



# EXCESS FLOOD INSURANCE PROGRAM

## Agent's Manual

Underwritten By:



**A.M. Best "A" Rated**



# Excess Flood Insurance Program Agent's Manual

XSF-MAN(I) Ed.1.0

As an independent agent, you have special access to Pacific Specialty Insurance Company's (PSIC) Excess Flood Insurance Program for residential structures. The following guidelines will assist you with placing Excess Flood coverage, but are not intended to be used as an interpretation of policy coverages, exclusions or conditions.

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## Description of Program

Excess flood insurance offers protection against "Direct Physical Loss By or From Flood", over and above the maximum limits available to your customers through the National Flood Insurance Program (NFIP). What's more, the same basic rules and coverages applicable to the base NFIP policy apply to this Excess Flood program.

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## Eligibility

Residential structures may be written in PSIC's Excess Flood Insurance Program. To be eligible, the property must have an underlying in-force NFIP policy at the maximum limits of \$250,000 building / \$100,000 contents.

Eligible communities are those participating in Flood Plain Management that appear in the National Flood Insurance Program (NFIP) master file as active participating communities under the Regular Program, and located in states where the Excess Flood program has been approved. The Excess Flood program is currently available in the following thirty (30) states:

Alabama	Delaware	Idaho	Maryland	New York	Rhode Island
Alaska	Dist. of Columbia	Illinois	Michigan	North Carolina	South Carolina
Arizona	Florida	Indiana	Mississippi	Ohio	Texas
California	Georgia	Louisiana	Nevada	Oregon	Virginia
Colorado	Hawaii	Maine	New Jersey	Pennsylvania	Washington

Eligible properties are buildings that are walled and roofed, principally above ground and permanently affixed to sites.

Residential contents must be located in an eligible building that has walls on all sides of a rigid construction. If an eligible building does not have walls on all exterior sides, the contents must be secured to prevent flotation out of the building during flooding.

## Excluded Properties

All properties excluded under the NFIP guidelines are excluded from PSIC's Excess Flood Insurance Program. The following exclusions apply in addition to those specified in the NFIP guidelines:

- Boathouses.
- Manufactured pre-fabricated, mobile homes, or any structure not on a permanent or fixed foundation.
- Buildings entirely over water.
- Risks with more than two flood losses in the past five years, any one flood loss in excess of \$150,000, or properties identified as Repetitive Loss Properties by the NFIP.
- Buildings in the course of construction (builders' risk policies are not acceptable).
- Frame Dwellings located in "V" Zones that are not built on driven pilings.
- Properties located in Communities in the Emergency Program.
- Properties located in Communities on probation or suspension.



- Properties located in CBRA (Coastal Barrier Resources Act) or OPA (Otherwise Protected Area) areas.
- Buildings located in NFIP "A" or "V" Zones when the Lowest Floor Elevation (LFE) is below the Base Flood Elevation (BFE), unless the property is Pre-FIRM and Zone rated for the NFIP policy
- Buildings located in "A" or "V" Zones when the NFIP primary is Submit for Rate.

Properties that have experienced a building flood loss in excess of \$150,000 on a building within the past five years are not eligible. Properties that have experienced a contents flood loss in excess of \$50,000 within the past five years are not eligible for contents coverage. Properties which have suffered more than two buildings or contents losses of any size in the past five years are not eligible. Properties identified as Repetitive Loss Properties by the NFIP are not eligible.

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### Maximum Excess Limits

Excess Flood limits are in excess of the maximum NFIP underlying limits of \$250,000 building / \$100,000 contents for Residential Single Family Dwellings, two-four-Family Dwellings, and Other Residential Buildings. Building coverage only policies are acceptable, however contents-only policies are prohibited.

The excess flood limits are as follows:

1. Building – the building limit will be \$250,000 for Standard and Preferred Residential Dwellings for a total combined building limit of \$500,000. Insurance on the building must be equal to 80% or more of the current replacement value of the property or to the maximum limits if 80% is greater than the maximum limit. Replacement Cost is available only on primary residences and under the same conditions as the National Flood Insurance Program's Standards Flood Insurance Policy.
2. Contents – the Standard Residential contents limit will be \$100,000. The Preferred Risk Residential contents limit will be \$60,000. The total combined limits available are \$200,000 Standard Residential and \$160,000 Preferred Residential. Contents cannot be written without full building coverage as described in paragraph 1. above. Coverage is based upon Actual Cash Value. Contents coverage is not available in "V" Zones.

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### Other Coverage Provisions

In addition to the exclusions set forth under the underlying NFIP policy, this policy does not insure against loss caused directly or indirectly by enforcement of any ordinance or law regulating the use, construction, repair or demolition of property, including debris removal expense.

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### Premium

A fully earned policy fee of \$25.00 will be applied to each application with the exception of the following states in which no policy fee applies:

District of Columbia  
Hawaii  
Maine  
Washington

All fees are fully earned and nonrefundable. Return premium will be prorated from the effective date to the date cancelled.



## Excess Flood Insurance Program Agent's Manual

For determining premium, an amount of fifty cents (\$0.50) or more shall be considered a whole dollar (\$1.00).

Minimum written and earned premium applies as follows for the state in which the insured property is located:

<u>State</u>	<u>Minimum Written Premium</u>	<u>State</u>	<u>Minimum Earned Premium</u>
Maryland	\$50.00 for Preferred Risk Residential Policies \$300.00 for Standard Residential Policies	California & Washington All others	\$200 \$300
All Others	\$50 for all policies		

### Premium Payment Options

#### 1. FULL PAYMENT OPTION

Full gross premium deposit plus the fully earned policy fee in applicable states are due with the application.

#### 2. INSTALLMENT PAYMENT PLAN OPTION (3-PAY)

*Note: The Installment Payment Plan is only available for policies with 12-month terms. Payment plan is not available in Louisiana or Maine.*

- 33% Down Payment plus Policy Fee(s)
- Remaining balance will be billed in 2 subsequent installments (1/3 due in 60 days, 1/3 due in 120 days)
- A \$10 service fee will be applied to both installments with the exception of:
  - District of Columbia: A \$5.00 service fee will be applied to all three (3) payments.
  - Florida: A \$1.00 service fee will be applied to all three (3) payments.

**NOTE:** If down payment (including fees) is paid by check, the two remaining installments will be billed by mail. If down payment (including fees) is paid by credit card, the two remaining installments will be charged to the credit card in 60 & 120 days. There is no pre-payment penalty.

#### 3. INSTALLMENT PAYMENT PLAN OPTION (5-PAY)

*Note: The Installment Payment Plan is only available for policies with 12-month terms. Payment plan is not available in Louisiana or Maine.*

- 20% Down Payment plus Policy Fee(s)
- Remaining balance will be billed in 4 subsequent installments (1/5 due in 30 days, 1/5 due in 60 days, 1/5 due in 90 days, 1/5 due in 120 days)
- A \$10 service fee will be applied to all installments with the exception of:
  - District of Columbia: A \$5.00 service fee will be applied to all five (5) payments.
  - Florida: A \$1.00 service fee will be applied to all five (5) payments.

**NOTE:** If down payment (including fees) is paid by check, the four remaining installments will be billed by mail. If down payment (including fees) is paid by credit card, the four remaining installments will be charged to the credit card in 30, 60, 90 & 120 days. There is no pre-payment penalty.

### Policy Term

The policy term is a maximum of 12-months. The expiration date must coincide with the annual expiration date of the underlying NFIP policy. Terms less than 12-months can only be written to ensure that the policy expiration date coincides with the annual expiration date of the underlying policy. If the Excess Flood policy effective date is after the underlying policy's date, the premium (not the fees) will be prorated. The minimum premiums still apply.



## Excess Flood Insurance Program Agent's Manual

XSF-MAN(I) Ed.1.0

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### Policy Requirement

One building per policy. No policy may be issued to cover more than one building described in the application. A separate policy must be issued for each building and respective contents coverage.

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### Policy Issuance

To issue an Excess Flood policy, the completed application, along with the gross net premium including all fees, and a copy of the underlying NFIP policy's declarations page must be mailed to PSIC and postmarked within fifteen (15) days of the requested effective date or within five (5) days if installment payment plan is selected. Otherwise, the policy will be issued effective the date received in PSIC's office.

Applications can be obtained online through PSIC's website at [www.psic-onespot.com](http://www.psic-onespot.com). Select the "Producers Only" button at the bottom of the main page. Enter your producer code and state, and you will be able to quote and bind a policy for your authorized products. At the end of the binding process, you will be able to print and submit a completed application to our office.

If you have any questions about our internet facility, you may call (800) 303-5000 and ask for the Technical Division.

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### Cancellations

If, for any reason, the underlying NFIP policy is cancelled or non-renewed, the PSIC Excess Flood policy will cancel effective the same date and time as the NFIP policy cancellation. It is the agent's responsibility to notify PSIC of the cancellation or non-renewal of the underlying NFIP policy.

To cancel only the Excess Flood policy mid-term, call PSIC at (800) 303-5000 for further instructions. Cancellation requests will need to be in writing and signed by the insured.

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### Renewals & Non-Renewals

A renewal notice and brief questionnaire will be sent approximately 45 days prior to the policy's expiration date. A new application is not required to renew the Excess Flood policy. However, a copy of the underlying NFIP policy's declaration page showing that the policy renewed for at least 12 months must be faxed to PSIC before the Excess Flood policy can renew.

If an Excess Flood policy incurs two losses within the policy term, or otherwise changes so that the risk falls outside the program's guidelines at the time of expiration, the policy will not be permitted to renew for an additional term.

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### Claims

Claims will only be processed after the maximum limits of the underlying policy have been exhausted. The agent may then submit a claim by completing a Notice of Loss Form and faxing it to (650) 780-4820. Call (800) 962-1172 for assistance.

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### Excess Flood Rates

Rates for PSIC's Excess Flood Insurance Program are based on the underlying NFIP policy's second-tier rate. Properties located in NFIP Zones A, B, C, D and X have the following rates:



<u>Property Located in NFIP Zone</u>	<u>Excess Flood Rate</u>
A and D Zones	1.75 x NFIP Standard Second Tier Rate
B, C and X Zones	1.35 x NFIP Standard Second Tier Rate
V Zone	2.50 x NFIP Standard Second Tier Rate

Premium Determination

First, determine the Excess Flood coverage amount by:

1. Subtracting the NFIP policy's maximum available limits from the replacement cost of the building. This will give you the amount of coverage needed. The same calculation should be done for the building's contents.
2. Compare the amount of coverage needed to the maximum excess limits available, as described on page 2 of this manual. If the insured wants only one excess coverage, the underlying NFIP policy must only be at maximum limits for the building coverage. For example, a residential property with NFIP limits of \$250,000 building (maximum) and only \$50,000 contents, can apply for excess building coverage (up to an additional \$250,000), but is not eligible for any excess contents coverage. Contents only excess flood policies are not allowed.
3. The excess coverage amount is either the "maximum available amount" if the amount of coverage needed is greater than the maximum excess limits (Example 1), or it is equal to the "coverage needed" if the maximum available amount is greater than the maximum excess limits (Example 2).

	<b>Example 1</b>	<b>Example 2</b>
Residential Building Replacement Cost	\$ 750,000	\$ 400,000
NFIP Maximum	<u>(250,000)</u>	<u>(250,000)</u>
Amount of Coverage Needed	\$ 500,000	\$ 150,000
Maximum Available Amount	\$ 250,000	\$ 250,000
Excess Coverage Amount	<u>\$ 250,000</u>	<u>\$ 150,000</u>

Additional Rating Notes

The NFIP's "grandfather" rules do not apply to the Excess Flood Program. The NFIP's current rates and zones must always be used with the Excess Flood Rates in determining the premium amount.

**IMPORTANT: Please note that additional endorsements which modify portions of the policy may apply to the policy that is actually issued.**

***PLEASE REFERENCE THE DECLARATIONS PAGE FOR A LIST OF ALL ENDORSEMENTS THAT APPLY TO A PARTICULAR POLICY.***