




FEMA

W-12109

December 4, 2012

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

FROM: David L. Miller 
Associate Administrator
Federal Insurance and Mitigation Administration

SUBJECT: Advance Notice Regarding Planned Implementation of Provisions of Section 100205 of the Biggert-Waters Reform Act of 2012

This bulletin provides advance notice of the Federal Emergency Management Agency (FEMA) plan to complete implementation of Section 100205 of the Biggert-Waters Flood Insurance Reform Act of 2012 ("BW 12"), Pub. L. No. 112-141 (Reform of Premium Rate Structure), effective August 1, 2013. Implementation of the provision that eliminates subsidized premium rates for non-primary residences has already begun. Rate increases for new policies and renewal policies will become effective January 1, 2013.

1. In accordance with BW 12 Section 100205(a)(1)(A), FEMA will exclude certain properties from receiving subsidized premium rates, including the following:
 - Any severe repetitive loss property consisting of 1-4 residences.
 - Any property that has incurred flood-related damage in which the cumulative amounts of NFIP flood insurance claim payments equaled or exceeded the fair market value of the property.
 - Any business property.

The properties noted above will experience a 25-percent premium rate increase annually until their average risk premium rate is equal to the average of the risk premium rates for actuarially rated policies.

2. In accordance with Section 100205(a)(1)(B), FEMA will no longer provide a rate subsidy to the following:
 - Any property not insured by the NFIP as of the date of enactment of BW 12 (with a possible exception created by Section 207 of BW 12).
 - Any property purchased after the date of enactment of BW 12.
 - Any policy under the NFIP that has lapsed in coverage as a result of the deliberate choice of the policyholder.

These properties will be immediately subject to full-risk rating.

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FEMA will provide additional details concerning the implementation of these provisions of Section 100205(a) by February 1, 2013. Please be advised that due to the complexity involved in implementing BW 12 Section 100207 (Premium Adjustment), further information will be forthcoming. However, we do anticipate an August 2014 implementation date for Section 100207.

We thank you for your full support in implementing the changes necessitated by BW 12.

cc: Vendors, IBHS, FIPNC, Government Technical Representative

Required Routing: Accounting, Data Processing, Marketing, Underwriting

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