3. Other Statutory Discounts

Using other information provided on the Application Form, FEMA's system automatically determines a policy's eligibility for other statutory discounts that may also apply to properties located in:

- Zone AR until the policy gradually reaches its full-risk premium through an annual increase cap discount;[27] *or*
- Zone A99 until the policy gradually reaches its full-risk premium through an annual increase cap discount;[28] *or*
- A community in the Emergency Program until it joins the Regular Program.

4. New Policy After a Real Estate Transaction

The new owner of an NFIP-insured building can buy a new NFIP policy and receive any statutory discount the prior policyholder received[29] if all of the following apply:

- The building is not in condominium ownership before or after the transaction;
- The building was insured by the NFIP with building coverage at the time of transaction;
- The new NFIP policy will be effective on, or within one year after, the transaction date; *and*
- The insurer must submit the prior NFIP policy number and prior NFIP policy Primary NAIC number to FEMA and have documentation of the title transfer.

Select **New** (at the top of the Application Form) as the policy transaction type and enter the prior policy number in the appropriate field. The standard NFIP effective date rules apply based on the date the applicant submitted the Application Form and full amount due.

The insurer must maintain the closing papers to support that the new NFIP policy is effective on, or within one year after, the real estate transaction date. Real estate transactions also include title transfers through purchases or by other means such as inheritances and gifts. The insurer must validate the primary residence status when writing the new policy for the new owner to be eligible for the primary residence status and associated HFIAA surcharge.

Note: If the previous owner received a discount that the new owner is ineligible for, the new owner may receive the same discounted premium as the previous owner. However, the annual increase cap (which is a component of the discounted premium) is based on the information provided by the new owner. The discounted premium does not include assessments, fees, or surcharges.

F. Assessments, Fees, and Surcharges

This section describes assessments, fees, and surcharges that are not part of the full-risk premium or discounted premium but are, as applicable, required components of the total amount due to purchase an NFIP policy. These apply to both rating engine rated and provisionally rated policies.

1. Reserve Fund Assessment

The Reserve Fund Assessment is a percentage of the Discounted Premium (excluding the Federal Policy Fee, HFIAA surcharge, and probation surcharge) paid on new and

27. 42 U.S.C. 4014(f)
28. 42 U.S.C. 4014(e)
29. 42 U.S.C. 4015(e)

renewed policies. Revenues from this statutorily-mandated assessment build an NFIP Reserve Fund to pay claims after catastrophic flood events.[30]

Table 33. Reserve Fund Assessment

Assessed Policies	Reserve Fund Assessment
GFIP[31]	0%
All Other Policies	18%

2. HFIAA Surcharge

The Homeowner Flood Insurance Affordability Act of 2014 (HFIAA) introduced a mandatory annual surcharge for all new and renewed policies.[32] For more information on primary residences see the Primary Residence Status heading above in this section.

Table 34. HFIAA Surcharge

Property Type	Surcharge
Primary Residences — A primary residence is a Single-Family Home, Residential Manufactured/Mobile Home, Residential Unit, or Two-to-Four Family Building in which the policyholder or the policyholder's spouse lives.	$25
All Other NFIP policies — Non-primary residences and the following building occupancies: • Other Residential Building • Residential Condominium Building • Non-Residential Building • Non-Residential Manufactured/Mobile Building • Non-Residential Unit **Note:** A non-primary residence is a residential building that is not the primary residence of the policyholder.	$250

3. Federal Policy Fee

The Federal Policy Fee (FPF) is a flat charge paid by the policyholder on each new and renewed policy to defray certain administrative expenses incurred in carrying out the NFIP.[33]

Table 35 lists the FPF applicable for each building occupancy. For building occupancies under the Dwelling Form and General Property Form, a flat FPF applies. For Residential Condominium Buildings the calculation involves the total number of units in the building. For the first 20 units, the FPF is $47 per unit, reaching $940 at 20 units. After 20 units, the formula adds $20 for each additional unit up until there are 40 total units, with a total FPF of $1,340 at that point. Above 40 units, there is an additional $10 per unit up until the total number of units reaches 100, at which point the total FPF would be $1,940. Beyond 100 units, the per-unit increase is $2 regardless of the number of additional units.

30. 42 U.S.C. 4017A
31. The GFIP is only available to recipients of federal disaster assistance and is serviced by the NFIP Direct Servicing Agent.
32. Pub. L. No. 113-89
33. 42 U.S.C. 4014(a)(1)(B)(iii); 4015(d); 4017(b)(5)

Table 35. Federal Policy Fee

Building Occupancy	Federal Policy Fee Amount	
• Single-Family Home • Residential Manufactured/Mobile Home • Residential Unit • Two-to-Four Family Building	$47	
• Other Residential Building • Non-Residential Building • Non-Residential Manufactured/Mobile Building • Non-Residential Unit	$47	
Residential Condominium Building	Units 1–20	$47 per unit
	Units 21–40	$20 per unit
	Units 41–100	$10 per unit
	Units 101+	$2 per unit

4. Probation Surcharge

The Probation Surcharge is a flat surcharge paid by the policyholder on each new or renewed policy issued covering a property in a community that FEMA has placed on probation because the community failed to meet NFIP floodplain management requirements.[34]

Table 36. Probation Surcharge

Fee Type	Amount
Probation Surcharge	$50

G. Premium Considerations

Each policy premium is subject to a loss constant and expense constant. All rating variables are factored into the full-risk premium before adding in the loss constant and expense constant.

Policies also may be subject to minimum or maximum rates by peril and coverage and statutory discounts. These minimum and maximum rates may affect how rating variables (such as the deductible, CRS discount or mitigation discount) impact the premium. In some rare cases, there may be no change in premium when there is a change in a rating variable.

III. Condominium Rating Information

A. Condominium Rating Scenarios

1. Overview

Table 37 provides an overview of five principal scenarios for insuring condominiums. The following sub-sections provide detailed guidance on each scenario and – where rated the same as other NFIP policies – references to the General Rating Information earlier in this section. Both condominium associations and individual condominium unit owners can purchase NFIP coverage. The NFIP defines a condominium association

34. 44 CFR 59.24