March 27, 2018

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

FROM: Roy E. Wright
Deputy Associate Administrator for Insurance & Mitigation
Federal Insurance and Mitigation Administration

SUBJECT: October 1, 2018, Program Changes

This memorandum provides notification of the changes that the NFIP will implement effective
October 1, 2018. The changes will require modifications to the NFIP Flood Insurance Manual, the
Highlights of the program changes effective October 1, 2018, include the following:

- Establishment of Cancellation Reason Code 26 for duplicate coverage under a non-NFIP
  policy;
- Required notification of Preferred Risk Policy eligibility for certain cancellation reasons;
- Extended eligibility for the Newly Mapped rating procedure; and
- Updated data elements in the TRRP Plan.

Please see the following attachments for details of these upcoming Program Changes:

- Attachment A – Summary of the NFIP October 2018 Program Changes
- Attachment B – TRRP Plan and Edit Specifications Changes Effective October 1, 2018

The next scheduled updates to the Community Rating System (CRS) Eligible Communities list will
be effective October 1, 2018. The NFIP will provide the revised CRS list under separate cover by
August 1, 2018.

Attachments

cc: Vendors, IBHS, FIPNC, Government Technical Representative

Required Routing: Accounting, Claims, Data Processing, Marketing, Underwriting
ATTACHMENT A

SUMMARY OF THE NFIP PROGRAM CHANGES
EFFECTIVE OCTOBER 1, 2018
National Flood Insurance Program

October 1, 2018, Program Changes: A Summary

The changes outlined in this bulletin apply to new business, renewals, endorsements, and cancellations that will become effective on or after October 1, 2018.

1. Cancellation Reason Code 26 for Duplicate Coverage under Non-NFIP Policy

Beginning October 1, 2018, FEMA will establish Cancellation Reason Code 26 to allow cancellation of an NFIP policy when a policyholder has obtained a duplicate policy from sources other than the NFIP. The non-NFIP insurance coverage must be for building coverage on the same building that is insured by the flood policy being canceled.

- Cancellation Effective Date: The date the cancellation request is received by the insurer.
- Type of Refund: Pro-rata refund including ICC premium, Reserve Fund Assessment, and HFIAA Surcharge. The refund does not include the Federal Policy Fee and Probation Surcharge (if applicable).
- Cancellation Request: Must be received within the current NFIP policy year.
- Required Documentation: A copy of the non-NFIP policy’s declaration page and a statement from the mortgagee, if any, accepting the non-NFIP policy as the replacement.
- Years Eligible for Refund: Current year.

2. Required Notification of PRP Eligibility for Certain Cancellation Reasons

Effective October 1, 2018, NFIP insurers must inform eligible policyholders with standard-rated policies for property in a non-Special Flood Hazard Area (SFHA) of their option to convert to the Preferred Risk Policy (PRP). They must inform policyholders prior to processing cancellations for the following Cancellation Reason Codes:

- Reason Code 8 – Policy Not Required by Mortgagee
- Reason Code 9 – Insurance No Longer Required by Mortgagee Because Property Is No Longer Located in a Special Flood Hazard Area Because of a Physical Map Revision or LOMR
- Reason Code 15 – Insurance No Longer Required Based on FEMA Review of Lender’s Special Flood Hazard Area Determination
• Reason Code 19 – Insurance No Longer Required by the Mortgagee Because the Building Has Been Removed from the SFHA by Means of a LOMA

To implement this requirement, NFIP insurers may develop notice requirements that align with their normal business practices. NFIP insurers must be able to demonstrate that they informed eligible policyholders of the availability of the PRP.

Insurers may cancel/rewrite the policy to a PRP using the current cancel/rewrite procedures outlined in Cancellation Reason Code 22 or 24, as appropriate.

3. **Extended Eligibility for Newly Mapped Rating Procedure**

FEMA is extending the time period for properties newly mapped into an SFHA to be rated using the Newly Mapped rating procedure instead of going immediately to full-risk (actuarial) rating.

Currently, properties newly mapped into an SFHA are eligible for the Newly Mapped rating procedure if the applicant obtains coverage that is effective within 12 months of the map revision date. Effective October 1, 2018, FEMA is expanding eligibility to be either within 12 months of the map revision date or within 45 days of initial lender notification if the notification occurred within 24 months of the map revision date. In these cases, the Newly Mapped multiplier to be used for premium calculation should be based on the map effective date and the policy effective date for that new business transaction.

4. **TRRP/Edit Specifications Updates**

Refer to Attachment B for updated TRRP and Edit Specifications pages.