

# Appendix I: Severe Repetitive Loss Properties

## I. General Information

A Severe Repetitive Loss (SRL) designation applies to any NFIP-insured property after 1978, regardless of ownership, meeting at least one of the following paid flood loss criteria:

- Four or more separate claim payments where each of the payments is greater than \$5,000 (including building and contents payments); *or*
- Two or more separate claim payments (building payments only) where the total payments exceed the current value of the property.

In either case, two of the claim payments must have occurred within 10 years of each other. Losses occurring at the same location within 10 days of each other count as one loss.

The loss history includes all owners of the property since 1978 or from the building's construction, if it was built after 1978.

The writing company must transfer SRL policies to the Special Direct Facility (SDF) operated by NFIP Direct as they reach their renewal date. The NFIP monitors all transferred SRL policies located at the SDF for targeted mitigation actions.

SRL properties may obtain renewal or new business coverage only through the SDF. The agent of record remains in that capacity while the policy remains in the SDF.

## II. New Business

If the insurer determines a property to be an SRL property, the insurer must submit the completed application and the required documentation to the SDF at the following address:

NFIP Special Direct Facility  
P.O. Box 913111  
Denver, CO 80291-3111

## III. Notification Requirements

A request to transfer a policy occurs when the NFIP identifies a property as meeting the SRL criteria.

- The NFIP notifies the Write Your Own (WYO) company at least 150 days prior to the policy expiration date.
- The company notifies the affected insured, agent, and lender 90 days before expiration of the policy. This notice explains that the policy must be written with the SDF. (See agent, lender, and insured SDF Notification Letters in this section.)
- The SDF issues a renewal offer for the SRL policy approximately 45 days prior to the expiration date.

## IV. Underwriting Requirements

The WYO Company must provide the SDF sufficient policy documentation for all SRL policies transferred to the NFIP SDF before they may renew.

Required documentation consists of the following:

- An NFIP Flood Insurance Application;
- Front and rear photographs of the building (if applicable);
- NFIP Elevation Certificate (if applicable); *and*
- Any additional documents to ensure the accuracy of current policy and rating information.

Companies must submit this documentation at least 120 days prior to the policy expiration date.

### RESOURCE

See Appendix B: Forms for the NFIP Flood Insurance Application (page B-1) and the NFIP Elevation Certificate and Instructions (page B-20)

## V. Dispute Resolution

FEMA designates a property as SRL based on the information it has on file. The insured may appeal the SRL designation if the insured believes that the claims history or the Fair Market Value used to determine loss history is inaccurate or property mitigation has occurred to reduce future flooding potential.

The policy remains with the SDF during the review. Documentation required to appeal the SRL designation includes but is not limited to the following:

### A. Invalid Loss History Association:

- Documentation that shows incorrectly linked addresses and/or losses; *or*
- Documentation that shows a second address added to a Property Locator Record.

### B. Property Value Updates – the property value is based on Fair Market Value (FMV), which must be shown on one of the following documents:

- Property tax assessment; *or*
- Property appraisal.

### C. Mitigation Action:

- Elevation Certificate based on finished construction of the new or improved building;
- Color photographs of the building before the improvement;
- Color photographs of the building after the improvement;
- Photographs of the flood vents/openings (if applicable);
- Source of funding for the mitigation action (state, local or individual);
- Demolition permit (if the building was demolished and rebuilt);
- Building permit (if the building was elevated or rebuilt); *and*
- In Zone B, C, or X, a signed statement from a community official that shows mitigation was approved by the community.

Required documents should be mailed to:

NFIP Bureau and Statistical Agent  
Attn: Underwriting  
8400 Corporate Drive, Suite 350  
Hyattsville, MD 20785

Or sent via email to [NFIPUnderwritingMailbox@fema.dhs.gov](mailto:NFIPUnderwritingMailbox@fema.dhs.gov).

The SDF notifies the insured and agent of the review results when completed. The possible SDF actions taken include:

- In the case of a successful appeal the SDF arranges for the transfer of the policy back to the insurer at its next renewal. Otherwise, at the insured's request, the SDF cancels the policy and returns the full premium to the former insurer. The insurer renews the policy using the SDF's effective dates ensuring continuous coverage with no overlap.
- If a loss occurs both in the current term and before the policy returns to the former insurer, the SDF continues to service the claim and returns the policy to the former insurer at the next renewal unless the new claim qualifies the property for the SDF again.
- The policy returns to the insurer at the next renewal if FEMA approves the property for mitigation efforts other than buyout or demolition.
- In the case of buyout or demolition, the SDF cancels the policy and refunds the pro-rata premium (less Federal Policy Fee and Probation Surcharge, if applicable). There is no commission chargeback if FEMA approves the specific property buyout or demolition under an approved FEMA mitigation project.

## VI. Flood Mitigation Assistance Program

The Flood Mitigation Assistance (FMA) Program makes funding available for a variety of flood mitigation activities. Under the FMA Program, FEMA provides funds to state and local governments assisting NFIP-insured property owners to conduct mitigation projects that reduce future flood losses, such as:

- Acquisition or relocation of at-risk structures and conversion of the property to open space;
- Elevation of existing structures; or
- Dry floodproofing of historic properties.

Eligible applicants (states, territories, and tribes) that receive FMA mitigation grants provide subgrants to local governments or communities. The applicant must have a FEMA-approved mitigation plan at the time of project award.

State and local officials prioritize NFIP-insured properties within their jurisdictions to award FMA grants. They may contact insureds directly to determine the appropriate mitigation activity that most effectively reduces future flood losses and advise them of their inclusion in the FMA grant application.

Property owners should contact their local floodplain manager or state hazard mitigation officer, or go to the FEMA Hazard Mitigation Assistance webpage at <https://www.fema.gov/hazard-mitigation-assistance> to obtain additional information on the FMA program and other mitigation grant programs for residential and non-residential properties.

### VII. Sample Letters

#### A. Agent Notification Letter

U.S. Department of Homeland Security  
500 C Street, SW  
Washington, DC 20472



**FEMA**

#### IMPORTANT FLOOD INSURANCE POLICY INFORMATION

Insured's Name:

Property Address:

Policy Number:

Dear Agent:

As you may be aware, your client's property, which is covered by flood insurance, has experienced repetitive flood losses under FEMA's National Flood Insurance Program (NFIP). This letter is to inform you that your client's property meets the criteria for a subset of repetitive loss structures: insured properties with a high frequency of losses or a high value of claims. These properties are designated as Severe Repetitive Loss (SRL) properties.

Congress recognized that SRL properties represent the greatest risk of sustaining repeated flood losses and, through the Flood Insurance Reform Act of 2004, made it a top priority to reduce the number of SRL properties nationwide. As of January 2013, FEMA has identified approximately 11,900 properties that meet the designation for SRL. The loss characteristics of an SRL property must meet one of the following criteria based on paid flood losses since 1978, regardless of ownership:

- (1) Four or more separate claim payments of more than \$5,000 each (building and/or contents payments); or
- (2) Two or more separate claim payments (building payments only) where the total of the payments exceeds the current value of the property.

In either case, two of the claim payments must have occurred within 10 years of each other. If there are multiple losses at the same location within 10 days of each other, they are counted as one loss, with the payment amounts added collectively.

The strategy for reducing the number of SRL properties is twofold: First, the NFIP has centralized the processing of all flood insurance policies for SRL properties in order for FEMA to obtain additional underwriting information, verify loss information, and collect information about the flood risk to the SRL properties. Second, FEMA implements the Flood Mitigation Assistance (FMA) grant program annually to mitigate SRL properties. You need to be aware of the following:

- The Write Your Own (WYO) Insurance Companies that sell and service flood insurance under the NFIP will assign flood insurance policies for SRL properties, upon renewal, to a centralized processing center operated by the NFIP Servicing Agent. This center is the Special Direct Facility (SDF).

[www.fema.gov](http://www.fema.gov)

Agent  
Date  
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- As a result, your client's policy will not be processed by the chosen WYO Company or by the traditional NFIP Direct Program. You will, however, continue to be the agent of record throughout the process.
- Approximately 45 days prior to the renewal date of the policy, your client will receive a premium bill from the NFIP Servicing Agent. **This bill is the only bill that should be paid by your client.**
- For the time being, the SDF will be the only source of NFIP flood insurance coverage for your client's property. As always, the full premium amount and any related fees should be paid by the date indicated. The policy sent to your client will meet all the requirements of any mortgage company to the same extent as the current policy.
- You should encourage your client to continue to contact you directly for any service needs on the policy because you will remain the agent of record.
- The NFIP provides a procedure for your client to follow if he or she believes that FEMA has incorrectly included his or her insured property on its list of SRL properties.

The FMA Program was authorized by the National Flood Insurance Reform Act of 1994 and amended by the Biggert-Waters Flood Insurance Reform Act of 2012. The FMA Program may provide Federal grant funds to pay for up to 100 percent of the cost of eligible mitigation activities, such as elevating your client's NFIP-insured structure. Mitigated properties may qualify for reduced flood insurance rates. To obtain additional information on the FMA Program and other mitigation grant programs for residential and non-residential properties, please contact your local floodplain manager or state hazard mitigation officer, or go to the FEMA Hazard Mitigation Assistance webpage at [www.fema.gov/hazard-mitigation-assistance](http://www.fema.gov/hazard-mitigation-assistance).

FEMA's goal is to reduce the devastating effects of repetitive flood losses. If you have questions about this letter and the SRL procedures, please contact the NFIP Help Center by telephone at the toll-free number 1-866-395-7496.

Sincerely,  
National Flood Insurance Program



### B. Lender Notification Letter

U.S. Department of Homeland Security  
500 C Street, SW  
Washington, DC 20472



**FEMA**

#### IMPORTANT FLOOD INSURANCE POLICY INFORMATION

Insured's Name:

Property Address:

Policy Number:

Dear Lender:

As you may be aware, your client's property, which is covered by flood insurance, has experienced repetitive flood losses under FEMA's National Flood Insurance Program (NFIP). This letter is to inform you that your client's property meets the criteria for a subset of repetitive loss structures: insured properties with a high frequency of losses or a high value of claims. These properties are designated as Severe Repetitive Loss (SRL) properties.

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The strategy for reducing the number of SRL properties is twofold. First, the NFIP has centralized the processing of all flood insurance policies for SRL properties in order for FEMA to obtain additional underwriting information, verify loss information, and collect information about the flood risk to the SRL properties. Second, FEMA implements the Flood Mitigation Assistance (FMA) grant program annually to mitigate SRL properties. You need to be aware of the following:

- The Write Your Own (WYO) Insurance Companies that sell and service flood insurance under the NFIP will assign flood insurance policies for SRL properties, upon renewal, to a centralized processing center operated by the NFIP Servicing Agent. This center is the Special Direct Facility (SDF).

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Lender  
Date  
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- As a result, your client's policy will not be processed by the chosen WYO Company or by the traditional NFIP Direct Program.
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Sincerely,  
National Flood Insurance Program

### C. Insured Notification Letter

National Flood Insurance Program  
U.S. Department of Homeland Security  
P.O. Box 2966  
Shawnee Mission, KS 66201-1366



**FEMA**

#### IMPORTANT FLOOD INSURANCE POLICY INFORMATION

Insured's Name:

Property Address:

Policy Number:

Dear Policyholder:

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Policyholder

Date

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