

FLOOD INSURANCE CHANGES ARE COMING THIS NOVEMBER

The City of Miles City and Program for Public Information would like to inform you of changes to the NATIONAL FLOOD INSURANCE PROGRAM (NFIP) that will be taking effect November 1, 2015.

All rates fees, and surcharges for flood insurance policies underwritten by the NFIP are set by the federal government. Congress has mandated changes to the program in the last few years through the Biggert-Water Act of 2012 (BW-12) and the Homeowner Flood Insurance Affordability Act of 2014 (HFIAA).

- **WHAT YOU SHOULD KNOW IF YOU ARE A HOMEOWNER**

- Subsidized rates for Pre-FIRM (built before 3/22/1983) buildings in Miles City moved into the floodplain as a result of the 2010 map change will continue to be offered.
- Specialized (new mapped) rates: **TO BE ELIGIBLE FOR THIS RATING, POLICIES MUST BE EFFECTIVE BEFORE APRIL 1, 2016.** This means if you sell a home that is eligible for this rating you must have a specialized rate in place to transfer to the new owner.
- Pre-FIRM buildings can be rated using full risk rates (determined from an elevation certificate) if more favorable to the property owner.
- Subsidized premium rates will be phased out over time through annual premium increases.

- **WHAT YOU SHOULD KNOW IF YOU OWN NON-RESIDENTIAL PROEPRTY:**

- FEMA added another building category for rating purposes called Business Property. FEMA had previously categorized building occupancies as (1) Single-Family, (2) Two-to-four Family, (3) Other-Residential, and (4) Non-Residential.
- Property owners will be asked by the NFIP to verify their property type to determine if it falls into the new Business Property category. If a property owner does not verify, the NFIP will default to the higher rated Business Property category.
- **Buildings classified as Business Property will incur rate increases of 25% per year until the property owner submits an elevation certificate so the property can be rated accurately.**
- In the past FEMA classified business properties with other non-residential properties such as those used as houses of worship or by non-profits, community recreation buildings, and garages. But since BW-12 and HFIAA brought on changes that prohibit premium increases above 18% per year for policies on properties that are not subject to the 25% annual increase, FEMA needed to separate out business properties from the other non-residential properties.
- For rating purposes, a Business Property will be defined as a building where a licensed commercial enterprise is carried out to generate income and coverage will be for one of the following:
 1. A building designed as a non-habitational building;
 2. A mixed-use building in which the total floor area devoted to commercial uses exceeds 25% of the total floor area within the building; or
 3. A building designed for use as office or retail space, wholesale space, hospitality space, or for similar uses.

For more information or to view previous changes imposed by BW-12 or HFIAA visit:

<http://www.fema.gov/flood-insurance-reform-law>

or contact your local flood insurance agent.

