

# Appendix G: Leased Federal Properties

## I. General Information

FEMA must charge full-risk rates for flood insurance for residential or non-residential properties leased from the Federal Government, referred to as Leased Federal Properties (LFPs), that the Administrator determines are located:

- On the river-facing side of any dike, levee, or other riverine flood-control structure; *or*
- Seaward of any seawall or other coastal flood-control structure.

The U.S. Army Corps of Engineers provided a list of property addresses meeting these criteria to FEMA.

## II. Requirements

NFIP insurers must determine whether property addresses for new or existing business are LFPs. Specifically, prior to selling an NFIP policy or at least 120 days prior to renewing an NFIP policy, NFIP insurers must make this determination by comparing the property address with a list of LFP addresses provided by FEMA.

**Table 1** describes what an NFIP insurer must do if it determines that a property for either new or existing business is an LFP.

**Table 1. Requirements for LFP Properties**

Requirement	New Business	Existing Business
<b>Notification</b>	<p>The NFIP insurer must notify the applicant (as well as the applicant's agent and lender) of the LFP determination. The notice must explain:</p> <ul style="list-style-type: none"> <li>• Why the property is an LFP;</li> <li>• That the NFIP may only insure LFPs using full-risk rates; <i>and</i></li> <li>• That the applicant may challenge the property's designation as an LFP.</li> </ul> <p>The NFIP insurer may base this notice on the examples provided at the end of this section.</p>	<p>The NFIP insurer must notify the insured (as well as the insured's agent and lender) of the LFP determination no later than 120 days before the renewal date. The notice must explain:</p> <ul style="list-style-type: none"> <li>• Why the property is an LFP;</li> <li>• That the NFIP may only insure LFPs using full-risk rates; <i>and</i></li> <li>• That the insured may challenge the property's designation as an LFP.</li> </ul> <p>The NFIP insurer may base this notice on the examples provided at the end of this section.</p>
<b>Request Information for Full-Risk Rating<sup>1</sup></b>	<p>The NFIP insurer must obtain information necessary to establish full-risk rates for the LFP, including requesting the applicant submit an Elevation Certificate (EC) to the NFIP insurer (refer to the Elevation Certificate heading under Certifications in the How to Write section).</p>	<p>The NFIP insurer must obtain information necessary to establish full-risk rates for the LFP, including requesting the insured submit an EC to the NFIP insurer (refer to the Elevation Certificate heading under Certifications in the How to Write section).</p>

**Table 1. Requirements for LFP Properties, continued**

Requirement	New Business	Existing Business
<b>If Information for Full-Risk Rating Is Not Received within 45 Days from the Date of Notice</b>	The NFIP insurer must either: <ul style="list-style-type: none"> <li>• Decline to write the policy; or</li> <li>• Write the policy for only a single policy term using tentative rates (see the Tentative Rates heading in the How to Write section).</li> </ul>	The NFIP insurer must either: <ul style="list-style-type: none"> <li>• Decline to renew the policy; or</li> <li>• Renew the policy for only a single policy term using tentative rates (see the Tentative Rates heading in the How to Write section).</li> </ul>
<b>If Property Added to the LFP List Near Renewal</b>	N/A	Properties added to the LFP list within the 120-day window prior to policy renewal will not receive the LFP notice until the subsequent renewal.

1. Note that unlike most categories of properties, there is no cap on annual premium rate increases for LFPs.

### III. Correcting an LFP Designation

Insureds may challenge the designation of their property as an LFP by submitting information showing that the property is not an LFP. Examples of acceptable documentation include the following:

- A letter from a community official or land surveyor stating that the property does qualify as an LFP; or
- Documentation showing that the Federal Government does not own the property, such as a deed or rental agreement.

Insureds must submit their request to change their property's LFP designation to their NFIP insurer. The NFIP insurer must then review the request and recommend whether FEMA should change the property's LFP designation. If FEMA approves the request, it will remove the property from the LFP list, and the building may be rated under the general NFIP rating procedures described in the How to Write section.

If the insured does not provide acceptable documentation, or FEMA denies the request, the property remains on the list. See Table 1 above for information on the insurer's responsibilities and options.

### IV. Settling a Claim

The insurer may not process claims relating to a tentatively-rated policy until the insurer receives the underwriting information establishing a full-risk rate for the policy. Once the insurer notifies an insured of the property's inclusion on the LFP list, it cannot settle any subsequent flood loss until it receives the appropriate underwriting documentation (e.g., new EC and photographs) or FEMA approves a request to correct the property's LFP designation and remove it from the list.

## V. Sample Letters

### A. Sample Insured Notification Letter

#### **IMPORTANT FLOOD INSURANCE POLICY INFORMATION**

Insured's Name:

Property Address:

Policy Number:

Dear Policyholder:

This letter is to inform you that your property, which is covered by flood insurance, meets the criteria for a new subset of properties that must be charged actuarial rates, in accordance with the provisions of the Flood Insurance Reform Act of 2004, Sec. 106.

In accordance with the law, the Federal Emergency Management Agency (FEMA) must charge actuarial rates for any property meeting the following criteria:

- (1) Leased from the Federal Government, and
- (2) Located on the river-facing side of any dike, levee, or other riverine flood control structure, or seaward of any seawall or other coastal flood control structure.

In order for an actuarial rate to be developed, proper underwriting documentation, including a FEMA Elevation Certificate using current Flood Insurance Rate Map data and two photographs showing the front and back of the building, must be submitted to your flood insurer. The insurer must receive this information within 45 days of receipt of this notice to allow for rate calculation and processing of the renewal bill.

If your insurer does not receive the requested underwriting information in sufficient time to meet their renewal billing cycle, they can only renew the flood policy using tentative rates. Please be advised that a policy with tentative rates cannot be endorsed to increase limits or be renewed. In the event of a loss a tentatively rated policy will not receive a claim settlement until actuarial rates are determined. These rates, along with the amount of premium originally submitted, will determine the coverage available.

You may appeal this determination by furnishing your insurer with documentation verifying that your property does not meet the criteria listed above.

Your insurance agent has also received this notice concerning your property.

If you have questions about the information in this letter, please contact (your company name and telephone number).

**B. Sample Agent Notification Letter**

**IMPORTANT FLOOD INSURANCE POLICY INFORMATION**

Insured's Name:

Property Address:

Policy Number:

Dear Agent:

This letter is to inform you that your client's property, which is covered by flood insurance, meets the criteria for a new subset of properties that must be charged actuarial rates, in accordance with the provisions of the Flood Insurance Reform Act of 2004, Sec. 106.

In accordance with the law, the Federal Emergency Management Agency (FEMA) must charge actuarial rates for any property meeting the following criteria:

- (1) Leased from the Federal Government, and
- (2) Located on the river-facing side of any dike, levee, or other riverine flood control structure, or seaward of any seawall or other coastal flood control structure.

In order for an actuarial rate to be developed, proper underwriting documentation, including a FEMA Elevation Certificate using current Flood Insurance Rate Map data and two photographs showing the front and back of the building, must be submitted to the writing company. The writing company must receive this information within 45 days of receipt of this notice to allow for rate calculation and processing of the renewal bill.

A writing company that does not receive the requested underwriting information in sufficient time to meet their renewal billing cycle can only renew the flood policy using tentative rates. Please be advised that a policy with tentative rates cannot be endorsed to increase limits or be renewed. In the event of a loss a tentatively rated policy will not receive a claim settlement until actuarial rates are determined. These rates, along with the amount of premium originally submitted, will determine the coverage available.

Your client may appeal this determination by furnishing the writing company with documentation verifying that the property does not meet the criteria listed above.

This notice has also been sent to your client.

If you have questions about the information in this letter, please contact (your company name and telephone number).

**C. Sample Lender Notification Letter**

**IMPORTANT FLOOD INSURANCE POLICY INFORMATION**

Insured's Name:

Property Address:

Policy Number:

Dear Lender:

This letter is to inform you that your client's property, which is covered by flood insurance, meets the criteria for a new subset of properties that must be charged actuarial rates, in accordance with the provisions of the Flood Insurance Reform Act of 2004, Sec. 106.

In accordance with the law, the Federal Emergency Management Agency (FEMA) must charge actuarial rates for any property meeting the following criteria:

- (1) Leased from the Federal Government, and
- (2) Located on the river-facing side of any dike, levee, or other riverine flood control structure, or seaward of any seawall or other coastal flood control structure.

In order for an actuarial rate to be developed, proper underwriting documentation, including a FEMA Elevation Certificate using current Flood Insurance Rate Map data and two photographs showing the front and back of the building, must be submitted to the writing company. The writing company must receive this information within 45 days of receipt of this notice to allow for rate calculation and processing of the renewal bill.

A writing company that does not receive the requested underwriting information in sufficient time to meet their renewal billing cycle can only renew the flood policy using tentative rates. Please be advised that a policy with tentative rates cannot be endorsed to increase limits or be renewed. In the event of a loss a tentatively rated policy will not receive a claim settlement until actuarial rates are determined. These rates, along with the amount of premium originally submitted, will determine the coverage available.

Your client may appeal this determination by furnishing the writing company with documentation verifying that the property does not meet the criteria listed above.

This notice has also been sent to your client and their insurance agent.

If you have questions about the information in this letter, please contact (your company name and telephone number).

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