




FEMA

W-12055

August 27, 2012

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

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

SUBJECT: Exception to Underwriting Rules for Severe Repetitive Loss (SRL)
Properties Eligible for the SRL Increased Cost of Compliance
(ICC) Pilot Program

In support of the Severe Repetitive Loss (SRL) program that was authorized by the Flood Insurance Reform Act of 2004, the NFIP is establishing an exception to the Cancellation/Nullification rules and waiting period rules as found in the *NFIP Flood Insurance Manual*. This exception will allow certain SRL properties to expedite their eligibility for SRL grants.

On January 29, 2010, FEMA released Policy Issuance 1-2010, "Severe Repetitive Loss Increased Cost of Compliance (ICC) Pilot Program." This Policy Issuance allowed ICC funds to be used as the non-Federal cost-share for SRL properties included in an SRL grant awarded after January 29, 2010. However, only SRL property policies that had been moved for processing to the Special Direct Facility (SDF) managed by the NFIP Servicing Agent were eligible for the SRL-ICC Pilot Program.

In reviewing the inventory of awarded and pending SRL grants, FEMA has found a small number of policies that had been identified as SRL, but due to timing, e.g., future dated renewals are still being serviced by WYO carriers. In these cases, to expedite mitigation when there is an awarded SRL grant and the policy on the SRL property is still written at the WYO Company, FEMA will require the property owner to obtain a new policy through the SDF in order to obtain the SRL grant. The new policy will require a new application and the full annual premium and will be issued without the 30-day waiting period. This requirement does not apply if there is an open claim.

Upon issuance of the policy through the SDF, the previous policy written through the WYO Company may be cancelled pro-rata using Cancellation Reason Code 4 – Duplicate NFIP Policies. Acceptable forms of documentation for the mid-term cancellation are a copy of the

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Consultation Agreement that the property owner signs and provides to the local community, along with a copy of the Declarations page of the newly issued policy through the SDF. FEMA recommends that WYO Companies provide the contact information for the SDF to their agents. SDF customer service can be reached at 1-800-638-6620, and the fax number is 1-800-742-3148. The mailing address is:

Severe Repetitive Loss Unit
NFIP Special Direct Facility
P.O. Box 29524
Shawnee Mission, KS 66201-5524

If you have any questions, please contact Lynn Sawyer at Lynn.Sawyer@fema.dhs.gov.

cc: Vendors, IBHS, FIPNC, Government Technical Representative

Required Routing: Claims, Data Processing, Underwriting

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