



FEMA

W-05009

March 9, 2005

MEMORANDUM FOR: Write Your Own Principal Coordinators and the
NFIP Servicing Agent

FROM: David I. Maurstad
Acting Director
Mitigation Division
Emergency Preparedness
and Response Directorate

SUBJECT: Revised Procedures on the Conversion of a Standard Rated Policy to a
Preferred Risk Policy Due to a Map Revision, Letter of Map Amendment, or
Letter of Map Revision

On August 10, 2004, FEMA issued an Underwriting Bulletin outlining new procedures regarding the conversion of a standard rated policy to a Preferred Risk Policy (PRP). These new procedures, made effective October 1, 2004, were established to encourage property owners to maintain coverage when their buildings were removed from a Special Flood Hazard Area due to a map revision, Letter of Map Amendment (LOMA), or Letter of Map Revision (LOMR).

We are now allowing additional incentives to agents and companies when a standard rated policy is being rewritten to a PRP due to a map revision, LOMA, or LOMR. WYO companies will be permitted to retain the full expense allowance, which includes the agent's commission, and Direct Business agents will retain the commission, previously paid on a standard rated policy, so long as the standard policy being canceled is rewritten to a PRP. The WYO companies and Direct Business agents will also receive an expense allowance and agent's commission, respectively, on the replacement PRP. These new incentives will apply if the map revision, LOMA, or LOMR is effective on or after February 1, 2005.

Attached are new requirements for implementing these changes. Attachment 1 provides the Summary of Changes, and Attachment 2 includes changes to the *Transaction Record Reporting and Processing Plan*.

We understand that these changes will necessitate system modifications to properly process and report these transactions to the NFIP Bureau and Statistical Agent. For this reason, we have developed an interim procedure (see Summary of Changes), to allow the companies to process the cancellations prior to the implementation of the final procedure.

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

Attachments

cc: Vendors, IBHS, FIPNC, and Government Technical Monitor

Suggested Routing: Data Processing, Underwriting, Marketing

Attachment 1

SUMMARY OF CHANGES

Effective February 1, 2005

1. Cancellation Procedure

- New cancellation reason code 24 is established to cancel/rewrite when converting a standard rated policy to a Preferred Risk Policy (PRP) as a result of a map revision, LOMA, or LOMR. Under cancellation reason code 24, the expense allowance is retained by the WYO company on both the standard policy being canceled and the PRP being written. Likewise, the NFIP Direct agent's commission is retained on both the standard policy being canceled and the PRP being written.

The following conditions must be met to use cancellation reason code 24:

- The request to cancel/rewrite the standard policy must be received during the policy term or within 6 months from the policy expiration date.
- The standard policy has no open claim or closed paid claim.

The building and/or contents coverage on the new PRP must be equal either to the building limit and/or contents limit issued under the standard policy, or to the next higher limit available under the PRP if there is no PRP option equal to the standard B, C, or X Zone building and/or contents limit.

- Cancellation reason code 22 is revised and is to be used only to cancel/rewrite policies that are misrated. This includes policies written in error as standard B, C, or X Zone and that were eligible to be written as a PRP at the beginning of the policy year.

Companies may use cancellation reason code 22 to cancel/rewrite policies due to map revision, LOMA, or LOMR until they have implemented cancellation reason code 24.

See changes to the Financial Reporting Procedure, item 2 below.

2. Financial Reporting Procedure

Transition Reporting with Cancellation Reason Code 22:

- The Transition Financial Reporting provided below should be used for reporting the WYO company expense allowance and, for NFIP Direct Business, the agent's commission being retained when canceling and rewriting a standard rated flood insurance policy to a PRP as the result of a map revision, LOMA, or LOMR.

Transition reporting requires that the WYO company and the NFIP Servicing Agent include an additional Excel spreadsheet with the monthly Financial Exhibits to report the cancellation premium included in Net Written Premium and which resulted in a reduction to the Expense Allowance. The Transition Financial Reporting will calculate and debit (add back) the Retained Expense Allowance. The Retained Expense Allowance is reported as a debit amount on the Financial Statement Exhibit IV, Line 426, Expense Allowance Adjustment.

Provide the following information:

Number of Canceled Policies	_____
Total Cancellation Premium	_____
Expense Allowance/Agent's Commission	_____ %
Retained Expense Allowance/Agent's Commission (Line 426)	_____ (Premium x ____%)

Final Reporting with Cancellation Reason Code 24:

- WYO Companies that have implemented the new cancellation reason code 24 should continue to include the cancellation premium in Net Written Premium. However, these WYO companies should report the Retained Expense Allowance on the Financial Statement Exhibit IV, as a debit on Line 426, Expense Allowance Adjustment.

The Transition Financial Reporting form is no longer required.

3. Editing of Preferred Risk Policy Eligibility

- The NFIP Bureau and Statistical Agent will develop a process to ensure that statistical errors are not generated on new PRPs written as a result of a map revision, LOMA, or LOMR.

4. Flood Insurance Manual

- The NFIP *Flood Insurance Manual* will be revised to reflect these changes at a later date.

Attachment 2

2/1/05 TRRP PLAN CHANGES

Attached are the revised pages for the WYO *TRRP Plan*, effective February 1, 2005. The changes are briefly described below.

Part 4	<p>Revisions for stated data elements in Data Dictionary –</p> <ul style="list-style-type: none">• Cancellation/Voidance Reason: Revised text for cancellation reason code 22. Added text for new cancellation reason code 24. Added new case example – Case XII: Reason 24. Added cancellation reason code 24 to table outlining the processing outcomes for cancellation/nullification of a flood insurance policy. Revised descriptions for cancellation codes 04, 22, and 24 in the Edit Criteria.• New/Renewal Indicator: Revised text on the usage of new/renewal indicator ‘Z’ for TRRP reason code 22. Added text on the usage of new/renewal indicator ‘Z’ for TRRP reason code 24. Revised Edit Criteria on new/renewal indicator ‘Z’.
Part 5	<ul style="list-style-type: none">• Cancellation/Voidance Reason Revised descriptions for cancellation reason codes 19 and 22. Added description for cancellation reason code 24.• New/Renewal Indicator Revised description for new/renewal indicator ‘Z’.

NATIONAL FLOOD INSURANCE PROGRAM
TRANSACTION RECORD REPORTING AND PROCESSING (TRRP) PLAN
for the
WRITE YOUR OWN (WYO) PROGRAM

Revision 1.....	January 1, 1992
Revision 2.....	March 1, 1995
Revision 3.....	October 1, 1997
Revision 4.....	October 1, 2001
Changes 1 & 2	May 1, 2002
Change 3	October 1, 2002
Change 4	May 1, 2003
Change 5	October 1, 2003
Change 6	May 1, 2004
Change 6.1	February 1, 2005

DATA ELEMENT: Cancellation/Voidance Reason (Cont'd.)

DESCRIPTION: (Cont'd.)

Open Claim: Policy cannot be canceled.

Closed Claim without Payment: Policy can be canceled.

Closed Claim with Payment: Policy cannot be canceled.

NOTE: Cancellation effective date must be the same as the current term policy effective date.

22. **Cancel/Rewrite Due to Misrating.** This reason code is used to cancel and rewrite policies that are misrated. The code should also be used when MPPP policies are canceled and rewritten and when changes are made due to system constraints. Refunds resulting from the cancellation must be applied to the rewritten policy prior to any refund being generated. Use New/Renewal Indicator 'Z' to report the new policy. Reason code '22' should not be used when converting a standard rated policy to a PRP as a result of a map revision, LOMA, or LOMR (see reason code '24').

TRRP Reason Code: 22
Number of Policy Years Allowed: 6*
Number of Policy Terms Allowed: 6

*Refunds beyond 2 years must be submitted to the NFIP Bureau and Statistical Agent.

NOTE: A policy written in error as a standard B, C, or X Zone policy but found to be eligible as a PRP at the beginning of the current term may be canceled and rewritten only for the current term.

Premium Refund:

- Full--Expense Constant, Federal Policy Fee, and Probation Surcharge are fully refunded.
- Pro-Rata--N/A

One-Year Term: Cancellation effective date is:

- Prior term--Full refund
- Current term--Full refund

Three-Year Term: N/A

Open Claim: Policy cannot be canceled.

Closed Claim without Payment: Policy can be canceled.

Closed Claim with Payment: Policy cannot be canceled.

23. **Fraud.** This reason code is used when fraud has been determined. No premium refunds are allowed with this reason code. The agent will be allowed to retain the

DATA ELEMENT: Cancellation/Voidance Reason (Cont'd.)

DESCRIPTION: (Cont'd.)

full commission and the company's expense allowance will not be reduced.

TRRP Reason Code: 23
Number of Policy Years Allowed: 1
Number of Policy Terms Allowed: 1

Premium Refund:

- Full--N/A
- Pro-Rata--N/A

One-Year Term: Cancellation effective date is:

- Prior term--N/A
- Current term--N/A

Three-Year Term: N/A

Open Claim: Policy can be canceled.

Closed Claim without Payment: Policy can be canceled.

Closed Claim with Payment: Policy can be canceled.

24. **Cancel/Rewrite Due to Map Revision.** This reason code is used to cancel and rewrite a standard flood insurance policy to a PRP as the result of a map revision, LOMA, or LOMR. The standard policy will be canceled and rewritten as a PRP as of inception. Use New/Renewal Indicator 'Z' to report the new policy. Premium from the canceled policy will be applied to the PRP with the difference refunded to the policyholder. No 30-day waiting period will apply to the PRP. The WYO company will retain the full expense allowance from the canceled standard policy and be credited with the expense allowance on the new PRP. The NFIP Direct Business agent will retain the full commission from the canceled standard policy and be credited with the commission on the new PRP. This rule applies to the current policy year and one prior year provided that the effective date of the map revision or LOMA/LOMR occurred during the prior year.

TRRP Reason Code: 24
Number of Policy Years Allowed: 2
Number of Policy Terms Allowed: 2

Premium Refund:

- Full--Expense Constant, Federal Policy Fee, and Probation Surcharge are fully refunded.
- Pro-Rata--N/A

DATA ELEMENT: Cancellation/Voidance Reason (Cont'd.)

DESCRIPTION: (Cont'd.)

One-Year Term: Cancellation effective date is:

- Inception of the current or prior term--Full refund

Three-Year Term: N/A

Open Claim: Policy cannot be canceled.

Closed Claim without Payment: Policy can be canceled.

Closed Claim with Payment: Policy cannot be canceled

45. **Condominium Policy (Unit or Association) Converting to RCBAP.** This provides the means to report the cancellation of a condominium unit or association policy because coverage is being provided with an RCBAP.

TRRP Reason Code: 45
Number of Policy Years Allowed: 2*
Number of Policy Terms Allowed: 2

*The WYO companies are responsible for canceling and returning the premium up to 6 years of a 3-year policy, if a refund is allowed.

Premium Refund:

- Full--Return all premiums including Expense Constant, Federal Policy Fee, and Probation Surcharge.
- Pro-Rata--Mid-term cancellation of a 1-year or 3-year policy. Pro-rata calculations of all premiums including Expense Constant, Federal Policy Fee, and Probation Surcharge.

One-Year Term: Cancellation effective date is:

- Inception of prior or current term--Full refund including Expense Constant, Federal Policy Fee, and Probation Surcharge.
- Prior term (mid-term)--Pro-rata refund for prior year and full refund for the current year.
- Current term (mid-term)--Use pro-rata refund.

Three-Year Term: Cancellation effective date is:

- Inception of prior or current term--Full refund including Expense Constant, Federal Policy Fee, and Probation Surcharge.

DATA ELEMENT: Cancellation/Voidance Reason (Cont'd.)

DESCRIPTION: (Cont'd.)

- Prior term (mid-term)--Pro-rata refund for prior term and full refund for the current term.
- Current term (mid-term)-- Use pro-rata refund.

Open Claim: Policy cannot be canceled.

Closed Claim without Payment: Policy can be canceled.

Closed Claim with Payment: Cancellation effective date must be after the loss date.

NOTE: According to FIMA rules, a policy may be canceled back to the inception date of the policy, subject to the 6-year statute of limitations. The WYO companies are responsible for canceling and returning the premium for the current and 1 prior policy year, provided that it was the insurer for that period. If another NFIP insurer was the insurer for the prior policy year, the insurer for that year will be responsible for refunding the premium.

The NFIP Bureau and Statistical Agent will refund the premiums for the additional prior years beyond the current and 1 prior policy year.

50. **Policy Not Required by Mortgage.** This provides a means to cancel a policy when coverage was required by the mortgagee for a closing and it was determined that the property was not located in a Special Flood Hazard Area (SFHA). As a result, coverage was not required by the mortgagee. This cancellation reason can only be used to cancel the initial term. The cancellation effective date is the date the cancellation request is received by the writing company. FEMA Out-As-Shown determination is required to cancel the policy.

TRRP Reason Code: 50
Number of Policy Years Allowed: 1
Number of Policy Terms Allowed: 1

Premium Refund:

- Full--Return all premiums including Expense Constant, Federal Policy Fee, and Probation Surcharge, if the cancellation effective date is the inception of the initial term.

DATA ELEMENT: Cancellation/Voidance Reason (Cont'd.)

DESCRIPTION: (Cont'd.)

In all calculations, the community Probation Surcharge should be included as part of the Expense Constant.

Written Premium (including \$50 Expense Constant) plus \$30 Federal Policy fee = \$320.

Cases I, II, III, VI, VIII: Cancellation effective halfway through 1-year policy term

Cases VII, X: Cancellation effective at second anniversary date of 3-year policy term

Cases IV, V, IX, XII: Cancellation effective on policy term effective date

Case XI: Cancellation effective at the beginning of the term or mid-term

Case I: Reasons 1 and 2 with cancellation dates before 10/1/2003. See Case III for cancellation dates on or after 10/1/2003.

a) Calculation of Refund to Insured:

Written Premium and FPF	\$ 320.00
less Expense Constant	- 50.00
less Federal Policy Fee	- 30.00
Refund to Insured	<u>\$ 240.00</u>
Times Pro-rata Cancellation Factor	<u>x .5</u>
	\$ 120.00

b) Calculation of Expense Allowance Retained by WYO Company:

Written Premium and Federal Policy Fee	\$ 320.00
less Federal Policy Fee	- 30.00
less Premium Refund to Insured	- 120.00
Retained Written Premium subject to Expense Allowance	\$ 170.00
Expense Allowance Percentage	<u>x 32.9%</u>
Expense Allowance Subtotal	\$ 55.93
Premium Refund to Insured	\$ 120.00
Agent Commission Percentage	<u>x 15.0%</u>
Allowance for Agent Commission	\$ 18.00
Total Expense Allowance Retained	\$ 73.93

DATA ELEMENT: Cancellation/Voidance Reason (Cont'd.)

DESCRIPTION: (Cont'd.)

- c) Calculation of Expense Allowance Returned by WYO Company to NFIP:

Premium Refund to Insured	\$ 120.00
Difference between Expense Allowance and Commission Percentages	<u>x 17.9%</u>
Expense Allowance Returned	\$ 21.48

**Case II: Reason 52 with cancellation dates before 10/1/2003.
See Case III for cancellation dates on or after 10/1/2003.**

- a) Calculation of Refund to Insured:

Written Premium and FPF	\$ 320.00
less Expense Constant	- 50.00
less Federal Policy Fee	<u>- 30.00</u>
	\$ 240.00
Times Pro-rata Cancellation Factor	<u>x .5</u>
Refund to Insured	\$ 120.00

- b) Calculation of Expense Allowance Retained by WYO Company:

Written Premium and Federal Policy Fee	\$ 320.00
less Federal Policy Fee	- 30.00
less Premium Refund to Insured	<u>- 120.00</u>
Retained Written Premium subject to Expense Allowance	\$ 170.00
Expense Allowance Percentage	<u>x 32.9%</u>
Total Expense Allowance Retained	\$ 55.93

- c) Calculation of Expense Allowance Returned by WYO Company to NFIP:

Premium Refund to Insured	\$ 120.00
Expense Allowance Percentage	<u>x 32.9%</u>
Expense Allowance Returned	\$ 39.48

Case III: Reasons 3, 4 or 18; for reasons 1, 2, 17, 45, 50, and 52 with cancellation dates 10/1/2003 and after.

- a) Calculation of Refund to Insured:

Written Premium and Federal Policy Fee	\$ 320.00
Times Pro-rata Cancellation Factor	<u>x .5</u>
Refund to Insured	\$ 160.00

- b) Calculation of Expense Allowance Retained by WYO Company:

Written Premium and Federal Policy Fee	\$ 320.00
less Federal Policy Fee	<u>- 30.00</u>
Times Pro-rata Cancellation Factor	\$ 290 x .5
Premium subject to Expense Allowance	\$ 145.00
Expense Allowance Percentage	<u>x 32.9%</u>
Expense Allowance Subtotal	\$ 47.71

DATA ELEMENT: Cancellation/Voidance Reason (Cont'd.)

DESCRIPTION: (Cont'd.)

b) Calculation of Expense Allowance Retained by WYO Company:

Written Premium and Federal Policy Fee	\$ 320.00
less Federal Policy Fee	<u>- 30.00</u>
Times Pro-rata Cancellation Factor	\$ 290 x .5
Premium subject to Expense Allowance	\$ 145.00
Expense Allowance Percentage	<u>x 32.9%</u>
Expense Allowance Subtotal	\$ 47.71
Refund to Insured	\$ 160.00
less refunded portion of Federal Policy Fee (\$30.00 x .5)	<u>- 15.00</u>
	\$ 145.00
Agent Commission Percentage	<u>x 15.0%</u>
Allowance for Agent Commission	\$ 21.75
Total Expense Allowance Retained	\$ 69.46

c) Calculation of Expense Allowance Returned by WYO Company to NFIP:

Refund to Insured	\$ 160.00
less refunded portion of Federal Policy Fee (\$30.00 x .5)	<u>- 15.00</u>
	\$ 145.00
Difference between Expense Allowance and Commission Percentages	<u>x 17.9%</u>
Expense Allowance Returned	\$ 25.96

Case XII: Reason 24

- a) Refund resulting from the cancellation of the standard rated policy must be applied to the rewritten PRP prior to any refund being generated.
- b) Full expense allowance is retained by the WYO Company on the canceled standard rated policy.
- c) Full expense allowance is retained by the WYO Company on the new PRP.
- d) Any overpayment on the PRP is returned to insured.

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**Processing Outcomes for Cancellation/Nullification
Of a Flood Insurance Policy
Effective 2/1/2005**

TRRP Reason Code	Premium Refund		Expense Constant			Federal Policy Fee			Producer Commission (Direct Business Only)			Operating Expense Allowance (WYO) *		
	Full	Pro Rata	Full Refund	Pro Rata	Fully Earned	Full Refund	Pro Rata	Fully Earned	Full Deduction	Pro Rata	Retained	Full Deduction	Pro Rata	Retained
01		X		X			X			X			X	
02		X		X			X			X			X	
03		X		X			X			X			X	
04		X		X			X			X			X	
05	X		X			X			X			X		
06	X		X			X			X			X		
08	X		X			X			X			X		
09	X		X			X					X	X		
10	NO REFUND OF PREMIUM, EXPENSE CONSTANT, OR FEDERAL POLICY FEE ALLOWED										X			X
16	X		X			X			X			X		
17		X		X			X			X			X	
18	DELETED													
20	X		X			X					X	X		
21	X		X			X			X			X		
22	X		X			X			X			X		
23	NO REFUND OF PREMIUM, EXPENSE CONSTANT, OR FEDERAL POLICY FEE ALLOWED										X			X
24	X		X			X					X			X
45		X		X			X			X			X	
50		X		X			X			X			X	
51	DELETED													
52		X		X			X			X			X	
60	X		X			X			X			X		
70	X		X			X			X			X		

*For TRRP Reason Codes 9 and 20, the 15% agent commission as part of the expense allowance paid to the Write Your Own Company will be retained.

DATA ELEMENT: Cancellation/Voidance Reason (Cont'd.)

EDIT CRITERIA: Number, Alphanumeric, Acceptable Values:

- 01 - Building Sold or Removed
- 02 - Contents Sold or Removed (for contents-only policy)
- 03 - Policy Canceled and Rewritten to Establish a Common Expiration Date with Other Insurance Coverage
- 04 - Duplicate NFIP Policies
- 05 - Non-Payment with Refund
- 06 - Risk Not Eligible for Coverage
- 08 - Property Closing Did Not Occur
- 09 - Insurance No Longer Required by Lender Because Property Is No Longer Located in Area of Special Flood Hazard (Map Revision Only)
- 10 - OTHER: Continuous Lake Flooding or Closed Basin Lakes
- 11 - Non-Payment/No Refund
- 16 - Insurance No Longer Required Based on FEMA Review of Lender's Special Flood Hazard Area Determination
- 17 - Duplicate Policies from Sources Other Than the NFIP
- 18 - Mid-term Cancellation of a 3-Year Policy to Obtain ICC Coverage
- 19 - Mortgage Paid-off on an MPPP Policy (combined with 52)
- 20 - Insurance No Longer Required by Lender Following the Issuance of a LOMA or LOMR
- 21 - Policy Was Written to the Wrong Facility (Repetitive Loss Target Group)
- 22 - Cancel/Rewrite Due to Misrating
- 23 - Fraud
- 24 - Cancel/Rewrite Due to Map Revision
- 45 - Condominium Policy (Unit or Association) Converting to RCBAP
- 50 - Policy Not Required by Mortgagee
- 51 - Mid-term Voidance of a 3-Year Policy Due to Cessation of Community Participation in NFIP
- 52 - Mortgage Paid Off
- 60 - Voidance Prior to Effective Date
- 70 - Voidance due to Credit Card Error

LENGTH: 2

DEPENDENCIES: Information is obtained from the Cancellation/Nullification Request Form.

SYSTEM FUNCTION: Policy History
Validation of Cancellation Reason

REPORTING REQUIREMENT: Required

DATA ELEMENT: New/Renewal Indicator

ALIAS: Rollover

ACRONYM: (PMF) ROLLOVER

FILE: Policy Master (PMF)
Actuarial (APOL)

DESCRIPTION:

Code indicating whether:

- The policy is a new issue generated by the WYO company (N).
- The policy was transferred from one WYO company to another and is considered a rollover or renewal (R).
- The policy is renewed by the WYO company but reported as new business due to either a cancellation/rewrite or conversion of an existing policy to a new NFIP policy form (R).
- The policy was transferred from NFIP Direct to a WYO company and is considered a rollover or renewal (R).
- The policy was transferred from one WYO company or the NFIP Direct to another WYO company and the elevation certification date was prior to October 1, 1997. This is to identify those rollover/renewal policies that are not required to report lowest adjacent grade, diagram number, or elevation certification date (E). Effective May 1, 2002, code 'E' will also identify those rollover/renewal policies that are not required to report replacement cost. Effective May 1, 2003, code 'E' will also identify those rollover/renewal policies that are not required to report the map panel number.
- The policy was canceled and rewritten for TRRP reason code 22. This is used when an MPPP policy was canceled and rewritten, and when changes are due to system constraints. It should also be used to identify a policy that was canceled as a standard X Zone policy and rewritten as a PRP due to misrating (Z).
- The policy was canceled and rewritten for TRRP reason code 24. This is used to identify a policy that was canceled as a standard rated policy and rewritten as a PRP as a result of a map revision, LOMA, or LOMR (Z).

DATA ELEMENT: New/Renewal Indicator (Cont'd.)

EDIT CRITERIA: Alpha, Acceptable Values:

N - New Issue

R - Rollover/Renewal

E - Rollover/Renewal with Elevation Certification
Date Prior to October 1, 1997

Z - Rewritten for TRRP cancellation reason codes 22
and 24

LENGTH: 1

DEPENDENCIES: Will be provided by WYO company or agent.

SYSTEM FUNCTION: Marketing Analysis
WYO Program Evaluation
Rating

REPORTING REQUIREMENT: Required

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DATA ELEMENT: Number of Floors(Including Basement)/Building Type

ALIAS: None

ACRONYM: Direct (PMF) Number-of-Floors
Direct (CMF) Num-Stories
WYO (PMF) BUILDING

FILE: Policy Master (PMF)
Claims Master (CMF)
Recertification Master (RCMF)
Reinspection Master (RIMF)
Actuarial (APOL)

DESCRIPTION:

Code that indicates the number of floors in the insured structure. Refer to the NFIP Standard Flood Insurance Policy for the definition of a building.

EDIT CRITERIA: Number, Alphanumeric, Acceptable Values:

- 1 - One floor
- 2 - Two floors
- 3 - Three or more floors
- 4 - Split-level
- 5 - Manufactured (mobile) home or travel trailer
on foundation
- 6 - Three or more floors - townhouse/rowhouse

LENGTH: 1

DEPENDENCIES: Information is obtained from the Flood Insurance Application. Claims Master should be in agreement with Policy Master.

SYSTEM FUNCTION: Rating Element

REPORTING REQUIREMENT: Required

PART 5 - CODES

INTRODUCTION

This section documents the coding scheme used to record NFIP/WYO insurance information.

BASEMENT/ENCLOSURE TYPE

<u>DESCRIPTION</u>	<u>CODE</u>
None	0
Finished	1
Unfinished	2

BUILDING DAMAGE SUBJECT TO POLICY EXCLUSIONS (ACV)

<u>DESCRIPTION</u>	<u>CODE</u>
Less than \$1,000	1
\$1,000 - \$2,000	2
\$2,001 - \$5,000	3
\$5,001 - \$10,000	4
\$10,001 - \$20,000	5
More than \$20,000	6

BUILDING IN COURSE OF CONSTRUCTION INDICATOR

<u>DESCRIPTION</u>	<u>CODE</u>
Yes	Y
No	N

CANCELLATION/VOIDANCE REASON

<u>DESCRIPTION</u>	<u>CODE</u>
Building Sold or Removed	01
Contents Sold or Removed (for Contents-Only Policy)	02
Policy Canceled and Rewritten to Establish a Common Expiration Date with Other Insurance Coverage	03
Duplicate NFIP Policies	04
Nonpayment With Refund	05
Risk Not Eligible for Coverage	06
Property Closing Did Not Occur	08
Insurance No Longer Required by Lender Because Property Is No Longer Located in a Special Flood Hazard Area (Map Revision Only)	09
Other: Continuous Lake Flooding or Closed Basin Lakes	10
Nonpayment/No Refund	11
Insurance No Longer Required Based on FEMA Review of Lender's Special Flood Hazard Area Determination	16
Duplicate Policies from Sources Other Than the NFIP	17
Mid-Term Cancellation of a 3-Year Policy to Obtain ICC Coverage	18
Mortgage Paid Off on a Mortgage Portfolio Protection Program (MPPP) Policy (combined with 52)	19

CANCELLATION/VOIDANCE REASON (Cont'd.)

<u>DESCRIPTION</u>	<u>CODE</u>
Insurance No Longer Required by Mortgagee Because Structure Has Been Removed from Special Flood Hazard Area by Means of Letter of Map Amendment (LOMA) or Letter of Map Revision (LOMR)	20
Policy Was Written to the Wrong Facility (Repetitive Loss Target Group)	21
Cancel/Rewrite Due to Misrating	22
Fraud	23
Cancel/Rewrite Due to Map Revision	24
Condominium Policy (Unit or Association) Converting to RCBAP	45
Policy Not Required by Mortgagee	50
Mid-Term Voidance of 3-Year Policy Due to Cessation of Community Participation in the NFIP	51
Mortgage Paid Off	52
Voidance Prior to Effective Date	60
Voidance Due to Credit Card Error	70

CAUSE OF LOSS

<u>DESCRIPTION</u>	<u>CODE</u>
Other Causes	0
Tidal Water Overflow	1
Stream, River, or Lake Overflow	2
Alluvial Fan Overflow	3
Accumulation of Rainfall or Snowmelt	4
Erosion - Demolition	7
Erosion - Removal	8
Earth Movement, Landslide, Land Subsidence, Sinkholes, etc.	9
Closed Basin Lake	A

CLAIM CLOSED WITHOUT PAYMENT REASON - BUILDING
CLAIM CLOSED WITHOUT PAYMENT REASON - CONTENTS

<u>DESCRIPTION</u>	<u>CODE</u>
Claim denied that was less than deductible	01
Seepage	02
Backup drains	03
Shrubs not covered	04
Sea wall	05
Not actual flood	06
Loss in progress	07
Failure to pursue claim	08
Debris removal only	09
Fire	10
Fence damage	11
Hydrostatic pressure	12
Drainage clogged	13
Boat piers	14
Not insured, damage before inception of policy	15
Not insured, wind damage	16

INSURANCE TO VALUE RATIO INDICATOR

<u>DESCRIPTION</u>	<u>CODE</u>
Less than .50	1
.50 - .74	2
.75 or More	3

LOCATION OF CONTENTS INDICATOR

<u>DESCRIPTION</u>	<u>CODE</u>
Basement Only	1
Basement and Above	2
Lowest Floor Only Above Ground Level	3
Lowest Floor Above Ground Level and Higher Floors	4
Above Ground Level More Than One Full Floor	5
Manufactured (Mobile) Home or Travel Trailer on Foundation	6

NAME FORMAT INDICATOR

<u>DESCRIPTION</u>	<u>CODE</u>
Person	P
Group	G

NAME OR DESCRIPTIVE INFORMATION INDICATOR

<u>DESCRIPTION</u>	<u>CODE</u>
Name	N
Descriptive	D

NEW/RENEWAL INDICATOR

<u>DESCRIPTION</u>	<u>CODE</u>
New Issue	N
Rollover/Renewal	R
Rollover/Renewal with Elevation Certification Date Prior to October 1, 1997	E
Rewritten for TRRP Cancellation Reason Codes 22 and 24	Z

NUMBER OF FLOORS (INCLUDING BASEMENT)/BUILDING TYPE

<u>DESCRIPTION</u>	<u>CODE</u>
One Floor	1
Two Floors	2
Three or More Floors	3
Split-Level	4
Manufactured (Mobile) Home or Travel Trailer on Foundation	5
Three or More Floors - Townhouse/Rowhouse	6

OBSTRUCTION TYPE

<u>DESCRIPTION</u>	<u>CODE</u>
Free of obstruction	10
With obstruction: enclosure/crawlspace with proper openings not used for rating (Zone A only)	15
With obstruction: less than 300 sq. ft. with breakaway walls, but no machinery or equipment attached to building below lowest elevated floor, or elevation of machinery/equipment is at or above Base Flood Elevation	20
With obstruction: less than 300 sq. ft. with breakaway walls and with machinery or equipment attached to building below lowest elevated floor, and elevation of machinery/equipment is below Base Flood Elevation	24
With obstruction: 300 sq. ft. or more with breakaway walls, but no machinery or equipment attached to building below lowest elevated floor	30
With obstruction: 300 sq. ft. or more with breakaway walls and with machinery or equipment attached to building below lowest elevated floor	34
With obstruction: no walls, but the elevation of machinery or equipment attached to building is below Base Flood Elevation (NOTE: Use Obstruction Type "10" and Without Obstruction Rate Table if the elevation of machinery/Equipment is at or above Base Flood Elevation.)	40
With obstruction: nonbreakaway walls with no machinery or equipment attached to building below lowest elevated floor	50
With obstruction: nonbreakaway walls with machinery or equipment attached to building below lowest elevated floor	54
With obstruction	60

OCCUPANCY TYPE

<u>DESCRIPTION</u>	<u>CODE</u>
Single-Family	1
Two- to Four-Family	2
Other Residential	3
Nonresidential	4