

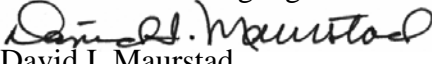


FEMA

W-07027

April 18, 2007

MEMORANDUM FOR: Write Your Own (WYO) Principal Coordinators
and NFIP Servicing Agent

FROM: 
David I. Maurstad
Federal Insurance Administrator
National Flood Insurance Program

SUBJECT: October 1, 2007 Program Changes

The purpose of this memorandum is to provide notification of the National Flood Insurance Program (NFIP) changes that are to be implemented effective October 1, 2007. These changes do not require modification to the NFIP Transaction Record Reporting and Processing Plan.

Building Replacement Cost Value and Number of Units

In response to requests from the lending community and the Federal Regulators to help them better assess the adequacy of insurance limits purchased; changes will be required to policies written on the Residential Condominium Building Association Policy (RCBAP) form. These changes, which were discussed at the March 14, 2007, IBHS meeting stipulate that the Declarations Page of each RCBAP issued or renewed must show the building's replacement cost value and the number of units within that building. These changes may be implemented earlier, but in no case later than October 1, 2007.

Cancellation and Nonrenewal Notices

The Mortgage Clause of the Standard Flood Insurance Policy (SFIP) states, "If we decide to cancel or not renew this policy, it will continue in effect for the benefit of the mortgagee only for 30 days after we notify the mortgagee of the cancellation or nonrenewal." Currently companies are sending out notices when a policy is cancelled or, in cases where a policy has expired, an expiration/reissuance notice. Notices are generated on or shortly after the expiration date or cancellation date, and the mortgagee receives a copy. However, there are situations where an expiration/reissuance notice is not sent because a policy is not eligible for coverage, or if eligible, requires additional underwriting information or the submission of a new application. Examples of these situations are:

1. Building in the course of construction
2. Tentatively rated policy
3. Suspended community
4. Provisional rating
5. Group Flood Insurance Policy
6. Preferred Risk Policy ineligibility
7. Section 1316 property

The mortgage clause of the SFIP requires that the mortgagee be given notice when a policy is not renewed or cancelled. The above listed situations will require notification to a mortgagee present on a policy that it is not being renewed. This will require the development of an expiration notice that must be sent out within five days of the expiration date. The expiration notice should go to the insured and agent in addition to the mortgagee.

Please share this information within your organization as appropriate. If you have any questions, please contact your WYO Business Analyst.

cc: Vendors, IBHS, FIPNC Government Technical Representative

Suggested Routing: Accounting, Claims, Data Processing, Underwriting

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