



FEMA

W-04030

June 30, 2004

MEMORANDUM FOR: Write Your Own (WYO) Principal Coordinators and  
NFIP Servicing Agent

FROM: WYO Clearinghouse

SUBJECT: Procedures for Termination of the Arrangement

It is imperative that all WYO companies comply with the procedures contained in the Arrangement to ensure program consistency and integrity. Particularly, it is critical that WYO companies provide notice to the Government when they are terminating their relationship with the Program. For your information, we are providing the following germane sections from the Arrangement that address this issue.

“ARTICLE V—COMMENCEMENT AND TERMINATION

- B. By June 1, of each year, the FIA [FEMA] shall publish in the Federal Register and make available to the Company the terms for the re-subscription of this Financial Assistance/Subsidy Arrangement. In the event the Company chooses not to re-subscribe, it shall notify the FIA to that effect by the following July 1.
- C. In the event the Company elects not to participate in the Program in any subsequent fiscal year, or the FIA chooses not to renew the Company’s participation, the FIA, at its option, may require:
- (1) the continued performance of this entire Arrangement for a period not to exceed one (1) year following the original term of this Arrangement, or any renewal thereof, or
  - (2) the transfer to the FIA of:
    - a. All data received, produced, and maintained through the life of the Company’s participation in the Program, including certain data as determined by FIA, in a standard format and medium; and
    - b. A plan for the orderly transfer to the FIA of any continuing responsibilities in administering the policies issued by the Company under the Program including provisions for coordination assistance; and
    - c. All claims and policy files, including those pertaining to receipts and disbursements that have occurred during the life of each policy. In the event of a transfer of the services provided, the Company shall provide the FIA with a

report showing, on a policy basis, any amounts due from or payable to the insureds, agents, brokers, and others as of the transition date....

- F. In the event that the Company is unable to, or otherwise fails to, carry out its obligations under this Arrangement by reason of any order or directive duly issued by the Department of Insurance of any Jurisdiction to which the Company is subject, the Company agrees to transfer, and the Government will accept, any and all WYO policies issued by the Company and in force as of the date of such inability or failure to perform. In such event the Government will assume all obligations and liabilities owed to policyholders under such policies arising before and after the date of transfer and the Company will immediately transfer to the Government all funds in its possession with respect to all such policies transferred and the unearned portion of the Company expenses for operating, administrative and loss adjustment on all such policies.”

Our primary objective is to ensure the well-being of the National Flood Insurance Program (NFIP) policyholder. Accordingly, the above requirements have been mandated to make certain that the policyholder is not adversely affected by changes in a company’s WYO status. All WYO companies are expected to adhere to these procedures.

If assistance is needed, please contact Willie Taylor at (202) 646-3415.

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

Suggested Routing: Accounting, Claims, Data Processing, Marketing