




FEMA

W-12088

November 5, 2012

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

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

SUBJECT: Additional Guidance on the Phase-Out of Subsidized Premiums for  
Non-Principal/Non-Primary Residences

In Bulletin W-12068 dated September 17, 2012, FEMA provided sample language that could be included with renewal notices to inform policyholders of Pre-FIRM non-principal/non-primary residences that their premiums will increase 25% annually until the premiums reflect the full flood risk. For NFIP rating purposes, the suggested definition of a non-principal/non-primary residence as provided in Bulletin W-12068 has been revised. Now, a non-principal/non-primary residence is defined as a building that will not be lived in by the insured or the insured's spouse for at least 80% of the 365 days following the policy effective date.

In place of the suggested language in the previous bulletin, FEMA will require the attached NFIP Non-Principal/Non-Primary Residence Policyholder Notice. This new notice must be included with renewal notices for the first renewal of Pre-FIRM policies effective on or after March 1, 2013, for which the policy records indicate that the insured property address is not the principal/primary residence.

Companies may follow their normal business practices to document requests from policyholders or their agents regarding changes to the residence type.

Thank you for your support as you begin to implement these new procedures.

Attachment

cc: Vendors, IBHS, FIPNC, Government Technical Representative

Required Routing: Data Processing, Marketing, Underwriting

**NATIONAL FLOOD INSURANCE PROGRAM (NFIP)  
NON-PRINCIPAL/NON-PRIMARY RESIDENCE POLICYHOLDER NOTICE**

RE: <Named Insured>

Policy # < >

Property Address: < >

Dear Policyholder:

The Biggert-Waters Flood Insurance Reform Act of 2012 phases out subsidized rates for certain properties, including non-primary residences. These properties will no longer receive reduced premium rates for flood insurance, and the annual premium rates must be increased by 25 percent a year until they reflect the full premium rate. Your renewal bill reflects this increase.

For rating purposes only, FEMA defines a non-principal/non-primary residence as a building that will not be lived in by the insured or the insured's spouse for at least 80% of the 365 days following the policy effective date. **You are receiving this notice because NFIP policy records indicate that the property address listed above is not your principal/primary residence.**

If you agree that the property address listed above is not your principal/primary residence, then no action on your part is necessary other than paying your premium. However, if you assert that the property address listed above is your principal/primary residence, then:

- Please contact your agent/insurer; or
- Please check the box below, sign and date this notice, and return it to:

<Company name and address>

If you have any questions about this notice, please call <company contact>.

Property Address: < >

- ☐ **The above address is my principal/primary residence, and I or my spouse will live at this location for at least 80% of the 365 days following the policy effective date.**

THE ABOVE STATEMENT IS CORRECT TO THE BEST OF MY KNOWLEDGE. I UNDERSTAND THAT ANY FALSE STATEMENTS MAY BE PUNISHABLE BY FINE OR IMPRISONMENT UNDER APPLICABLE FEDERAL LAW.

\_\_\_\_\_  
Insured's Signature

\_\_\_\_\_  
Date

\_\_\_\_\_  
Insured's Printed Name