



**FEMA**

W-13048

August 12, 2013

**MEMORANDUM FOR:** Write Your Own (WYO) Principal Coordinators and the National Flood Insurance Program (NFIP) Servicing Agent

A handwritten signature in cursive script that reads "Jhun de la Cruz".

**FROM:** Jhun de la Cruz  
Branch Chief, Underwriting  
Risk Insurance Division

**SUBJECT:** Sample Letters Related to Processing Renewals of Certain Pre-FIRM Subsidized Policies for Buildings That are SRL, Non-residential, or With Cumulative Total of Claims Exceeding Fair Market Value

This bulletin provides sample letters for renewal of certain pre-FIRM subsidized policies for buildings that are Severe Repetitive Loss properties, repeatedly flooded with claims exceeding fair market value, or non-residential.

Please see the attached sample letters, which may be sent to affected policyholders, agents, and lenders in advance of the policy renewal date. The new rates take effect October 1, 2013.

In three previous bulletins (W-13033 dated June 14, 2013, W-13041 dated July 10, 2013, and W-13046 dated August 8, 2013), FEMA provided detailed procedures for processing renewals of certain Pre-FIRM subsidized policies that are new, lapsed, or assigned.

Thank you for your continued support in implementing these new procedures.

Attachment

cc: Vendors, IBHS, FIPNC, Government Technical Representative

Required Routing: Data Processing, Marketing, Underwriting

**NATIONAL FLOOD INSURANCE PROGRAM  
LETTER REGARDING YOUR POLICY RENEWAL**

<Date>

<Named Insured>

Mailing Address: <>

Policy # <>

Property Address: <>

***IMPORTANT — PREMIUM INCREASES FOR CERTAIN PRE-FIRM  
SEVERE REPETITIVE LOSS PROPERTIES***

Dear Policyholder,

Subsidized flood insurance rates traditionally have been available for structures built before the effective date of a community's initial FEMA Flood Insurance Rate Map. The subsidized rates do not reflect the full risk of flood loss. Recent legislation, the Biggert-Waters Flood Insurance Reform Act of 2012, phases out subsidized rates for certain properties, including Severe Repetitive Loss (SRL) properties. Our records indicate that your building is an SRL property\*, and you have been paying a subsidized rate.

Starting October 1, 2013, the subsidy you have been paying will be phased out as required by the law, and therefore, your premium must increase 25 percent each year until it reaches the full-risk rate. The enclosed renewal bill reflects the statutorily-required 25 percent increase.

***To calculate your building's full-risk rate, your agent will need an Elevation Certificate.*** If the full-risk rate is less than the 25 percent increase, your premium will only increase to the full-risk rate.

Obtaining an Elevation Certificate will help you understand the extent of your flood risk; aid in making effective decisions to prevent or minimize your flood risk, such as elevating your home; and allow your agent to advise you about the most cost-effective approach to your flood insurance. ***If you don't have an Elevation Certificate for your building, you may need to hire a surveyor to come to your property to complete the certificate.*** Go to [www.fema.gov/library/viewRecord.do?id=7408](http://www.fema.gov/library/viewRecord.do?id=7408) for more information about obtaining an Elevation Certificate.

Now, more than ever, it is important that you know your true flood risk as flood insurance premiums shift to reflect that risk.

Please contact your insurance agent for more information.

\* a Severe Repetitive Loss property is defined as one that has at least four claim payments of more than \$5,000 each, or a property in which at least two separate claims have been made where the cumulative amount of the claims exceeds the market value of the building within any ten-year period.

**NATIONAL FLOOD INSURANCE PROGRAM  
LETTER REGARDING YOUR POLICY RENEWAL**

<Date>

<Named Insured>

Mailing Address: < >

Policy # < >

Property Address: < >

***IMPORTANT — PREMIUM INCREASES FOR CERTAIN PRE-FIRM  
BUILDINGS WITH CUMULATIVE TOTAL OF CLAIMS EXCEEDING FAIR MARKET  
VALUE***

Dear Policyholder,

Subsidized flood insurance rates traditionally have been available for structures built before the effective date of a community's initial FEMA Flood Insurance Rate Map. The subsidized rates do not reflect the full risk of flood loss. Recent legislation, the Biggert-Waters Flood Insurance Reform Act of 2012, phases out subsidized rates for certain properties, including properties where the cumulative total of flood insurance claims exceeds the fair market value of the building.

Our records indicate you have been paying a subsidized rate for your building and the cumulative total of your flood insurance claims has exceeded the fair market value of the building. Starting October 1, 2013, the subsidy will be phased out as required by the law, and therefore, your premium must increase 25 percent annually until it reaches the full-risk rate. The enclosed renewal bill reflects the statutorily-required 25 percent increase.

***To calculate your building's full-risk rate, your agent will need an Elevation Certificate.*** If the full-risk rate is less than the 25 percent, your premium will only increase to the full-risk rate.

Obtaining an Elevation Certificate will help you understand the extent of your flood risk; aid in making effective decisions to prevent or minimize your flood risk, such as elevating your home; and allow your agent to advise you about the most cost-effective approach to your flood insurance. ***If you don't have an Elevation Certificate for your building, you may need to hire a surveyor to come to your property to complete the certificate.*** Go to [www.fema.gov/library/viewRecord.do?id=7408](http://www.fema.gov/library/viewRecord.do?id=7408) for more information about obtaining an Elevation Certificate.

Now, more than ever, it is important that you know your true flood risk as flood insurance premiums shift to reflect that risk.

Please contact your insurance agent for more information.

**NATIONAL FLOOD INSURANCE PROGRAM  
LETTER REGARDING YOUR POLICY RENEWAL**

<Date>

<Named Insured>

Mailing Address: <>

Policy # <>

Property Address: <>

***IMPORTANT — PREMIUM INCREASES FOR CERTAIN PRE-FIRM  
NON-RESIDENTIAL/BUSINESS PROPERTIES***

Dear Policyholder,

Subsidized flood insurance rates traditionally have been available for structures built before the effective date of a community's initial FEMA Flood Insurance Rate Map. The subsidized rates do not reflect the full risk of flood loss. Recent legislation, the Biggert-Waters Flood Insurance Reform Act of 2012, phases out subsidized rates for certain properties, including business/non-residential building properties.

Our records indicate you have been paying a subsidized rate for your business/non-residential building. Starting October 1, 2013, the subsidy will be phased out as required by the law, and therefore, your premium must increase 25 percent annually until it reaches the full-risk rate. The enclosed renewal bill reflects the statutorily-required 25 percent increase.

***To calculate your building's full-risk rate, your agent will need an Elevation Certificate.*** If the full-risk rate is less than the 25 percent, your premium will only increase to the full-risk rate.

Obtaining an Elevation Certificate will help you understand the extent of your flood risk; aid in making effective decisions to prevent or minimize your flood risk, such as elevating your home; and allow your agent to advise you about the most cost-effective approach to your flood insurance. ***If you don't have an Elevation Certificate for your building, you may need to hire a surveyor to come to your property to complete the certificate.*** Go to [www.fema.gov/library/viewRecord.do?id=7408](http://www.fema.gov/library/viewRecord.do?id=7408) for more information about obtaining an Elevation Certificate.

Now, more than ever, it is important that you know your true flood risk as flood insurance premiums shift to reflect that risk.

Please contact your insurance agent for more information.

<sup>1</sup> Business properties are part of a larger category of non-residential occupancy structures as defined by the NFIP.