



Federal Emergency Management Agency

Washington, D.C. 20472

W-01060

5007-01

Memorandum To: WYO Principal Coordinators & NFIP Servicing Agent

From: Howard Leikin
Deputy Administrator, Federal Insurance
and Mitigation Administration

Date: August 31, 2001

Subject: Pre-Renewal Editing of Preferred Risk Policies

The purpose of this memorandum is to inform you that beginning September 2001, the NFIP Bureau and Statistical Agent will begin the pre-renewal editing process of Preferred Risk Policies (PRPs). The pre-renewal editing procedure will be performed monthly to provide the WYO companies advance notice of ineligible PRPs before the renewal offer is generated. This new procedure will relieve the WYO companies and agents of performing zone determinations annually on PRPs before renewal.

Each WYO Company will receive a hardcopy notification report, at the beginning of each month, listing their PRP records that plot inside a Special Flood Hazard Area as defined by FEMA's Q3 data. The first report will be mailed the first week of October 2001. The WYO Company must either offer the policyholder a standard policy or submit an appeal on these ineligible PRPs. If no policy change is made, and no appeal is received prior to the renewal transaction being processed, the policy will be assigned the PL021065 error code at renewal. Policies receiving this error code will need to be cancelled and rewritten to a standard policy. There is no tolerance level for these errors and the correction must be received within six months from the notification date.

The report will be produced monthly and will contain only those policies that are expiring 120 to 150 days after the date of the report. The report will include the policy number, expiration date, reported community, panel, and suffix, and the Q3 community number, panel, and suffix. If you prefer to receive a monthly electronic version of the report, you must contact your Program Coordinator.

A pre-renewal notification may be appealed according to the same procedures that are currently used for PL021065 errors. A successful appeal will prevent the PL021065 error from being generated when the renewal transaction is received. All appeals that were previously approved using the most current map or matched the Q3 map information used for pre-editing will be excluded on this report.

The report will also include all policies written through the WYO Companies that have been exempted from the PRP editing based on their pre-approved procedure. However, transactions received from these companies will continue to be excluded when processing the company's PRP new and renewal transactions. If the company's PRP procedure has changed or will no longer perform the same underwriting tasks that were previously approved, we request that the NFIP Bureau be notified within 30 days from the date of this letter.

The writing company will continue to be responsible for verifying and documenting the PRP eligibility on all new business applications. Copy of the most recent Flood Insurance Rate Map marked to show the exact location and flood zone of the building, a letter signed by the local community official, an elevation certificate signed by a surveyor, engineer, architect, or local community official, or a flood zone certification that guarantees the accuracy of the information is required and must be part of the underwriting file.

In addition, the status of the new Claims edit error **CL066110**, effective for October 2001, has been changed from '**critical**' to '**non-critical**'. This claim error will identify those claims submitted for ineligible PRP policies assigned with error code PL021065. The revised WYO Edit Specifications page for CL066110 (Date of Loss) is enclosed.

We hope you will find this new process to be helpful. As always, if you have any questions, please contact your Program Coordinator.

Enclosure

cc: Vendors, IBHS Flood Committee, WYO Marketing Committee, FIPNC, Government
Technical Representative

Suggested Routing: Claims, Information Technology, Underwriting