

**Table 30. Application Response on Lapse and Pre-FIRM Discount Eligibility** *continued*

RESPONSE	CONDITIONS	OUTCOME
<b>Question:</b> <i>If yes, did the lapse occur for a valid reason?</i>		
<b>Answer 'Yes'</b>	<p>If the applicant allowed a prior NFIP policy for the building receiving the Pre-FIRM discount to lapse and did so because either:</p> <ul style="list-style-type: none"> <li>• The applicant was required to obtain and maintain flood insurance for the property and allowed their coverage to lapse once no longer subject to the requirement; <i>or</i></li> <li>• The property was in a community suspended from the NFIP and the policyholder reinstated the policy within 180 days of the community's reinstatement as a participating NFIP community.</li> </ul>	<p>In this case, the lapse in coverage does not impact the applicant's eligibility for the Pre-FIRM discount.</p>
<b>Answer 'No'</b>	<p>If the applicant allowed a prior NFIP policy for the building receiving the Pre-FIRM discount to lapse and neither of the previous two conditions was met (even if flood insurance was not ever required by the lender).</p>	<p>In this case, the applicant is ineligible for the Pre-FIRM discount.</p>

**Note:** The insurer system makes an automated determination on whether the applicant is eligible for the Pre-FIRM discount based on the rules under the Eligibility heading above (using other information provided on the Application Form) and the response to the two lapse-related questions.

**2. Newly Mapped Discount<sup>24</sup>**

A property may be eligible for the Newly Mapped discount if it was once designated outside of the Special Flood Hazard Area (SFHA) on an effective Flood Insurance Rate Map (FIRM) and, following a map revision, is designated within a Special Flood Hazard Area (SFHA). The Newly Mapped discount phases out annually until reaching the policy's full-risk premium.

The insurer must verify the policy's eligibility for the Newly Mapped discount, including by confirming any prior flood zone designation before the most current FIRM.

**a. Eligibility**

A property may be eligible for the Newly Mapped discount if it was either:

- Previously designated in a Zone B, C, or X on the previous flood map and newly mapped into an SFHA.
- Previously designated in a Zone D, A99, or AR and newly mapped into a different SFHA zone.

To determine the current flood zone, use the FIRM in effect at the time of application and payment of the total amount due. The Newly Mapped discount does not apply to properties mapped into the SFHA on the community's initial FIRM.

Properties newly mapped into the SFHA after April 1, 2015, are eligible for the Newly Mapped discount if:

- The policy effective date is within 12 months of the effective FIRM revision date; *or*

24. 42 U.S.C. 4015(i)

### 3. How to Write

- The policyholder applied for the policy within 45 days of initial lender notification, if the notification occurred within 24 months of the effective FIRM revision date. **Note:** The insurer must retain a copy of the lender notification in the underwriting file.

The following is ineligible for the Newly Mapped discount:

- Buildings and/or contents in Emergency Program communities

#### b. Documentation

Insurers must obtain one or more of the following to document the previous and current flood zones:

- Special Flood Hazard Determination Form (SFHDF).
- Copy of the most recent effective flood map marked to show the exact location and flood zone of the building. The NFIP may require additional documentation if the building is close to the zone boundary.
- Letter signed by a local community official indicating the property address and flood zone of the building.
- EC signed and dated by a surveyor, an engineer, an architect, or a local community official indicating the exact location and flood zone of the building.
- Letter of Map Amendment (LOMA).
- Letter of Map Revision (LOMR).

#### c. Lapse in Coverage

In general, a policyholder loses their Newly Mapped discount if they allow a lapse (the coverage expired or is no longer in effect) to occur. See **Table 31** for impacts on eligibility for the discount when a policy receiving the Newly Mapped discount lapses.

**Table 31. Impact of a Lapse on Newly Mapped Discount Eligibility**

SCENARIO	GUIDANCE
<p><b>Policy Lapsed – No longer eligible for the Newly Mapped discount</b></p>	<p>Aside from the one exception listed below, if a prior NFIP policy for the building in the current applicant’s name received a Newly Mapped discount and lapsed on or after April 1, 2016, then the policyholder is <b>no longer eligible</b> for a Newly Mapped discount on the previously covered building.</p> <p>This applies if any of the applicants for the new policy was either a policyholder named on the expired or canceled policy or had an ownership interest in the building at the time of cancellation or expiration.<sup>25</sup></p>
<p><b>Policy Lapsed – Retains eligibility for the Newly Mapped discount</b></p>	<p>Such a policyholder <b>retains eligibility</b> for a Newly Mapped discount on the previously covered property if:</p> <ul style="list-style-type: none"> <li>• The policy lapsed because the property was in a community suspended from the NFIP and the policyholder reinstated the policy within 180 days of the community’s reinstatement as a participating NFIP community.<sup>26</sup></li> </ul> <p><b>Note:</b> If a prior NFIP policy lapsed when not receiving the Newly Mapped discount, that lapse does not affect subsequent eligibility for the Newly Mapped discount. In other words, if a policy lapsed on a property before it was mapped into an SFHA, the property may still receive the Newly Mapped discount if it meets the other eligibility requirements.</p>

25. Under 42 U.S.C. § 4015(i), a policy with a newly mapped discount must renew (in other words, not lapse) to retain the newly mapped discount. 42 U.S.C. § 4015(i)

26. 42 U.S.C. § 4015(i); 44 C.F.R. § 59.24

**d. Application Form**

The Application Form must indicate whether an applicant is eligible for the Newly Mapped discount through responses to these three questions:

- *Did the applicant have a prior NFIP policy for the building that received a Newly Mapped discount and lapsed?*
- *If yes, did the lapse occur for a valid reason?*
- *Is the property eligible for the Newly Mapped discount*

**Table 32** explains how to answer the questions based on the detailed guidance above.

**Table 32. Application Response on Newly Mapped Discount Eligibility**

RESPONSE	CONDITIONS	OUTCOME
<b>Question:</b> <i>Did the applicant have a prior NFIP policy for the building that received a Newly Mapped discount and lapsed?</i>		
<b>Answer 'Yes'</b>	If the applicant had a prior NFIP policy for the building that received a Newly Mapped discount and lapsed.	In this case, the lapse in coverage may impact the applicant's eligibility for the Newly Mapped discount. Proceed to the next question.
<b>Answer 'No'</b>	If either of the following are true: <ul style="list-style-type: none"> <li>• There was not a prior NFIP policy on the building that lapsed while receiving the Newly Mapped discount; <i>or</i></li> <li>• None of the applicants for the new policy was a policyholder named on the expired or canceled policy or had an ownership interest in the building at the time of cancellation or expiration (in other words, the current applicant is a different policyholder).</li> </ul>	In this case, there is no impact on the applicant's lapse eligibility for the Newly Mapped discount.
<b>Question:</b> <i>If yes, did the lapse occur for a valid reason?</i>		
<b>Answer 'Yes'</b>	If the applicant allowed a prior NFIP policy for the building receiving the Newly Mapped discount to lapse because: <ul style="list-style-type: none"> <li>• The property was in a community suspended from the NFIP and the policyholder reinstated the policy within 180 days of the community's reinstatement as a participating NFIP community.</li> </ul>	In this case, the lapse in coverage does not impact the applicant's eligibility for the Newly Mapped discount.
<b>Answer 'No'</b>	If the applicant allowed a prior NFIP policy for the building receiving the Newly Mapped discount to lapse and the prior condition was not met.	In this case, the applicant is ineligible for the Newly Mapped discount.
<b>Question:</b> <i>Is the property eligible for the Newly Mapped discount?</i>		
<b>Answer 'Yes'</b>	If the property meets the Newly Mapped discount eligibility rules under the Eligibility heading above <b>and</b> the responses to the previous lapse-related questions show that the applicant is eligible for the Newly Mapped discount.	FEMA's system will evaluate whether applying the Newly Mapped discount is most advantageous for the policyholder.
<b>Answer 'No'</b>	If the property does not meet the Newly Mapped discount eligibility rules under the Eligibility heading above <b>or</b> the responses to the previous lapse-related questions show that the applicant is not eligible for the Newly Mapped discount.	FEMA's system will not apply the Newly Mapped discount

### 3. Other Statutory Discounts

Using other information provided on the Application Form, FEMA's system automatically determines a policy's eligibility for other statutory discounts that may also apply to properties located in:

- Zone AR until the policy gradually reaches its full-risk premium through an annual increase cap discount;<sup>27</sup> or
- Zone A99 until the policy gradually reaches its full-risk premium through an annual increase cap discount;<sup>28</sup> or
- A community in the Emergency Program until it joins the Regular Program.

### 4. New Policy After a Real Estate Transaction

The new owner of an NFIP-insured building can buy a new NFIP policy and receive any statutory discount the prior policyholder received<sup>29</sup> if all of the following apply:

- The building is not in condominium ownership before or after the transaction;
- The building was insured by the NFIP with building coverage at the time of transaction;
- The new NFIP policy will be effective on, or within one year after, the transaction date; *and*
- The insurer must submit the prior NFIP policy number and prior NFIP policy Primary NAIC number to FEMA and have documentation of the title transfer.

Select **New** (at the top of the Application Form) as the policy transaction type and enter the prior policy number in the appropriate field. The standard NFIP effective date rules apply based on the date the applicant submitted the Application Form and full amount due.

The insurer must maintain the closing papers to support that the new NFIP policy is effective on, or within one year after, the real estate transaction date. Real estate transactions also include title transfers through purchases or by other means such as inheritances and gifts. The insurer must validate the primary residence status when writing the new policy for the new owner to be eligible for the primary residence status and associated HFIAA surcharge.

**Note:** If the previous owner received a discount that the new owner is ineligible for, the new owner may receive the same discounted premium as the previous owner. However, the annual increase cap (which is a component of the discounted premium) is based on the information provided by the new owner. The discounted premium does not include assessments, fees, or surcharges.

## F. Assessments, Fees, and Surcharges

This section describes assessments, fees, and surcharges that are not part of the full-risk premium or discounted premium but are, as applicable, required components of the total amount due to purchase an NFIP policy. These apply to both rating engine rated and provisionally rated policies.

### 1. Reserve Fund Assessment

The Reserve Fund Assessment is a percentage of the Discounted Premium (excluding the Federal Policy Fee, HFIAA surcharge, and probation surcharge) paid on new and

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27. 42 U.S.C. 4014(f)

28. 42 U.S.C. 4014(e)

29. 42 U.S.C. 4015(e)