



FEMA

W-12068

September 17, 2012

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

A handwritten signature in black ink, appearing to read "Dennis L. Kuhns".

FROM: Dennis L. Kuhns  
Director, Risk Insurance  
Federal Insurance and Mitigation Administration

SUBJECT: Suggested Insert Language for Renewal Notices

Attached you will find suggested language related to the Biggert-Waters Flood Insurance Reform Act of 2012 as it applies to:

- (1) Extending Preferred Risk Policy eligibility, and
- (2) Phasing out of subsidized rates for non-primary residences.

This language is suggested and available to use as you see fit. Additional guidance on the NFIP's implementation of the Biggert-Waters Flood Insurance Reform Act of 2012 will be provided in future bulletins.

Attachment

cc: Vendors, IBHS, FIPNC, Government Technical Representative

Required Routing: All Departments

## **Suggested Insert Language for WYO Renewal Notices**

### **Extension of Preferred Risk Policy Eligibility**

The National Flood Insurance Program's (NFIP) Preferred Risk Policy, or PRP, offers low-cost flood insurance to owners and tenants of eligible residential and non-residential buildings located in moderate- to low-risk areas. Effective January 2011, FEMA extended availability of the PRP for two years to buildings newly mapped into a Special Flood Hazard Area (SFHA), including your insured property.

On July 6, 2012, the Biggert-Waters Flood Insurance Reform Act of 2012 was signed into law. Among other requirements, this Act will significantly increase the premium rates for a number of policyholders. Although your eligibility for the Preferred Risk Policy was scheduled to expire on your policy's renewal date, the NFIP has extended the PRP option pending implementation of the premium rate increases required by the Biggert-Waters Flood Insurance Reform Act of 2012. For this renewal, you will continue to receive flood insurance coverage at the lower rate; however, you may not be eligible for the PRP upon the next renewal of your policy.

Please contact your insurance agent for more information.

### **5740 – Non-Primary Residences**

The National Flood Insurance Program (NFIP) historically has offered subsidized rates to certain structures built prior to a community's full implementation of the Program. These subsidized rates do not reflect the full risk of flood loss to such structures.

On July 6, 2012, the Biggert-Waters Flood Insurance Reform Act of 2012 was signed into law. Among other provisions, this Act phases out subsidized rates for certain properties, including for non-primary residences. FEMA defines the term non-primary residence to mean a structure that has not been occupied by the policyholder, or their spouse, for 80% of: (a) the 365 days immediately preceding the policy renewal; or (b) the period of ownership, if the period of ownership is less than 365 days. These properties will no longer receive reduced premium rates for flood insurance, and the annual premium rates must increase by 25 percent a year until they reflect the full risk of flood loss. Our records show that this property is not your primary residence and that you receive a premium at a reduced rate; therefore, your renewal premium rate reflects the 25 percent increase as required by law.

Please contact your insurance agent for more information.