



FEMA

W-12043

June 29, 2012

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

*Edward L. Connor*

FROM: Edward L. Connor  
Deputy Associate Administrator for Federal Insurance  
Federal Insurance and Mitigation Administration

SUBJECT: Implementation of HR 5740 Section 2

On May 31, 2012, the President signed HR 5740, which extended the NFIP's authority through July 31, 2012. Section 2, Exclusion of Vacation Homes and Second Homes from Receiving Subsidized Premium Rates, amended the National Flood Insurance Act of 1968 to allow the phase-out of subsidized premium rates as follows:

1. The Administrator shall not estimate rates under this paragraph for any residential property which is not the primary residence of an individual.
2. Rates for any residential properties which are not the primary residence of an individual shall be increased by 25 percent each year until the average risk premium rate for such properties is equal to the average risk premium rates for actuarially-rated properties beginning on July 1, 2012.

FEMA is developing procedures to implement Section 2 of this legislation. Attached is the new rate table which includes the 25 percent rate increase for non-primary/non-principal residences. Policies falling under this new requirement will be identified through the Transaction Record Reporting Process (TRRP) Plan as all Single-Family occupancies and 2-4 Family and Other-Residential occupancies insured as unit owner policies in the condominium form of ownership. Because of the time required for all systems to incorporate these new rules and the necessary constraints, FEMA anticipates that use of the new rates for renewals and new business will be in place by January 1, 2013. More information will be provided at a later date.

Thank you for your patience while procedures are being finalized. For technical assistance regarding the attachment, please contact Joe Cecil at (202) 212-2067.

Attachment

cc: Vendors, IBHS, FIPNC, Government Technical Representative

Required Routing: Accounting, Data Processing, Marketing, Underwriting

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(Basic/Additional)

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