

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
- Implementation of Pre-FIRM subsidy elimination – See Subsection V of this section of the manual.
- 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. PROCEDURES FOR PROCESSING RENEWALS OF CERTAIN PRE-FIRM SUBSIDIZED POLICIES THAT ARE NEW, LAPSED, OR ASSIGNED FOLLOWING ENACTMENT OF THE BIGGERT-WATERS FLOOD INSURANCE REFORM ACT OF 2012

Section 100205 of the Biggert-Waters Flood Insurance Reform Act of 2012, 42 U.S.C. § 4014(g), states that the NFIP can no longer provide premium rate subsidy to new, lapsed, or assigned SFIPs due to the purchase of Pre-FIRM properties, or the purchase of new coverage effective October 1, 2013. Effective October 1, 2013, new, lapsed, or assigned SFIPs will be subject to full-risk rating, and will require an Elevation Certificate (EC), including photographs, to determine full-risk rating using the current FIRM. Policies rated in D zones or Unnumbered V zones do not require an EC, but must provide at least two photographs before the policy can be renewed.

A. Renewals effective on or after October 1, 2013, of the subsidized policies described below:

- Subsidized policies that were written with original new business dates effective on or after July 6, 2012, but before October 1, 2013; or
- Subsidized policies that have lapsed, and coverage is reinstated following the lapse (for reasons other than community suspension), where the reinstatement date is effective on or after October 4, 2012, but before October 1, 2013; or
- Subsidized policies that were written as new business or were assigned as a result of the property being purchased on or after July 6, 2012, but before October 1, 2013.

1. The insurer must send a notification letter (page REN 9) to the agent, insured, and lender(s) advising of the need for additional rating information in order to determine the full-risk premium. The agent must be required to renew the policy by application. This notification must be sent at least 60 days prior to the policy expiration date, and it should indicate that the policy cannot be renewed without the required rating information and the premium.

2. Any payment received prior to the policy expiration date and prior to the collection of sufficient information to determine a full-risk premium must be held in abeyance (suspense/pending) until the policy expiration date or the collection of the necessary information, whichever occurs first.

3. If premium is not received by the policy expiration date, a second notification must be sent to the insured, agent, and lender(s) within 5 days of the policy expiration date.

4. After the policy expiration date, but prior to the collection of sufficient information to determine a full-risk premium, any premium received may be used to process the application for renewal using the tentative rate procedures, or the premium may be refunded.

B. The following process must be used for renewals effective on or after October 1, 2013, of subsidized policies that lapsed, and coverage is reinstated following the lapse (for reasons other than community suspension), where the reinstatement date is effective on or after October 1, 2013:

1. Upon receipt of premium intended to reinstate coverage more than 30 days but less than 90 days after the policy expiration date, the insurer must use the tentative rate procedures to issue coverage. The premium may not simply be refunded.

2. Alternatively, insurers may hold the premium in abeyance (suspense or pending) for 60 days following a notice of the need for additional rating information, and then process the payment using the tentative rate procedures if the required rating information was not obtained. The premium may not simply be refunded.

Once a policy has been issued with tentative rates, the policy may be reformed upon receipt of the EC, photographs, and any other required rating information up to the amount of coverage originally requested or up to the amount of coverage the original premium submitted would buy, whichever is less. Coverage may be increased with a standard 30-day waiting period.

For all instances where a policy will be assigned from a current policyholder to a purchaser, the insurer should provide a quote to the purchaser indicating the annual premium amount using full-risk rates. This will afford the purchaser the opportunity to evaluate the costs of insurance prior to purchasing the property, and should reduce issues that a potential purchaser might have regarding the policy's cost.

VI. 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.

VII. 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.

VIII. 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.

IX. 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.

X. TRANSFER OF BUSINESS AT RENEWAL

The new insurer must collect all required underwriting information needed to verify the correct rating and issuance of the policy. However, 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 Replacement Cost Value (RCV) documentation.

When an agent/producer moves his or her book of business from 1 insurer to another, or when an insurer acquires another's book of business, photographs are not required. However, when transferring an individual policy, the photograph requirement applies.

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.

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. 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.

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 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



FEMA

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:

These premiums reflect a ___ % credit on community floodplain management activities.

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

See reverse side of bill for important additional information.

**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: <input type="checkbox"/> Option A: \$ <input type="checkbox"/> Option B: \$			
For credit card payment check card type and provide account information below: <input type="checkbox"/> MasterCard <input type="checkbox"/> AMEX <input type="checkbox"/> Discover Exp. Date: ___/___			
<input type="checkbox"/> 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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**NATIONAL FLOOD INSURANCE PROGRAM
NOTIFICATION LETTER REGARDING YOUR POLICY RENEWAL**

<Date>

<Named Insured>

Policy # < >

Mailing Address: < >

Property Address: < >

IMPORTANT – YOUR ACTION IS REQUIRED
A RENEWAL OFFER WILL NOT BE MADE FOR YOUR FLOOD INSURANCE POLICY

The Biggert-Waters Flood Insurance Reform Act of 2012 eliminates subsidized¹ premium rates and mandates a building's full-risk premium rate be applied to the following National Flood Insurance Program (NFIP) policies:

- New policies written with an effective date on or after July 6, 2012
- Policies written as new business, or existing policies assigned to a new owner as a result of a property purchase on or after July 6, 2012
- Policies that have lapsed and been reinstated on or after October 4, 2012.

Our records indicate that your flood insurance policy receives NFIP subsidized premium rates, but is no longer eligible for those rates because it meets one of the above criteria. Since the subsidized rates used to determine the premium for your expiring policy are no longer available, a renewal bill cannot be provided without additional information.

To maintain NFIP coverage, your agent must complete an Application for renewal using full-risk premium rates. To determine the full-risk premium rates, you must provide your agent with the information and supporting documentation listed below, which was not required at the time your original policy was issued. You and your agent must submit this documentation and information for submission to and receipt by the insurer within 30 days of the expiration date shown on your policy.

- An Elevation Certificate for Flood Insurance.²
- Clear exterior photographs of the front and back of the building to be insured.
- An Application for renewal completed and signed by your agent.
- The annual premium determined with full-risk premium rates or tentative premium rates.

If you don't have an Elevation Certificate for your building, you will need to hire a surveyor to come to your property to complete the certificate.

In order to renew this policy, you must follow the instructions above. Neither you nor your lender will be sent a renewal bill by your insurer.

If you have difficulty in obtaining an Elevation Certificate prior to your expiration date, your agent may offer you a quote for the Application for renewal using tentative rates. The tentative rate procedure provides a mechanism to keep continuous coverage during the Application for renewal process while an Elevation Certificate is being procured. Tentative premium rates may be higher than your full-risk rate, and **no flood loss can be settled before the full-risk premium is determined** with an Elevation Certificate. A policy using tentative rates may not renew a second year under tentative rates, and coverage may not be increased until full-risk premium rates are determined. If the Elevation Certificate indicates the premium we received from the tentative rates is less than required for full-risk premium rates, the coverage limits shown on your declarations page will be reduced to match the initial premium we received. Premium received more than 30 days after expiration will result in a lapse in coverage.

Please note: All insurers who issue policies through the National Flood Insurance Program are mandated to follow these requirements as a result of the implementation of the Biggert-Waters Flood Insurance Reform Act of 2012.

Please contact your insurance agent for more information.

¹Subsidized premium rates are discounted rates that have been traditionally available for structures built before a community first adopted FEMA Flood Maps and guidelines. The subsidized rates are determined with limited underwriting information and typically do not reflect the full risk of flood loss.

²Go to www.fema.gov/library/viewRecord.do?id=7408 for more information about the Elevation Certificate form and how to obtain one.

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.