



# NATIONAL FLOOD INSURANCE PROGRAM

**Bureau and Statistical Agent**

W-02011

**MEMORANDUM TO:** Write Your Own (WYO) Principal Coordinators and the NFIP Servicing Agent

**FROM:** WYO Clearinghouse

**DATE:** February 14, 2002

**SUBJECT:** Underwriting Best Practices

Attached is a memorandum from FEMA offering a list of best practices for WYO companies and vendors to use in problem solving and process improvement.

Please share this information with others in your organization as appropriate.

If you have any questions, please contact your Program Coordinator.

cc: Vendors, IBHS, FIPNC, WYO Marketing Committee, Government Technical Representative

Suggested Routing: Marketing, Underwriting



# Federal Emergency Management Agency

Washington, D.C. 20472

February 8, 2002

MEMORANDUM TO: Write Your Own (WYO) Company Principal Coordinators,  
Vendors, NFIP Servicing Agent

*Donald R. Beaton Jr.*

FROM: Donald R. Beaton, Jr., CFM, Chief Underwriter  
Federal Insurance and Mitigation Administration (FIMA)

SUBJECT: Underwriting Best Practices

During Jo Ann Howard's tenure as Administrator, Deloitte & Touche conducted a study of underwriting and rating processes. This study involved a team from the contractor conducting visits of a sample of WYO companies and vendors, and conducting interviews with FIMA staff. Since the completion of that study, many of their recommendations have been implemented. We felt that others would form the basis of a list of "best practices" that we could offer to WYO companies and vendors for their consideration to solve problems or to improve their processing. Many of the following "best practices" were observed by Deloitte & Touche being utilized by some of the WYO companies and vendors they visited. I hope that you will find them useful.

- Develop formal written underwriting and rating procedures to serve as a reference document and to facilitate the training of new personnel.
- Implement a program to identify and track agent errors in order to target the areas and types of training that are most needed.
- Utilize a "scorecard" approach to evaluate agents' submissions and provide incentives for the reduction of future errors.
- Implement a yearly self-audit program modeled after the FIMA Underwriting Operation/Policy Administration Reviews.
- Implement a more frequent supervisory review of a small percentage of each underwriter's work.
- Utilize photographs as a means of verifying risk information. This would be particularly useful on elevation rated business.