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Under the New Pricing Methodology, FEMA converts a building's address to latitude & longitude and uses GIS to derive geospatial variables like:

- Distance to nearest flooding sources (e.g., river, coast, ocean, Great Lake)
- Ground and surrounding elevation
- Is it protected by a levee?
- What kind of watershed is it in?
- Is it located on a barrier island?

**RATING VARIABLES**

**FIRST FLOOR HEIGHT**

- Elevations will be used in determining rates for buildings.
- The elevation of the first floor of the structure will replace the elevation difference in the legacy methodology.
- There will be 3 ways to determine first floor height for a property.

**FIRST FLOOR HEIGHT EXAMPLES**

Definition: The height above ground level of the building's first floor.

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Community Rating System (CRS) Discount

- Communities will continue to earn National Flood Insurance Program rate discounts of 5% - 45% based on the Community Rating System classification.
- The discount will be uniformly applied to all policies throughout the participating community, regardless of whether the structure is in the Special Flood Hazard Area.
- Post-FIRM minus rated policies will be excluded from the CRS discounts.

CRS Discount Example (Class 4 Community)

<table>
<thead>
<tr>
<th>Legacy Pricing Methodology</th>
<th>CRS Discount (%)</th>
<th>New Pricing Methodology</th>
<th>CRS Discount (%)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Structure 1 – Inside the SFHA</td>
<td>30%</td>
<td>30%</td>
<td>30%</td>
</tr>
<tr>
<td>Built-in Compliance: Yes</td>
<td>[Legacy Discount (30%)]</td>
<td>[New Discount (30%)]</td>
<td>[New Discount (30%)]</td>
</tr>
<tr>
<td>Structure 2 – Outside the SFHA</td>
<td>10%</td>
<td>30%</td>
<td>30%</td>
</tr>
<tr>
<td>Built-in Compliance: Yes</td>
<td>[Legacy Discount (10%)]</td>
<td>[New Discount (30%)]</td>
<td>[New Discount (30%)]</td>
</tr>
<tr>
<td>Structure 3 – Outside the SFHA</td>
<td>No Discount</td>
<td>30%</td>
<td>30%</td>
</tr>
<tr>
<td>Built-in Compliance: N/A</td>
<td>[No Discount]</td>
<td>[Legacy Discount (30%)]</td>
<td>[New Discount (30%)]</td>
</tr>
<tr>
<td>Structure 4 – Inside the SFHA</td>
<td>N/A</td>
<td>No Discount</td>
<td>No Discount</td>
</tr>
<tr>
<td>Built-in Compliance: No</td>
<td>[No Discount]</td>
<td>[No Discount]</td>
<td>[No Discount]</td>
</tr>
<tr>
<td>Structure 5 – Outside the SFHA</td>
<td>N/A</td>
<td>N/A</td>
<td>30%</td>
</tr>
<tr>
<td>Built-in Compliance: N/A</td>
<td>[No Discount]</td>
<td>[No Discount]</td>
<td>[Legacy Discount (30%)]</td>
</tr>
</tbody>
</table>

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MACHINERY & EQUIPMENT (M&E)

- The rating engine will apply a discount for policyholders with M&E elevated above first floor.
- Agents will self-certify the position of the M&E by answering a “Yes/No” question on the application.
- The list of eligible M&E will be listed in the Flood Insurance Manual.

Elevation: M&E Above First Floor

- Slab on Grade (Non-Elevated)
- Elevated without Enclosure on Post, Pile, or Pier
- Elevated with Enclosure on Post, Pile, or Pier
- Elevated with Enclosure Not on Post, Pile, or Pier (Solid Foundation Walls)
- Basement (Non-Elevated)
- Crawlspace (Elevated, including Non-Elevated Sub-Grade Crawlspace)

FLOOD VENTS

- May include Pre-FIRM or Non-SFHA

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FLOODPROOFING

- An alternative to elevating a building at or above the Base Flood Elevation
- Residential floodproofing is only an option in approved communities
- The insurer must submit proper documentation
- Must meet eligibility requirements

WHAT IS CHANGING

WHAT'S GOING AWAY

GRANDFATHERING

- Grandfathering is being eliminated since BFEs and Flood Zones will no longer be used
- Existing grandfathered policies will be on a 10% glidepath to their full risk rate

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