

Homeowner Flood Insurance Affordability Act of 2014 FEMA Bulletin W-14014

As you've heard, the Homeowner Flood Insurance Affordability Act of 2014 (HFIAA) was signed and approved by President Obama on March 21, 2014. This bill introduces changes to the NFIP that would address some of the unintended consequences resulting from the implementation of the Biggert-Waters Reform Act of 2012 (BW12).

While specific implementation dates for all elements changing as a result of the HFIAA have yet to be released, FEMA has indicated in their latest [bulletin W-14014](#), details on Pre-FIRM properties paying full-risk rates under BW12. For Selective's summary of the bulletin, as well as several Q&A topics that will help answer inquiries you may receive, please see below.

FEMA Bulletin W-14014 – *Who does it affect and what does it mean?*

- W-14014 applies to Pre-FIRM properties that have until now been required by BW12 Section 205, (g) (1), (2) and (3) to be charged the full-risk rates. Specifically, the bulletin rolls back rates on:
 - New applications for certain Pre-FIRM buildings rated in specific zones ([see bulletin](#)) effective on or after October 1, 2013;
 - Pre-FIRM policies assigned to a new building owner upon a purchase occurring on or after July 6, 2012; and
 - Pre-FIRM policies reinstated on or after October 2, 2012 due to a lapse in coverage.
- Pre-FIRM severe repetitive loss (SRL), non-residential, and repetitive loss properties will continue to be rated using the Pre-FIRM rate tables (with 25% increase) that became effective October 1, 2013.
- For any transactions processed on or after May 1, 2014 Pre-FIRM rates published in the October 1, 2013 Flood Insurance Manual will be used for the policy types mentioned in the first bullet above.

| Question | Answer |
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| My insured got an Elevation Certificate (EC) for his/her property. Does Selective still need it to underwrite the policy? | No. ECs are no longer required for policies impacted by BW12. However, if an EC exists, make sure to upload it with the application/quote so that your underwriter can run rates with and without the EC. The best rate will be used when quoting/issuing the policy. |
| If my insured purchased an EC, and now it's no longer needed, will they be reimbursed for the cost of the EC? | No. FEMA is not going to reimburse policyholders for the costs of obtaining an EC that was previously required by BW12. However, in the future, policyholders may be reimbursed for EC costs associated with a successful letter of map amendment (LOMA) that removes the property from a special flood hazard area (SFHA). |
| Are non-primary homes impacted by this bulletin? | No. The Homeowner Flood Insurance Affordability Act of 2014 does not impact non-primary residences that were not previously required to use full risk rates. These policies will continue to see the 25% increase as indicated by BW12 |
| I am working on a quote today (April 21, 2014) for a policy with an effective date on or after May 1, 2014. Will it be rated with the rolled back rates/subsidized rates from October 2013? | Yes. Selective is able to use the rolled back rates (rates from October 2013) on any quote today, as long as the policy transaction occurs May 1, 2014 or later. |

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| <p>How long will it take for Selective to implement the rolled back rates on renewal policies?</p> | <p>Because of Selective's state-of-the-art system, we have been able to implement the rolled back rates already. All renewals going out May 1, 2014 will utilize the rolled back rates.</p> <p>Selective is currently looking at ways to rebill using the new rates for any policy that has not renewed as of May 1.</p> |
| <p>I have a policy that was issued prior to May 1, 2014 but is impacted by this recent bulletin. When will the rates be corrected and the insured receive their refund?</p> | <p>Direction from FEMA on refunding premiums on policies impacted by HFIAA has not been received; however, Selective is working with FEMA on ways to get the refunds processed as quickly as possible.</p> <p>We anticipate receiving guidance from FEMA in the next few weeks.</p> |
| <p>I have an insured that just bought a property at the beach and has the ability to assume the flood policy from the prior owner. The prior owner's policy was grandfathered from a recent mapping change. Will my customer be able to keep the grandfathered rate or does the new zone need to be used?</p> | <p>Selective will rate the policy using the map information prior to the policy assumption. The grandfathering rule will remain in effect.</p> |

Selective is working closely with FEMA and will keep you up-to-date on any developments and how they may impact your flood insurance business. To review FEMA's W-14014 bulletin [click here](#).

For additional assistance or if you would like more information, please speak with your Selective Flood Territory Manager or [Underwriting Team](#).