

Work-Flow(s) to Notify Existing Policyholders of the Potential 2-Year PRP Eligibility Extension

Proposed Work-Flow 1

- A. Identify potentially eligible policies among existing policies (see the first 5 steps of the 6-step logic to identify policies eligible for the 2-year PRP eligibility extension below).
- B. Send notification of potential eligibility to the existing policyholder, lender, and agent for all policies identified in Step (A) 90 days prior to the expiration date.
- C. The policyholder and agent will obtain documentation to support the 2-year PRP eligibility extension (See step 6 of the 6-step logic to identify policies eligible for the 2-year PRP eligibility extension below).
- D. Make a PRP renewal offer to those policyholders that are eligible for the 2-year PRP eligibility extension.
- E. If the PRP renewal offer is accepted and premium paid, issue a PRP Declarations with explanatory letter.
- F. Renew the policy in the second year as a PRP if applicable.
- G. Convert to a standard rated in on the first renewal date more than 2 years after the map change effective date.

Proposed Work-Flow 2

- A. Identify eligible policies among existing policies (Follow the entire 6-step logic to identify policies eligible for the 2-year PRP eligibility extension below).
- B. Make a PRP renewal offer to those policyholders that are eligible for the 2-year PRP eligibility extension.
- C. If the PRP renewal offer is accepted and premium paid, issue a PRP Declarations with explanatory letter.
- D. Renew the policy in the second year as a PRP if applicable.
- E. Convert to a standard rated in on the first renewal date more than 2 years after the map change effective date.

Work-Flow to identify New Business 2-Year PRP Eligibility Extension

- A. Identify eligible applicants (Follow the entire 6-step logic to identify policies eligible for the 2-year PRP eligibility extension below).
- B. Make a PRP offer to those applicants that are eligible for the 2-year PRP eligibility extension.
- C. If the PRP offer is accepted and premium paid, issue a PRP Declarations with explanatory letter.
- D. Renew the policy in the second year as a PRP if applicable.
- E. Convert to a standard rated in on the first renewal date more than 2 years after the map change effective date.

Six-Step Logic to Identify Policies That May Receive the 2-Year PRP Eligibility Extension

Note: Depending on how data is stored and retrieved in a company's system, all steps could potentially be performed as a single data query. The steps are steps in logic, not distinct work units. In the NFIP system of record, all information necessary to identify policies through step five is stored on repetitive loss file, the policy master file and community file.

Step One: Identify properties and/or existing policies that are ineligible for the Preferred Risk Policy (PRP), due to loss history (using the repetitive loss file or agent application):

- Properties with 2 flood insurance claim payments, each more than \$1,000, are ineligible for the PRP.
- 3 or more flood insurance claim payments, regardless of amount, are ineligible for the PRP.
- 2 Federal flood disaster relief payments (including loans and grants), each more than \$1,000, are ineligible for the PRP.
- 3 Federal flood disaster relief payments (including loans and grants), regardless of amount, are ineligible for the PRP.
- 1 flood insurance claim payment and 1 Federal flood disaster relief payment (including loans and grants), each more than \$1,000, are ineligible for the PRP.

Step Two: Identify properties and/or existing policies that are ineligible for the PRP, regardless of the map information.

- Emergency Program policies are ineligible for the PRP.
- The Residential Condominium Building Association Policy (RCBAP) is not eligible for the PRP.
- Individual residential condominium units in a non-residential condominium building are not eligible for building coverage under the PRP.
- Individual non-residential condominium units are not eligible for building coverage under the PRP.
- Contents located entirely in a basement are not eligible for contents-only coverage under the PRP. However, contents in located entirely in an enclosure are eligible.
- Provisional rated policies are ineligible for the PRP.
- Tentative rated policies are ineligible for the PRP.
- Leased Federal Policies are ineligible for the PRP.
- Group Flood Insurance Policies (GFIP) are ineligible for the PRP.
- Mortgage Portfolio Protection Policies (MPPP) are ineligible for the PRP.

Step Three: Identify remaining existing policies where the 2-year PRP eligibility extension will not apply due to effective dates:

- All policy years beginning prior to October 1, 2010, are ineligible for the 2-year PRP eligibility extension.
- All policy years effective on or after October 1, 2010, through and including September 30, 2012, where the most recent map change effective date is on or before September 30, 2008, are ineligible for the 2-year PRP eligibility extension.
- All policy years effective on or after October 1, 2012, where the map panel effective date is more than two years before the policy effective date, are ineligible for the 2-year PRP eligibility extension.

Step Four: Identify remaining existing policies where the 2-year PRP eligibility extension will not apply due to the building construction date:

- If the building construction date is after the most recent map panel effective date, are ineligible for the 2-year PRP eligibility extension.

OPTIONAL Step Five: Identify remaining existing policies where the 2-year PRP eligibility extension will not *likely* apply and no letter notifying policyholders of potential eligibility is required (optional letters may be sent):

- Current effective PRP will not need to be verified until the later of two dates: October 1, 2012, or the first renewal two years following a map change effective date. Prior to the later of these two dates, notification is optional.
- If the current zone on the policy is V, VE, or V1-V30, do not require notification. It is unlikely that properties previously located in low-to-moderate risks zones of B, C, or X would be newly designated in the highest risk velocity zones.
- If the original new business of the current standard policy is prior to October 1, 2007, notification is not required. It is unlikely that a map change newly designated the property from the non-SFHA to the SFHA on or after October 1, 2008 on a policy issued more than a year prior.

Step Six: From the remaining policies and applications, identify eligible policies for the 2-year PRP eligibility extension:

- If the property address on the policy or application was designated *outside* of the Special Flood Hazard Area (SFHA) in flood zones B, C, or X on the previous map panel, and is *inside* of the SFHA on the current panel effective within 2 years, the policy is eligible for the 2-year PRP eligibility extension.
- If the property address on the policy or application was designated *inside* of the Special Flood Hazard Area (SFHA) in flood zones B, C, or X on the previous map panel, and is *inside* of the SFHA on the current panel effective within 2 years, the policy is *ineligible* for the PRP, including the 2-year PRP eligibility extension.

Potential Methods of Performing Logic Step 6

Companies must document the policy file for all PRP's issued under the 2-year eligibility extension by providing evidence of the zone before and after the map change.

WYO Companies electing to use guaranteed flood zone determination certification services are advised to enter negotiations with their vendors to obtain accurate, timely, and cost effective verification of prior and current zone information for all existing policies identified through the first 5 steps of the 6 steps to identify policies eligible for the 2-year PRP eligibility extension above.

Additionally, WYO Companies may wish to negotiate processes and costs associated with obtaining previous and current map information from their flood zone determination vendors for all new business applications written in a panel with a map change within 2 years of the date of application.

Companies using internet quoting tools or flood rating software may develop automated solutions to identifying new business applicants eligible for the 2-year PRP extension, so long as the documentation requirements are met.

Acceptable documentation of the 2-year PRP eligibility extension includes: Digital FIRMs are available for many communities via the internet. In some cases, historic map information is also available. Digital FIRMs are available online at the FEMA Map Service Center at <://msc.fema.gov/webapp/wcs/stores/servlet/FemaWelcomeView?storeId=10001&catalogId=10001&langId=-1>.

Additionally acceptable forms of documentation for the current and prior map information are as follows:

- A Letter of Map Amendment (LOMA)
- A Letter of Map Revision (LOMR)
- A Letter of Determination Review (LODR)
- A copy of the most recent flood map marked to show the exact location and flood zone of the building
- A letter, indicating the exact location and flood zone of the building, that is signed and dated by a local community official
- An Elevation Certificate (EC), indicating the exact location and flood zone of the building, that is signed and dated by a surveyor, engineer, architect, or local community official
- A flood zone determination certification that guarantees the accuracy of the information

Agents should be made aware that community officials are often able to provide the documentation necessary to demonstrate the 2-year PRP eligibility extension.

Companies may also utilize documentation from a prior policy in their records if applicable to demonstrate previous map information.