



FEDERAL EMERGENCY MANAGEMENT AGENCY

News

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NEW CONDO MASTER, PREFERRED RISK POLICIES ANNOUNCED BY NFIP

WASHINGTON — Two new flood insurance policies will be available from the National Flood Insurance Program (NFIP) effective Jan. 1, 1989.

The Federal Insurance Administration (FIA), which oversees the NFIP, has developed these new policies to make flood insurance more affordable for property owners in moderate and minimal flood risk areas and provide greater amounts of flood coverage to the growing number of condominium owners. FIA is a part of the Federal Emergency Management Agency.

The new Preferred Risk policy can be written for one-to-four family residential structures only. Highlights of this easy-to-rate, easy-to-sell policy include:

- o Residential buildings in zones B, C, and X with minimal claim history will be eligible.
- o Only three levels of coverage and premiums will be available, thus eliminating the need to refer to the Flood Insurance Manual to provide a quote.

(more)

NEW CONDO MASTER, PREFERRED RISK - Add One

The amounts of coverage and their premiums are:

Coverage	Premium	
	Buildings without basements	Buildings with basements
\$20,000 (building)	\$ 75	\$100
\$ 5,000 (contents)		
\$30,000 (building)	\$100	\$125
\$ 8,000 (contents)		
\$50,000 (building)	\$125	\$150
\$12,000 (contents)		

The second new policy is the Condominium Association Master Policy which will be available to insure high-rise residential buildings with the usual "unit owners as their interest may appear" caveat. The main feature of this policy is that it will provide higher insurance limits to protect the association from losses resulting from flooding.

All units within the condominium association will be covered. The building should be insured to value or carry to maximum amounts of insurance available under this program.

This policy will allow the purchase of insurance coverage up to the actual cash value of the building or to the total number of units multiplied by the maximum insurance available to an individual unit, whichever is less.

For example, for a 10-unit, \$2-million condominium building, the association may purchase up to \$1.85 million of coverage (10 units times \$185,000 maximum coverage per unit) because the actual cash value of the building is higher and the condominium is in a Regular Program Community.

(more)

NEW CONDO MASTER, PREFERRED RISK - Add Two

Additional features of this new policy are:

- o The current NFIP application and General Property policy form will be used.
- o Only one expense constant will be applied to the premium.
- o Only one deductible will apply to each coverage.
- o Unit owners will remain eligible for individual personal contents policies.

Additional information on these new coverages may be obtained by contacting the NFIP at 1-800-638-6620. In Maryland, call 1-800-492-6605, and outside continental United States call 1-800-638-6831.