16 – Cause of Loss and Subrogation Report, to identify a potentially responsible third party; and characterize how their actions may have caused or worsened flood damage. When the adjuster believes the cause of loss may be completely or in part due to an intentional or human cause, the adjuster should complete the NFIP Subrogation Form. Claim handling, review, and payment should proceed as normal. The insurer should make sure the subrogation form Cause of Loss and Subrogation Report is complete and escalate the matter for a subrogation review.</p> <p>See Subrogation in Section 2 of this manual.</p>
T. Continuous Lake Flooding	
<p>1. If an insured building has been flooded by rising lake waters continuously for 90 days or more and it appears reasonably certain</p>	<p>Refer to policy language.</p>

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<p>that a continuation of this flooding will result in a covered loss to the insured building equal to or greater than the building policy limits plus the deductible or the maximum payable under the policy for any one building loss, we will pay you the lesser of these two amounts without waiting for the further damage to occur if you sign a release agreeing:</p> <ul style="list-style-type: none"> a. To make no further claim under this policy; b. Not to seek renewal of this policy; c. Not to apply for any flood insurance under the Act for property at the described location; and d. Not to seek a premium refund for current or prior terms. <p>If the policy term ends before the insured building has been flooded continuously for 90 days, the provisions of this paragraph T.1. will apply when the insured building suffers a covered loss before the policy term ends.</p>	
<ul style="list-style-type: none"> c. If your insured building is subject to continuous lake flooding from a closed basin lake, you may elect to file a claim under either paragraph T.1. above or T.2. (A “closed basin lake” is a natural lake from which water leaves primarily through evaporation and whose surface area now exceeds or has exceeded 1 square mile at any time in the recorded past. Most of the nation’s closed basin lakes are in the western half of the United States where annual evaporation exceeds annual precipitation and where lake levels and surface areas are subject to considerable fluctuation due to wide variations in the climate. These lakes may overtop their basins on rare occasions.) Under this paragraph T.2. we will pay your claim as if the building is a total loss even though it has not been continuously inundated for 90 days, subject to the following conditions: d. Lake flood waters must damage or imminently threaten to damage your building. e. Before approval of your claim, you must: 	<p>The only Closed Basin Lake recognized by FEMA at this time is Devils Lake, North Dakota.</p> <p>Subject to all other provisions of the SFIP, if an insured building is subject to continuous lake flooding from Devils Lake, the following requirements must be met to be eligible for coverage under the terms of all SFIP forms:</p> <ul style="list-style-type: none"> • The building must be in a participating community eligible for this coverage; and, • The subject building must have had NFIP flood insurance coverage continuously beginning on November 30, 1999, and any subsequent owner on or after November 30, 1999, must have an NFIP policy in effect within 60 days of the transfer of title (see: T. 2. g.); and, • The policyholder must grant a conservation easement (see: T. 2. b. (2), and the community must have adopted a permanent land-use ordinance on or before July 15, 2001 (see: T. 2. e. (1), (2), and (3). <p>FEMA will not recognize any increases in coverage limits with effective dates on or after November 30, 1999 (see: T. 2. g.), except when offered by the insurer as a routine inflation-guard increase and purchased by the policyholder. Insured buildings</p>

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<p>(1) Agree to a claim payment that reflects your buying back the salvage on a negotiated basis; and</p> <p>Grant the conservation easement described in FEMA’s “Policy Guidance for Closed Basin Lakes” to be recorded in the office of the local recorder of deeds. FEMA, in consultation with the community in which the property is located, will identify on a map an area or areas of special consideration (ASC) in which there is a potential for flood damage from continuous lake flooding. FEMA will give the community the agreed-upon map showing the ASC. This easement will only apply to that portion of the property in the ASC. It will allow certain agricultural and recreational uses of the land. The only structures it will allow on any portion of the property within the ASC are certain simple agricultural and recreational structures. If any of these allowable structures are insurable buildings under the NFIP and are insured under the NFIP, they will not be eligible for the benefits of this paragraph T.2. If a U.S. Army Corps of Engineers certified flood control project or otherwise certified flood control project later protects the property, FEMA will, upon request, amend the ASC to remove areas protected by those projects. The restrictions of the easement will then no longer apply to any portion of the property removed from the ASC; and</p> <p>(3) Comply with paragraphs T.1.a. through T.1.d. above.</p> <p>f. Within 90 days of approval of your claim, you must move your building to a new location outside the ASC. FEMA will give you an additional 30 days to move if you show there is sufficient reason to extend the time.</p> <p>g. Before the final payment of your claim, you must acquire an elevation certificate and a floodplain development permit from the local floodplain administrator for the new location of your building.</p> <p>h. Before the approval of your claim, the community having jurisdiction</p>	<p>not eligible for the provisions of T. 2. described above, but damaged by continuous lake flooding, will be eligible for those provisions described at T. 1. of the SFIP, subject to the terms and conditions of the T. 1. and the SFIP.</p> <p>Buildings in eligible communities that are subject to damage from the effects of the Closed Basin Lake, Devils Lake, North Dakota, may file claims if any portion of the insured building, as defined in the SFIP, is at the still-water level derived by official National Weather Service (NWS) still-water levels.</p> <p>See Appendix C in this manual for FEMA’s “Policy Guidance for Closed Basin Lakes”.</p>

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<p>over your building must:</p> <ul style="list-style-type: none"> (1) Adopt a permanent land use ordinance, or a temporary moratorium for a period not to exceed 6 months to be followed immediately by a permanent land use ordinance that is consistent with the provisions specified in the easement required in paragraph T.2.b. above. (2) Agree to declare and report any violations of this ordinance to FEMA so that under Section 1316 of the National Flood Insurance Act of 1968, as amended, flood insurance to the building can be denied; and (3) Agree to maintain as deed-restricted, for purposes compatible with open space or agricultural or recreational use only, any affected property the community acquires an interest in. These deed restrictions must be consistent with the provisions of paragraph T.2.b. above, except that, even if a certified project protects the property, the land use restrictions continue to apply if the property was acquired under the Hazard Mitigation Grant Program or the Flood Mitigation Assistance Program. If a non-profit land trust organization receives the property as a donation, that organization must maintain the property as deed-restricted, consistent with the provisions of paragraph T.2.b. above. <ul style="list-style-type: none"> i. Before the approval of your claim, the affected State must take all action set forth in FEMA’s “Policy Guidance for Closed Basin Lakes.” j. You must have NFIP flood insurance coverage continuously in effect from a date established by FEMA until you file a claim under paragraph T.2. If a subsequent owner buys NFIP insurance that goes into effect within 60 days of the date of transfer of title, any gap in coverage during that 60-day period will not be a violation of this continuous coverage requirement. For the purpose of honoring a claim under this paragraph T.2., we will not consider to be in effect any increased coverage that became effective after the date established by FEMA. The exception to this is any increased coverage 	

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<p>in the amount suggested by your insurer as an inflation adjustment.</p> <p>k. This paragraph T.2. will be in effect for a community when the FEMA Regional Administrator for the affected region provides to the community, in writing, the following:</p> <ul style="list-style-type: none"> (1) Confirmation that the community and the State are in compliance with the conditions in paragraphs T.2.e. and T.2.f. above, and (2) The date by which you must have flood insurance in effect. 	
U. Duplicate Policies Not Allowed	
<p>1. We will not insure your property under more than one NFIP policy. If we find that the duplication was not knowingly created, we will give you written notice. The notice will advise you that you may choose one of several options under the following procedures:</p> <ul style="list-style-type: none"> a. If you choose to keep in effect the policy with the earlier effective date, you may also choose to add the coverage limits of the later policy to the limits of the earlier policy. The change will become effective as of the effective date of the later policy. b. If you choose to keep in effect the policy with the later effective date, you may also choose to add the coverage limits of the earlier policy to the limits of the later policy. The change will be effective as of the effective date of the later policy. <p>In either case, you must pay the pro rata premium for the increased coverage limits within 30 days of the written notice. In no event will the resulting coverage limits exceed the permissible limits of coverage under the Act or your insurable interest, whichever is less.</p> <p>We will make a refund to you, according to applicable NFIP rules, of the premium for the policy not being kept in effect.</p> <p>2. Your option under Condition U. Duplicate Policies Not Allowed to elect which NFIP policy to keep in effect does not apply when duplicates have been knowingly created. Losses occurring under such circumstances will be adjusted according to the terms and conditions of the earlier policy. The</p>	<p>The policyholder cannot benefit from the duplicate flood insurance coverage if a policyholder has two NFIP policies insuring the same property. The first policy purchased is the policy in force at the time of loss. When there is no loss involved, the policyholder may choose to keep either policy. The effective date of the increased coverage begins on the renewal date of the second policy purchased if the policyholder chooses to combine the coverage amounts purchased, and the combined coverage does not exceed the maximum statutory limits.</p> <p>The policyholder may not purchase an SFIP as excess insurance above the coverage provided by the GFIP if a policyholder has a Group Flood Insurance Policy (GFIP) from a Federal Disaster Declaration. The policyholder may cancel the GFIP and have the coverage purchased under the SFIP become effective on the date no sooner than 30 days after the date the insurer receives the application and payment. GFIP does not refund the unused portion of the premium.</p>

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policy with the later effective date must be canceled.	
V. Loss Settlement	
<p>1. Introduction</p> <p>This policy provides three methods of settling losses: Replacement Cost, Special Loss Settlement, and Actual Cash Value. Each method is used for a different type of property, as explained in a–c. below.</p> <ul style="list-style-type: none"> a. Replacement Cost loss settlement, described in V.2. below, applies to a single-family dwelling provided: <ul style="list-style-type: none"> (1) It is your principal residence, which means that, at the time of loss, you or your spouse lived there for 80% of: <ul style="list-style-type: none"> (a) The 365 days immediately preceding the loss; or (b) The period of your ownership, if you owned the dwelling for less than 365 days; and (2) At the time of loss, the amount of insurance in this policy that applies to the dwelling is 80% or more of its full replacement cost immediately before the loss, or is the maximum amount of insurance available under the NFIP. b. Special loss settlement, described in V.3. below, applies to a single-family dwelling that is a manufactured or mobile home or a travel trailer. c. Actual Cash Value loss settlement applies to a single-family dwelling not subject to replacement cost or special loss settlement, and to the property listed in V.4. below. 	<p>Refer to policy language.</p>
<p>2. Replacement Cost Loss Settlement</p> <p>The following loss settlement conditions apply to a single-family dwelling described in V.1.a. above:</p> <ul style="list-style-type: none"> a. We will pay to repair or replace the damaged dwelling after application of the deductible and without deduction for depreciation, but not more than the least of the following amounts: <ul style="list-style-type: none"> (1) The building limit of liability shown on your Declarations Page; 	<p>The insurer does not have to withhold the recoverable depreciation until the owner makes the building repairs as required in SFIP Section VII.V.2.c above when the dwelling is eligible for replacement cost loss settlement.</p>

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<p>(2) The replacement cost of that part of the dwelling damaged, with materials of like kind and quality and for like use; or</p> <p>(3) The necessary amount actually spent to repair or replace the damaged part of the dwelling for like use.</p> <p>b. If the dwelling is rebuilt at a new location, the cost described above is limited to the cost that would have been incurred if the dwelling had been rebuilt at its former location.</p> <p>c. When the full cost of repair or replacement is more than \$1,000 or more than 5 percent of the whole amount of insurance that applies to the dwelling, we will not be liable for any loss under V.2.a. above or V.4.a.(2) below unless and until actual repair or replacement is completed.</p> <p>d. You may disregard the replacement cost conditions above and make claim under this policy for loss to dwellings on an actual cash value basis. You may then make claim for any additional liability according to V.2.a., b., and c. above, provided you notify us of your intent to do so within 180 days after the date of loss.</p> <p>e. If the community in which your dwelling is located has been converted from the Emergency Program to the Regular Program during the current policy term, then we will consider the maximum amount of available NFIP insurance to be the amount that was available at the beginning of the current policy term.</p>	
<p>3. Special Loss Settlement</p> <p>a. The following loss settlement conditions apply to a single-family dwelling that:</p> <p>(1) Is a manufactured or mobile home or a travel trailer, as defined in II.B.6.b. and c.,</p> <p>(2) Is at least 16 feet wide when fully assembled and has an area of at least 600 square feet within its perimeter walls when fully assembled, and</p> <p>(3) Is your principal residence, as specified in V.1.a.(1) above.</p>	<p>There are two ways to settle a loss on a manufactured or mobile home or a travel trailer:</p> <ul style="list-style-type: none"> ▪ Total loss is a property that is either not repairable (i.e. destroyed) or the cost to repair exceeds the value of the property: <ul style="list-style-type: none"> • If the dwelling is 16 feet wide, at least 600 total square feet, and the principal residence, the loss adjustment is the lesser of the following: <ul style="list-style-type: none"> – Replacement cost, i.e. the value of a new manufactured or mobile home, or travel trailer of like kind and quality, delivered to and installed at the described location. – 1.5 times the actual cash value, i.e. 1.5 times the documented book

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<p>b. If such a dwelling is totally destroyed or damaged to such an extent that, in our judgment, it is not economically feasible to repair, at least to its pre-damage condition, we will, at our discretion pay the least of the following amounts:</p> <ul style="list-style-type: none"> (1) The lesser of the replacement cost of the dwelling or 1.5 times the actual cash value, or (2) The building limit of liability shown on your Declarations Page. <p>c. If such a dwelling is partially damaged and, in our judgment, it is economically feasible to repair it to its pre-damage condition, we will settle the loss according to the Replacement Cost conditions in V.2. above.</p>	<p>value for the year of the existing manufactured or mobile home, or travel trailer, delivered to and installed at the described location.</p> <ul style="list-style-type: none"> – Amount of coverage purchased under Coverage A - Building. <p>▪ Repairable loss or a loss not considered a total loss:</p> <ul style="list-style-type: none"> • If the dwelling is 16 feet wide, at least 600 total square feet, and the principal residence, settle the loss under Replacement Cost Loss Settlement. (See Section VII.V.2.) • If the dwelling is not 16 feet wide, or not at least 600 total square feet, or not the principal residence, settle the loss under Actual Cash Value Loss Settlement. (See Section VII.V.4.) <p>The requirement for a policyholder to purchase building coverage to at least 80 percent of the dwelling’s replacement cost value does not apply under Special Loss Settlement.</p>
<p>4. Actual Cash Value Loss Settlement</p> <p>The types of property noted below are subject to actual cash value (or in the case of V.4.a.(2), below, proportional) loss settlement.</p> <p>a. A dwelling, at the time of loss, when the amount of insurance on the dwelling is both less than 80% of its full replacement cost immediately before the loss and less than the maximum amount of insurance available under the NFIP. In that case, we will pay the greater of the following amounts, but not more than the amount of insurance that applies to that dwelling:</p> <ul style="list-style-type: none"> (1) The actual cash value, as defined in II.B.2., of the damaged part of the dwelling; or 	<p>An actual cash value loss settlement is the cost to repair or replace insured building items at the time of the loss, less the building deductible and less its physical depreciation.</p>
<ul style="list-style-type: none"> (2) A proportion of the cost to repair or replace the damaged part of the dwelling, without deduction for physical depreciation and after application of the deductible. This proportion is determined as follows: If 80% of the full replacement cost of the dwelling is less than the maximum amount of insurance available under the NFIP, then the proportion is determined by dividing the actual amount of insurance on the dwelling by the amount of insurance that represents 80% of its full 	<p>When the dwelling is a single-family building and the policyholder’s principal residence, but the insurance carried does not meet the criteria for the replacement cost loss settlement (80 percent of the dwelling’s full replacement cost or maximum policy limits), proportional loss settlement can be more advantageous than the actual cash value settlement. If proportional settlement benefits the policyholder, use the following formulas to calculate a proportional loss settlement:</p> <ul style="list-style-type: none"> • RCV to pay = (Insurance carried ÷ insurance required) x RCV loss

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<p>replacement cost. But if 80% of the full replacement cost of the dwelling is greater than the maximum amount of insurance available under the NFIP, then the proportion is determined by dividing the actual amount of insurance on the dwelling by the maximum amount of insurance available under the NFIP.</p>	<ul style="list-style-type: none"> • Proportional loss payable = RCV to pay – deductible <p>Proportional loss payments should not be:</p> <ul style="list-style-type: none"> • Less than the ACV payable loss, because you would then settle at ACV; • More than the RCV payable loss; • More than the policy building limit; or, • More than the maximum statutory amount available for the coverage. <p>Below is an example of how to calculate a proportional loss settlement.</p> <p style="text-align: center;">Table 6: Proportional Loss Settlement Example</p> <table border="1" style="margin-left: auto; margin-right: auto;"> <thead> <tr> <th style="background-color: #1a3d54; color: white;">Item</th> <th style="background-color: #1a3d54; color: white;">Value</th> </tr> </thead> <tbody> <tr> <td style="background-color: #d9e1f2;">Building RCV</td> <td style="text-align: right;">\$135,000</td> </tr> <tr> <td style="background-color: #d9e1f2;">Insurance Required (80%) RCV</td> <td style="text-align: right;">\$108,000</td> </tr> <tr> <td style="background-color: #d9e1f2;">Insurance Carried</td> <td style="text-align: right;">\$92,000</td> </tr> <tr> <td style="background-color: #d9e1f2;">Deductible</td> <td style="text-align: right;">\$2,000</td> </tr> <tr> <td style="background-color: #d9e1f2;">RCV Loss</td> <td style="text-align: right;">\$50,500</td> </tr> </tbody> </table> <ul style="list-style-type: none"> • $((\\$92,000 \div \\$108,000) \times \\$50,500) = \\$43,018.52$ • $\\$43,018.52 - \\$2,000 = \\$41,018.52$ <p>IMPORTANT – Use the order of operations as shown, starting within the innermost parentheses, for accurate calculation.</p>	Item	Value	Building RCV	\$135,000	Insurance Required (80%) RCV	\$108,000	Insurance Carried	\$92,000	Deductible	\$2,000	RCV Loss	\$50,500
Item	Value												
Building RCV	\$135,000												
Insurance Required (80%) RCV	\$108,000												
Insurance Carried	\$92,000												
Deductible	\$2,000												
RCV Loss	\$50,500												

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<ul style="list-style-type: none"> b. A two-, three-, or four-family dwelling. c. A unit that is not used exclusively for single-family dwelling purposes. d. Detached garages. e. Personal property. f. Appliances, carpets, and carpet pads. g. Outdoor awnings, outdoor antennas or aerials of any type, and other outdoor equipment. h. Any property covered under this policy that is abandoned after a loss and remains as debris anywhere on the described location. i. A dwelling that is not your principal residence. 	<p>Appliances include refrigerators, stoves, ovens, ranges, trash compactors, garbage disposals, and the like.</p>
<p>5. Amount of Insurance Required</p> <p>To determine the amount of insurance required for a dwelling immediately before the loss, we do not include the value of:</p> <ul style="list-style-type: none"> a. Footings, foundations, piers, or any other structures or devices that are below the undersurface of the lowest basement floor and support all or part of the dwelling; b. Those supports listed in V.5.a. above, that are below the surface of the ground inside the foundation walls if there is no basement; and c. Excavations and underground flues, pipes, wiring, and drains. The Coverage D—Increased Cost of Compliance limit of liability is not included in the determination of the amount of insurance required. 	<p>The replacement cost value (RCV) and the amount of insurance required to qualify for replacement cost loss settlement are two separate amounts. The RCV of the building is pertinent to the adjuster completing the Adjuster’s Preliminary Damage Assessment form or determining a potential total loss. Adjusters use adjustment valuation software to generate RCV which typically includes the value to excavate and install foundation components that are below the ground level of a building with no basement, underneath the floor of a building with a basement, and the cost to install underground utility connections. The adjuster should not include the value of the items listed when determining the amount of insurance required. If the loss meets all the criteria for replacement cost loss settlement, except for the required amount of insurance, the adjuster and examiner must adjust the RCV to exclude the value of the items listed before adjusting the loss settlement at Actual Cash Value</p>

VIII. Liberalization Clause	
Policy Language	Additional Explanation
If we make a change that broadens your coverage under this edition of our policy, but does not require any additional premium, then that change will automatically apply to your insurance as of the date we implement the change, provided that this implementation date falls within 60 days before or during the policy term stated on the Declarations Page.	Insurers cannot apply additional coverages provided through the liberalization clause retroactively to losses that have occurred; insurers can apply it prospectively. The clause permits FEMA to give existing, active policyholders beneficial amendments without needing to separately endorse their policies but does not provide any retroactive effect.

IX. What Law Governs	
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This policy and all disputes arising from the handling of any claim under the policy are governed exclusively by the flood insurance regulations issued by FEMA, the National Flood Insurance Act of 1968, as amended (42 U.S.C. 4001, et seq.), and Federal common law.	Refer to policy language.