U.S. Department of Homeland Security
500 C Street, SW
Washington, DC, 20472

FEMA

W-13015

March 19, 2013

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: Revised Severe Repetitive Loss Letters Effective May 1, 2013

As part of the Severe Repetitive Loss (SRL) properties strategy, NFIP insurers notify the agent, lender, and policyholder of SRL properties that affected policies will transfer to the Special Direct Facility of the NFIP Servicing Agent for handling. These notification letters currently reference the SRL Grants Program, which was eliminated by the Biggert-Waters Flood Insurance Reform Act of 2012.

FEMA has revised the notification letters to reference the Flood Mitigation Assistance (FMA) Program, which was authorized by the National Flood Insurance Reform Act of 1994 and amended by the Biggert-Waters Flood Insurance Reform Act of 2012. The FMA Program continues to focus on the mitigation of SRL properties; it may provide Federal grant funds to pay for up to 100 percent of the cost of eligible mitigation activities.

Copies of the updated notification letters for the agent, lender, and policyholder are attached and must be implemented in your processing of SRL properties by May 1, 2013.

Attachments

cc: IBHS, FIPNC, Government Technical Representative

Suggested Routing: Data Processing, Marketing, Underwriting

U.S. Department of Homeland Security
500 C Street, SW
Washington, DC 20472

IMPORTANT FLOOD INSURANCE POLICY INFORMATION

Insured's Name:

Property Address:

Policy Number:

Dear Agent:

As you may be aware, your client's property, which is covered by flood insurance, has experienced repetitive flood losses under FEMA's National Flood Insurance Program (NFIP). This letter is to inform you that your client's property meets the criteria for a subset of repetitive loss structures: insured properties with a high frequency of losses or a high value of claims. These properties are designated as Severe Repetitive Loss (SRL) properties.

Congress recognized that SRL properties represent the greatest risk of sustaining repeated flood losses and, through the Flood Insurance Reform Act of 2004, made it a top priority to reduce the number of SRL properties nationwide. As of January 2013, FEMA has identified approximately 11,900 properties that meet the designation for SRL. The loss characteristics of an SRL property must meet one of the following criteria based on paid flood losses since 1978, regardless of ownership:

(1) Four or more separate claim payments of more than $5,000 each (building and/or contents payments); or

(2) Two or more separate claim payments (building payments only) where the total of the payments exceeds the current value of the property.

In either case, two of the claim payments must have occurred within 10 years of each other. If there are multiple losses at the same location within 10 days of each other, they are counted as one loss, with the payment amounts added collectively.

The strategy for reducing the number of SRL properties is twofold: First, the NFIP has centralized the processing of all flood insurance policies for SRL properties in order for FEMA to obtain additional underwriting information, verify loss information, and collect information about the flood risk to the SRL properties. Second, FEMA implements the Flood Mitigation Assistance (FMA) grant program annually to mitigate SRL properties. You need to be aware of the following:

- The Write Your Own (WYO) Insurance Companies that sell and service flood insurance under the NFIP will assign flood insurance policies for SRL properties, upon renewal, to a centralized processing center operated by the NFIP Servicing Agent. This center is the Special Direct Facility (SDF).

- As a result, your client's policy will not be processed by the chosen WYO Company or by the traditional NFIP Direct Program. You will, however, continue to be the agent of record throughout the process.

- Approximately 45 days prior to the renewal date of the policy, your client will receive a premium bill from the NFIP Servicing Agent. **This bill is the only bill that should be paid by your client.**

- For the time being, the SDF will be the only source of NFIP flood insurance coverage for your client's property. As always, the full premium amount and any related fees should be paid by the date indicated. The policy sent to your client will meet all the requirements of any mortgage company to the same extent as the current policy.

- You should encourage your client to continue to contact you directly for any service needs on the policy because you will remain the agent of record.

- The NFIP provides a procedure for your client to follow if he or she believes that FEMA has incorrectly included his or her insured property on its list of SRL properties.

The FMA Program was authorized by the National Flood Insurance Reform Act of 1994 and amended by the Biggert-Waters Flood Insurance Reform Act of 2012. The FMA Program may provide Federal grant funds to pay for up to 100 percent of the cost of eligible mitigation activities, such as elevating your client's NFIP-insured structure. Mitigated properties may qualify for reduced flood insurance rates. To obtain additional information on the FMA Program and other mitigation grant programs for residential and non-residential properties, please contact your local floodplain manager or state hazard mitigation officer, or go to the FEMA Hazard Mitigation Assistance webpage at **www.fema.gov/hazard-mitigation-assistance.**

FEMA's goal is to reduce the devastating effects of repetitive flood losses. If you have questions about this letter and the SRL procedures, please contact the NFIP Help Center by telephone at the toll-free number 1-866-395-7496.

Sincerely,

David L. Miller
Associate Administrator
Federal Insurance and Mitigation Administration

U.S. Department of Homeland Security
500 C Street, SW
Washington, DC 20472

IMPORTANT FLOOD INSURANCE POLICY INFORMATION

Insured's Name:

Property Address:

Policy Number:

Dear Lender:

As you may be aware, your client's property, which is covered by flood insurance, has experienced repetitive flood losses under FEMA's National Flood Insurance Program (NFIP). This letter is to inform you that your client's property meets the criteria for a subset of repetitive loss structures: insured properties with a high frequency of losses or a high value of claims. These properties are designated as Severe Repetitive Loss (SRL) properties.

Congress recognized that SRL properties represent the greatest risk of sustaining repeated flood losses and, through the Flood Insurance Reform Act of 2004, made it a top priority to reduce the number of SRL properties nationwide. As of January 2013, FEMA has identified approximately 11,900 properties that meet the designation for SRL. The loss characteristics of an SRL property must meet one of the following criteria based on paid flood losses since 1978, regardless of ownership:

(1) Four or more separate claim payments of more than $5,000 each (building and/or contents payments); or

(2) Two or more separate claim payments (building payments only) where the total of the payments exceeds the current value of the property.

In either case, two of the claim payments must have occurred within 10 years of each other. If there are multiple losses at the same location within 10 days of each other, they are counted as one loss, with the payment amounts added collectively.

The strategy for reducing the number of SRL properties is twofold. First, the NFIP has centralized the processing of all flood insurance policies for SRL properties in order for FEMA to obtain additional underwriting information, verify loss information, and collect information about the flood risk to the SRL properties. Second, FEMA implements the Flood Mitigation Assistance (FMA) grant program annually to mitigate SRL properties. You need to be aware of the following:

- The Write Your Own (WYO) Insurance Companies that sell and service flood insurance under the NFIP will assign flood insurance policies for SRL properties, upon renewal, to a centralized processing center operated by the NFIP Servicing Agent. This center is the Special Direct Facility (SDF).

- As a result, your client's policy will not be processed by the chosen WYO Company or by the traditional NFIP Direct Program.

- Approximately 45 days prior to the renewal date of the policy, your client will receive a premium bill from the NFIP Servicing Agent. **This bill is the only bill that should be paid by your client.**

- For the time being, the SDF will be the only source of NFIP flood insurance coverage for your client's property. As always, the full premium amount and any related fees should be paid by the date indicated. The policy sent to your client will meet all the requirements of any mortgage company to the same extent as the current policy.

- The NFIP provides a procedure for your client to follow if he or she believes that FEMA has incorrectly included his or her insured property on its list of SRL properties.

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Sincerely,

David L. Miller
Associate Administrator
Federal Insurance and Mitigation Administration

National Flood Insurance Program
U.S. Department of Homeland Security
P.O. Box 2966
Shawnee Mission, KS 66201-1366

FEMA

IMPORTANT FLOOD INSURANCE POLICY INFORMATION

Insured's Name:

Property Address:

Policy Number:

Dear Policyholder:

As you may be aware, your property, which is covered by flood insurance, has experienced repetitive flood losses under FEMA's National Flood Insurance Program (NFIP). This letter is to inform you that your property meets the criteria for a subset of repetitive loss structures: insured properties with a high frequency of losses or a high value of claims. These properties are designated as Severe Repetitive Loss (SRL) properties.

Congress recognized that SRL properties represent the greatest risk of sustaining repeated flood losses and, through the Flood Insurance Reform Act of 2004, made it a top priority to reduce the number of SRL properties nationwide. As of January 2013, FEMA has identified approximately 11,900 properties that meet the designation for SRL. The loss characteristics of an SRL property must meet one of the following criteria based on paid flood losses since 1978, regardless of ownership:

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- As a result, your policy will not be processed by your chosen WYO Company or by the traditional NFIP Direct Program. Your agent, however, will continue to be the agent of record throughout the process.

- Approximately 45 days prior to the renewal date of your policy, you will receive a premium bill from the NFIP Servicing Agent. **This bill is the only bill that you should pay.**

- For the time being, the SDF will be the only source of NFIP flood insurance coverage for your property. As always, the full premium amount and any related fees should be paid by the date indicated. The policy sent to you will meet all the requirements of any mortgage company to the same extent as your current policy.

- You may continue to contact your agent directly for any service needs on the policy because he or she will remain the agent of record.

- The NFIP provides a procedure for you to follow if you believe that FEMA has incorrectly included your insured property on its list of SRL properties.

The FMA Program was authorized by the National Flood Insurance Reform Act of 1994 and amended by the Biggert-Waters Flood Insurance Reform Act of 2012. The FMA Program may provide Federal grant funds to pay for up to 100 percent of the cost of eligible mitigation activities, such as elevating your NFIP-insured structure. Mitigated properties may qualify for reduced flood insurance rates. To obtain additional information on the FMA Program and other mitigation grant programs for residential and non-residential properties, please contact your local floodplain manager or state hazard mitigation officer, or go to the FEMA Hazard Mitigation Assistance webpage at **www.fema.gov/hazard-mitigation-assistance.**

FEMA's goal is to reduce the devastating effects of repetitive flood losses. If you have questions about this letter and the SRL procedures, please contact the NFIP Help Center by telephone at the toll-free number 1-866-395-7496.

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David L. Miller
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