



FEMA

W-16059

August 23, 2016

MEMORANDUM FOR: Write Your Own (WYO) Company Principal Coordinators

FROM:

Roy E. Wright

Deputy Associate Administrator for Insurance and Mitigation
Federal Insurance and Mitigation Administration

SUBJECT: Revised Error Threshold for Underwriting Operation Reviews

In keeping with FEMA's commitment to excellence in service of National Flood Insurance Program (NFIP) policyholders and appropriate spending of taxpayer funds, FEMA is working to increase oversight of WYO companies. Accordingly, FEMA intends to implement the following change to the WYO program for the FY 2017 Arrangement Year.

Effective October 1, 2016, FEMA is revising the acceptable error percentage for reviews of a WYO company's underwriting operations from 20 percent to 7 percent.

- If the error percentage is greater than 7 percent but not exceeding 14 percent, the company will be subject to an annual Operation Review.
- If the error percentage is greater than 14 percent, FEMA will require WYO companies to perform a re-underwriting of their book of business issued since the last Operation Review, based on the types of errors found. Companies in this category also will be subject to annual Operation Reviews.

This bulletin does not implement any changes to the Arrangement, the Financial Control Plan Requirements and Procedures, or any other NFIP document. FEMA will implement any actual changes using appropriate procedures provided by statute, regulation, and agency guidance.

If you have any questions about this bulletin, please contact Kevin Brown of the Industry Management branch at kevin.brown4@fema.dhs.gov. Thank you for your cooperation.

cc: Vendors, IBHS, Standards Committee, Government Technical Representative

Required Routing: Legal, Underwriting