POLICY RENEWALS

I. GENERAL INFORMATION

The Standard Flood Insurance Policy (SFIP) is not a continuous policy. The policy contract is for the term of one year. Each policy contract expires at 12:01 a.m. on the last day of the policy term. Renewal of an expiring policy establishes a new policy term and new contractual agreement between the policyholder and the Federal Emergency Management Agency (FEMA). The National Flood Insurance Program (NFIP) must issue a notice of expiration not less than 45 days before the expiration of the flood insurance policy by first-class mail to the owner of the property, the servicer of any loan secured by the property, and (if known) the owner of the loan.

All policies, including Submit-for-Rate, must be renewed using the rates in effect on the renewal date.

Policy renewal documentation and premium should be submitted to the insurer in advance of the policy expiration date to ensure there is no lapse in coverage. There are 2 ways to renew a policy:

- The agent/producer will be required by the insurer to renew by means of an application or Recertification Questionnaire. In this instance, the agent/producer should complete an Application for renewal when recertifying or changing policy information, and mail it with the Total Amount Due to the insurer.

OR

- The payor must respond to a Renewal Notice including a renewal offer by selecting one of the coverage options shown on the direct mail notice and returning it with the Total Amount Due to the insurer.

II. RENEWAL NOTICE

All parties listed on the policy declarations page (insured, agent/producer, mortgagees) are to be mailed an initial Renewal Notice (page REN 5) no less than 45 days prior to the policy expiration date. Additional copies of this Renewal Notice may be mailed less than 45 days prior to policy expiration according to a company's standard business practices. The party designated on the policy record as the payor receives the payor's copy of the bill; all other parties receive a copy that states "THIS IS NOT A BILL."

A. Renewing for the Same Coverage – Option A

Option A of the Renewal Notice shows current amounts of insurance and deductibles at the time the Renewal Notice is printed.

B. Inflation Factor – Option B

Option B shows premium for amounts of insurance increased by an inflation factor of 10% for building coverage and 5% for contents coverage. The current deductible is used. For PRPs, Option B is the next-higher coverage combination available. There is no waiting period if Option B is chosen. The inflation option will be no higher than the replacement cost on record for that policy. If coverage higher than the current replacement cost on record is desired, updated replacement cost documentation must be submitted.

From time to time, an agent/producer may want to endorse a policy to initiate a renewal by means of application in order to change policy information even when the insurer has made a renewal offer by means of a Renewal Notice.

When an agent/producer opts to renew by means of application after a renewal offer has been made by the insurer, the 30-day waiting period does not apply when an additional amount of insurance is requested at the time of renewal that is no more than the amount of increase recommended by the insurer on the renewal bill to keep pace with inflation.

If a revised renewal offer results from an endorsement that increases coverage more than the previously offered inflation increase option and becomes effective at least 30 days before renewal, the revised limits will apply at the policy renewal. The revised renewal offer must be generated at least 30 days before the policy renewal in order for these revised limits to take effect at renewal. In either situation, the increased amount of coverage will be effective at 12:01 a.m. on the date of policy renewal, provided that the premium for the increased coverage is received before the expiration of the grace period.

The 30-day waiting period applies when an additional amount of insurance requested at renewal time is higher than the amount listed on the renewal bill provided by the insurer, and the request is received by the insurer less than 30 days prior to policy expiration. The beginning of the waiting period is determined by the standard rules for endorsement or application. Thus, in order for the coverage amount higher than the inflation option to take effect on the renewal date, the full premium must be received at least 30 days prior to the renewal effective date.

C. Nonrenewal and Cancellation

A policy intended for an ineligible risk is considered null, and cannot renew.

Renewal Notices will not be generated and policies will not be renewed for the following situations outlined in the SFIP where a building becomes ineligible for flood insurance after the time of application:

- Suspended community; *and*
- Section 1316 property.

However, in each of the situations above, any mortgagee named on the policy must be notified of the nonrenewal or cancellation, as required by the Mortgage Clause of the SFIP (see the Policy section, General Conditions, "Q. Mortgage Clause" in all policy forms). Within 5 days of the policy expiration date, an appropriately worded expiration notice must be sent to the mortgagee, with copies to the agent/producer and the insured.

III. FINAL NOTICE

Whether renewing by means of an Application, a Recertification Questionnaire, or a Renewal Notice, if the premium payment is not received by the insurer by the policy expiration date, a Final Notice (page REN 7) is produced and must be sent to all parties listed on the declarations page (the agent/producer, insured, and any mortgagee). The Final Notice must indicate that coverage has expired and that the expired policy will be reissued with a new effective date if the premium payment is not received by the insurer within 30 days following the policy expiration date.

Mortgagee protection under the policy shall continue in force after the expiration of the policy for 30 days from the mailing date. The Final Notice to the lender must indicate that coverage will terminate if premium is not received within this 30-day period. Insurers must be able to reproduce copies of the Final Notice to the mortgagee and have processes in place to verify the date the Final Notice was mailed.

IV. RENEWAL BY MEANS OF APPLICATION OR RECERTIFICATION QUESTIONNAIRE

To generate Renewal Notices with a renewal offer, the insurer must have received acceptable application data. Accordingly, the insurer may provide an Application for renewal to obtain missing information or a Recertification Questionnaire to validate previous rating. When renewing by means of an application or Recertification Questionnaire, a Renewal Notice will not be generated in cases where a policy has not been corrected or validated prior to the start of a renewal cycle. Therefore, it is important that agents/producers respond immediately to requests for additional information.

Situations that require a renewal by means of application or recertification include, but are not limited to, the following:

- Tentatively rated policy
- Provisionally rated policy
- FEMA reunderwriting requirements resulting from audit or quality review
- Misrating discovered by the insurer at the time of loss or during internal quality review
- Substantial damage or substantial improvement
- New additions or extensions to the building (even when not a substantial improvement)
- Building under construction during previous policy term
- Preferred Risk Policy (PRP) ineligibility or conversion to standard rating
- Loss of eligibility for NFIP grandfather rules

In each of the situations above, any mortgagee named on the policy must be notified of the requirement to renew by means of application or recertification no less than 45 days prior to policy expiration. If the Application for renewal or Recertification Questionnaire is not received by the expiration date, a Final Notice of nonrenewal is required by the Mortgage Clause of the SFIP (see the Policy section, General Conditions, "Q. Mortgage Clause" in all policy forms). The Final Notice must be mailed within 5 days of the policy expiration date. An appropriately worded expiration notice must be sent to the mortgagee, with copies to the agent/producer and the insured.

V. PREMIUM PAYMENT DUE

To ensure that the policy is renewed without a lapse in coverage, the premium must be received by the insurer within 30 days after the expiration date. As an alternative, the premium can be mailed by certified mail within 30 days after the expiration date. The term "certified mail" has been broadened to include not only the U.S. Postal Service, but also certain third-party delivery services. For details, see the Receipt Date subsection in the General Rules section. Use the renewal date plus 29 days to determine whether the renewal premium was received within 30 days.

Renewal payments may also be paid by VISA, MasterCard, Discover, or American Express. Use the detachable payment stub at the bottom of the Renewal Notice and Final Notice, or use the Credit Card Payment Form at the end of this section. The form is also available in the Forms Library on the NFIP Servicing Agent's website at http://www.nfipservices.com. If a charge is declined, you will be notified by mail.

Electronic transactions are permitted if the business process includes authentication of signatures and dates of receipt of premium. Write Your Own (WYO) Companies are responsible for determining the business practices and transaction authentication methods they will use to ensure the security and integrity of such transactions.

VI. RENEWAL EFFECTIVE DATE DETERMINATION

Renewal dates are calculated as follows:

- If the Final Notice and the premium payment are received by the insurer within 30 days following the expiration, the policy will be issued under the same policy number as the previous term, with no lapse in coverage. For example, if the policy expires on May 1, the Final Notice and premium payment must be received on or before May 30.
- If the Final Notice and the premium payment are received by the insurer after the 30-day period, but within 90 days following the expiration, the policy will be placed in force 30 days following receipt by the insurer.
- If the Final Notice and the premium payment are received after 90 days following the expiration date, the agent/producer must submit a new application with the full annual premium. The standard 30-day waiting period will apply.

VII. ENDORSEMENTS DURING RENEWAL CYCLE

Endorsements received by the insurer within 75 days of the policy expiration date may not be reflected on the renewal bill. The agent/producer therefore should ensure that the new policy is properly endorsed after renewal.

The agent/producer should use an application for renewal to ensure that all changes are reflected on the renewal.

VIII. SEVERE REPETITIVE LOSS PROPERTIES

All policy transactions for Severe Repetitive Loss (SRL) properties must be processed by the NFIP Special Direct Facility. See the SRL section of this manual for more information.

IX. TRANSFER OF BUSINESS AT RENEWAL

When an agent/producer moves any or all of their existing books of business from one insurer to another, this is considered a transfer of business. The new insurer must collect all underwriting information required at the time of the transfer in order to verify the correct rating and issuance of the policy. A declarations page usually does not provide all the required underwriting information.

The new insurer may use the elevation information on the declarations page issued by the previous insurer only when the Lowest Floor Elevation (LFE) and Base Flood Elevation (BFE) are provided. The elevation information on the previous declarations page must be validated when there is a discrepancy in the building description (e.g., the Application shows a basement or an enclosure and the declarations page does not, or the Application describes a non-elevated building and the declarations page describes an elevated building).

A PRP requires documentation of eligibility including verification of the flood zone.

A Residential Condominium Building Association Policy (RCBAP) requires all information needed to issue and rate the policy, including photos and RCV documentation. In addition, all elevation-rated policies being transferred that are effective on or after April 1, 2015, require photographs. The photographs on file with the previous insurer may be used if there have been no structural changes that affect the building's rating.

NOTE: Transfer of business does not include conversions of an entire book of business from one insurer or third-party administrator to another. When an insurer acquires another insurer's book of business, all underwriting files must be transferred in their entirety to the new insurer.

SUMMARY OF POLICY NOTICES

NOTICES	INSURED	AGENT/PRODUCER	MORTGAGEE
RENEWAL NOTICE Shown on pages REN 5–6	NFIP mails notice for payment 45 days prior to renewal date.	NFIP mails notice for payment 45 days prior to renewal date.	NFIP mails notice for payment 45 days prior to renewal date.
FINAL NOTICE Shown on pages REN 7–8	NFIP mails notice on policy expiration date.	NFIP mails notice on policy expiration date.	NFIP mails a 30-day notice of nonrenewal on expiration date. Mortgagee protection terminates 30 days after mailing of notice.
POLICY DECLARATIONS PAGE Not shown	NFIP mails policy declarations page.	NFIP mails policy declarations page.	NFIP mails policy declarations page.

National Flood Insurance Program
U.S. Department of Homeland Security
P.O. Box 2965
Shawnee Mission, KS 66201-1365
(800) 638-6620

FEMA

Policy Number:
Policy Expiration Date:
Billing Date:
Payor:

Agent:

Insured Property Location:

RENEWAL NOTICE: Your flood insurance is about to expire on the date shown above. Please follow renewal instructions on the remittance coupon below.

Special Instructions:

Coverage Options	Coverages		Deductibles		Premium
	Building	Contents	Building	Contents	
A: CURRENT COVERAGE	$	$	$	$	$
B: INCREASED COVERAGE	$	$	$	$	$

See reverse side of bill for important additional information.

Please note #6, deductible option changes, on back of this bill.

This Is Not A Bill - Homeoffice Copy
RETAIN FOR YOUR RECORDS

(**Please detach here and send this portion with your payment**.) DIRECT

Policy No.:	Bill ID:	Loan No.:	Amount Paid $

Choose from one of the following payment options: ☐ **Option A:** $ ☐ **Option B:** $

For credit card payment check card type and provide account information below:

☐MasterCard ☐AMEX ☐Discover
Card#: Exp. Date: ___/___

☐VISA Cardholder Signature: X_____

To remit by check make check payable to:

FEMA Flood Payments
P.O. Box 790348
St. Louis, MO 63179-0348

Due Date:
Billing Date:

To renew your policy by check or money order, be sure to return this portion to the address above. Make payment for the exact amount of the coverage option you selected. Write your policy number on your check or money order.

IMPORTANT MESSAGES

1. Provided your payment is received within 30 days of the expiration of your policy, it will be renewed without a lapse in coverage. Any payment received after the 30 day grace period and prior to 90 days will still renew your policy, however, there will be a 30 day waiting period for coverage to become effective. The 30 day waiting period begins the day the premium is received.
2. You are encouraged to insure your property for at least 80% of the structures replacement cost to ensure adequate coverage in the event of a loss. Contact your insurance agent for details.
3. If the mortgagee listed on the bill is not the current mortgagee, please forward the bill to the new financial institution (if they are responsible for premium payment) and have a change endorsement sent to correct the policy.
4. If this policy is a Preferred Risk Policy (PRP), please note that there have been recent changes to the eligibility requirements for the PRP. If the flood zone listed on your policy is not the zone on the current flood insurance rate map, you may no longer be eligible for the PRP. Please contact your insurance representative to verify if you are still eligible for this policy or to obtain a quote for a Standard policy.
5. Using Certified Mail when sending premium payments has the advantage of limiting lapses in coverage as the certified mail date is used as the premium receipt date to ensure the earliest receipt date possible and also provides a method to track your payment from the post office to the remittance center by going to www.usps.com/shipping/trackandconfirm.htm.
6. **Effective June 1, 2014 the following deductible option changes have been made.** Policies rated with full-risk rates (Post-FIRM, Pre-FIRM elevation-rated, and all X-zone rated policies) or in AR, AR Dual, or A99 zones will have a minimum deductible of $1,000 for building coverage and $1,000 for contents coverage if the building coverage does not exceed $100,000. If building coverage exceeds $100,000, the minimum deductible will be $1,250 for building and contents coverage. Policies rated with Pre-FIRM subsidized rates will have a minimum deductible of $1,500 for building or contents coverage if the building coverage does not exceed $100,000. If building coverage exceeds $100,000 the minimum deductible will be $2,000 for building or contents coverage. Contents-only policies will use the same minimum deductibles that apply to building coverage that does not exceed $100,000. For additional information concerning these changes or a premium quote, please contact your insurance representative.

This Policy is not subject to cancellation for reasons other than set forth in the National Flood Insurance Program rules and regulations. In matters involving billing disputes, cancellation is not available other than for billing processing error or fraud.

If you send us a check, it will be converted into an electronic funds transfer (EFT). This means we will copy your check and use the account information on it to electronically debit your account for the amount of the check. The debit from your account will usually occur within 24 hours, and will be shown on your regular account statement. You will not receive your original check back. We will destroy your original check, but we will keep the copy of it. If the EFT cannot be processed for technical reasons, you authorize us to process the copy in place of your original check. If the EFT cannot be completed because of insufficient funds, we may try to make the transfer up to 2 times.

National Flood Insurance Program
U.S. Department of Homeland Security
P.O. Box 2965
Shawnee Mission, KS 66201-1365
(800) 638-6620

Policy Number:
Policy Expiration Date:
Billing Date:
Payor:

Agent:

Insured Property Location:

FINAL NOTICE: Your flood insurance policy expired on the date shown above. Please disregard this notice if your payment has already been mailed.

Special Instructions:
The renewal premium for this policy has not been received as of the expiration date shown. Insurance coverage for the benefit of the mortgagee only will remain in force for 30 days. Coverage may be continued provided we receive premium for the desired coverage at the address shown below within 30 days.

Coverage Options	Coverages		Deductibles		Premium
	Building	Contents	Building	Contents	
A: CURRENT COVERAGE	$	$	$	$	$
B: INCREASED COVERAGE	$	$	$	$	$

See reverse side of bill for important additional information.
Please note #6, deductible option changes, on back of this bill.

This Is Not A Bill - Homeoffice Copy
RETAIN FOR YOUR RECORDS

(**Please detach here and send this portion with your payment**.) DIRECT

Policy No.:	Bill ID:	Loan No.:	Amount Paid $

Choose from one of the following payment options: ☐ **Option A: $** ☐ **Option B: $**

For credit card payment check card type and provide account information below:

☐MasterCard ☐AMEX ☐Discover
Card#: | | | | | | | | | | | | | | | | Exp. Date: ___/___

☐VISA Cardholder Signature: X_____

To remit by check make check payable to:

FEMA Flood Payments
P.O. Box 790348
St. Louis, MO 63179-0348

Due Date:
Billing Date:

To renew your policy by check or money order, be sure to return this portion to the address above. Make payment for the exact amount of the coverage option you selected. Write your policy number on your check or money order.

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4. If this policy is a Preferred Risk Policy (PRP), please note that there have been recent changes to the eligibility requirements for the PRP. If the flood zone listed on your policy is not the zone on the current flood insurance rate map, you may no longer be eligible for the PRP. Please contact your insurance representative to verify if you are still eligible for this policy or to obtain a quote for a Standard policy.
5. Using Certified Mail when sending premium payments has the advantage of limiting lapses in coverage as the certified mail date is used as the premium receipt date to ensure the earliest receipt date possible and also provides a method to track your payment from the post office to the remittance center by going to www.usps.com/shipping/trackandconfirm.htm.
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CREDIT CARD PAYMENT FORM

The National Flood Insurance Program accepts flood insurance premium payments on VISA, MasterCard, American Express, and Discover credit cards.

If you wish to pay for your policy by credit card, fill out the bottom portion of this page, then detach and return it with your Flood Insurance Application, Renewal Notice or Final Notice, or General Change Endorsement Form.

If your charge is not accepted, you will be notified by mail.

Flood Insurance Policy Number: _____

VISA ☐ MasterCard ☐ American Express ☐ Discover ☐

Account No.: ☐☐☐☐ ☐☐☐☐ ☐☐☐☐ ☐☐☐☐

Expiration Date: ____ / ____ (MM / YY) Amount of Charge: $ _____

Cardholder's Name: _____

Billing Address: _____

City, State & ZIP Code: _____

Signature: _____ Date: _____ / _____ / _____

This policy is not subject to cancellation for reasons other than those set forth in the National Flood Insurance Program rules and regulations. In matters involving billing disputes, cancellation is not available other than for billing processing errors or fraud.