



FEMA

W-12037

June 12, 2012

MEMORANDUM FOR: Write Your Own (WYO) Principal Coordinators and the
National Flood Insurance Program (NFIP) Servicing Agent

FROM: *Jhun de la Cruz*
Jhun de la Cruz
Chief, Underwriting Branch
Risk Insurance Division

SUBJECT: Re-Underwriting of Severe Repetitive Loss Policies at the
NFIP Special Direct Facility

Please be advised that effective immediately, all Severe Repetitive Loss (SRL) policies that have been transferred to the NFIP Special Direct Facility and will renew on or after October 1, 2012, must be re-underwritten before they can be renewed.

Prior to policy renewal, the NFIP Special Direct Facility will require a new application, photos of the front and rear of the building, Elevation Certificate if applicable, and any additional supporting documents to ensure that policy information and rates are current and correct. Policies will be processed and issued based upon current rates, zone, and map information, except for those properties meeting the NFIP grandfathering eligibility rules.

SRL policies are high profile and are targeted by FEMA for mitigation under various grants programs. FEMA has found that the majority of existing SRL policies were originally written many years ago through various WYO Companies, and many of these policies were renewed year after year using the same rating information provided on the original flood application. Over time, in many cases, changes to the insured structures have been made, such as additions, modifications, and/or other structural improvements, but never reported to the NFIP. Since FEMA has never imposed a requirement for renewal recertification of the building description and other policy rating information, many SRL policies may be misrated.

Re-underwriting these policies and charging appropriate rates will enhance the fiscal soundness of the NFIP. Additionally, it will allow for better analysis when targeting risk for ongoing mitigation efforts, as well as ensure no delays in loss settlement due to rating discrepancies discovered at the time of loss.

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If you have any questions, please contact your NFIP Bureau Underwriter at underwriting@nfipiservice.com.

cc: Vendors, IBHS, FIPNC, Government Technical Representative

Required Routing: Claims, Data Processing, Underwriting

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