

There are several methods of insuring condominiums under the National Flood Insurance Program (NFIP). Each method has its own eligibility requirements for condominium type.



■ The Residential Condominium Building Association Policy Covers More Condominium Types

Condominium Associations, in a Regular Program community, can purchase flood insurance coverage on a residential building and its contents under a Residential Condominium Building Association Policy (RCBAP).

In addition to providing coverage for residential condominium buildings without imposing the burden of purchasing individual policies for each unit, the RCBAP expands the eligibility requirements to include all types of residential condominium buildings owned by the association, including:

- Garden apartment-type construction
- Townhouses
- Rowhouses
- Single-family detached buildings owned by the association
- Fee interest timeshare buildings

■ Saving on Flood Insurance — NFIP Grandfathering

FEMA is currently updating and modernizing the nation's flood maps. The new maps will reflect recent changes to floodplains and flood risks, and will drive changes in flood insurance requirements for some property owners. You can keep, if it to your benefit, the rate associated with the prior map's flood zone, if:

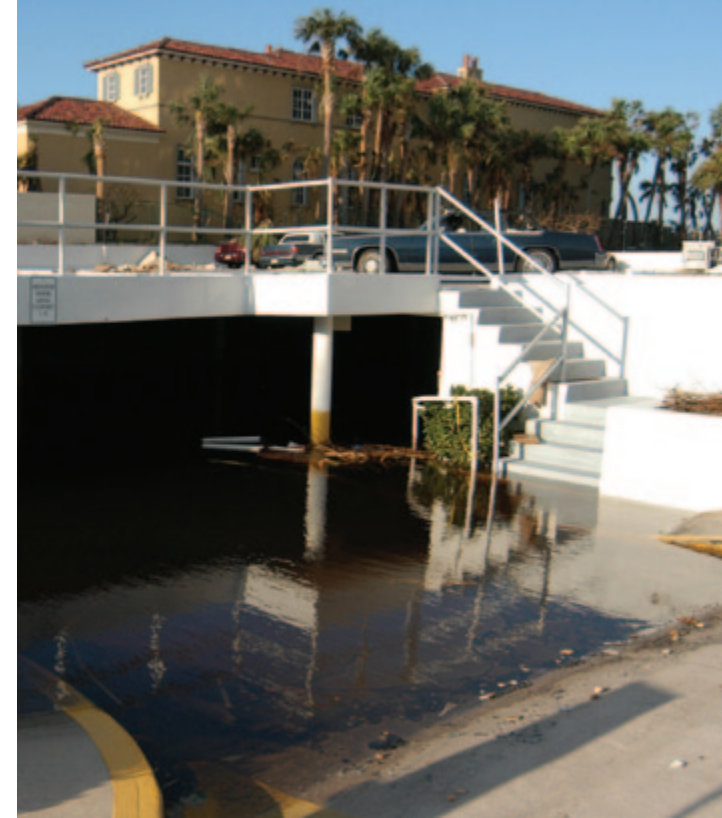
- You or the association's flood insurance policy was bought before a new map became effective; or
- The building was built to conform to standards of the earlier map.

You should ask your insurance agent what documentation you will need to be grandfathered to the old rates.

For more information about the NFIP and flood insurance, call
1-800-427-4661,
or contact your
insurance company or agent.

For an agent referral, call
1-888-435-6637
TDD 1-800-427-5593

<http://www.fema.gov/business/nfip>
<http://www.floodsmart.gov>



National Flood Insurance Program Condominium Coverage



FEMA

■ The RCBAP Provides Greater Coverage for Less Premium

Building coverage is provided on a replacement cost basis. A co-insurance clause requires the condominium association to insure its building to at least 80 percent of the replacement cost value, in order to avoid uninsured losses.

Cost-effective flood insurance protection is provided by insuring all units in a condominium building under a single policy requiring only one deductible, creating a cost savings to unit owners.

■ Unit Owners' Coverage — Building and Contents

An individual dwelling unit in a condominium building, defined as a single-family residence, may also be insured under the Standard Flood Insurance Policy — Dwelling Form in one of three ways:

- An individual unit and its contents may be separately insured by the unit owner.
- An individual unit may be separately insured if the policy is purchased by the association in the name of the “owner of record, unit number and (name of) Association as their interests may appear.”
- An individual unit owned by the association may be separately insured if the policy is purchased by the condominium association.

Unit owners need to be aware that, if for any reason a condominium association elects to discontinue its RCBAP, individual unit owners may be responsible for covering flood damage. That is why having flood insurance and proper coverage is important for all residents living in condominium buildings, including high-rise condominiums. It doesn't matter if you live on the first, third, or tenth floor, every unit owner has an undivided interest in the common elements of the building and can be assessed for unpaid damages to common areas even if their own



Other Major Benefits

The Residential Condominium Building Association Policy is a master flood insurance policy issued to residential condominium associations. Subject to its conditions, limitations and exclusions the RCBAP is designed to insure both common and individually owned building elements. Coverage for commonly owned contents can also be purchased. The RCBAP:

- **Offers a high limit of coverage:**
 - **Building** — \$250,000 multiplied by the number of units, or the replacement cost of the building, whichever is less.
 - **Contents** — \$100,000 or the actual cash value, whichever is less.
- **Assists unit owners with mortgage insurance requirements.**
- **Provides greater protection against liability issues to condominium associations and board members.**
- **Allows condominium associations to comply with by-law property insurance requirements.**

unit remains undamaged. Also, condominium by-laws require all unit owners to be assessed for uninsured damages to common areas of a building if damaged by flood.

■ Preferred Risk Policy Eligibility

In a Regular Program community, located in low- to moderate-risk flood zone (identified as “B,” “C,” or “X” on Flood Insurance Rate Maps), the Dwelling Form Preferred Risk Policy (PRP) offers low-cost, fixed combinations of building and contents coverage for an individual condominium unit in a residential condominium building. Residential condominium associations eligible under the RCBAP are not eligible for the PRP. However, associations who own individual units in a multi-unit residential condominium building are eligible for PRP when insuring the individual unit.

■ Non-Residential (Commercial) Condominiums

Building and Contents — Non-residential (commercial) condominium buildings and their commonly owned contents may be insured in the name of the Association under the General Property Form. The “Non-Residential” limits apply.

	Building	Contents
Emergency Program	\$100,000	\$100,000
Regular Program	\$500,000	\$500,000

This includes non-residential buildings, such as pool houses, clubhouses, detached garages or storage buildings on the premises of a residential condominium community.

Unit Owners' Coverage (Contents) — The owner of a non-residential condominium unit may purchase contents coverage only for that unit. Building coverage cannot be purchased in the name of the unit owner.