

6. How to Cancel

I. General Information

Flood policies may be terminated mid-term or full-term by cancellation, or full-term by nullification. The insured may request a cancellation or nullification of an NFIP policy for the specific reasons outlined within this section. The insured may be entitled to a full, partial, or no refund.

II. Cancellation/Nullification

- To cancel a policy, agents must submit a completed Cancellation/Nullification Request Form with proper documentation to the insurer.
- Upon completion of the cancellation/nullification request the insurer must provide the insured and all interested parties with a notice of cancellation/nullification. Interested parties include any additional insureds, additional lenders, loss payees, trustees, or disaster assistance agencies.
- Prior to processing a cancellation request for reason codes 8, 9, 15, and 19, the insurer must inform eligible insureds with standard-rated policies for property located in a non-Special Flood Hazard Area (SFHA) of their option to convert to a Preferred Risk Policy (PRP).

Note: A copy of the Cancellation/Nullification Request form is located in Appendix B: Forms.

A. Processing a Cancellation or Nullification Request

The insurer may accept electronic submissions if their business process includes signature authentication and records receipt dates. Insurers are responsible for the security and integrity of electronic transactions.

1. Signatures

a. Insured's Signature

All named insureds must provide the insurer with a signed and dated cancellation/nullification request except for reason codes 5, 6, 21, 22, 23, and 25.

Below are specific exceptions when the insured's signature is not required:

- When using cancellation reason code 1:
 - In the event of foreclosure when the court documentation confirms the unearned premium belongs to the lender.
 - For a policy covering property that was eligible for coverage, but became ineligible midterm due to physical alteration of the structure.
- When using cancellation reason code 4:
 - When there is **deliberately created** duplicate coverage, the insurer must cancel the policy with the later effective date.

b. Agent Signature

The agent must sign and date the cancellation/nullification request for all cancellation reason codes except 6, 21, 22, 23, and 25.

2. Receipt Date

The receipt date of a cancellation/nullification request is either:

- The date the insurer initially receives the cancellation/nullification request if the insurer receives all required documentation 60 days or less from the insurer's request for additional documentation; *or*
- The date the insurer receives the required documentation if the insurer receives all required documentation more than 60 days from the insurer's request for documentation.

III. Premium Refunds

Insurers must process the return premium on policy terms for which they are the insurer of record.

For a return premium request that covers more than two policy terms, the insurer may submit the request and documentation to the NFIP Bureau for processing. The documentation must include the following:

- A policy cancellation request and the premium refund calculation for each policy term.
- The insurer's statistical records or declarations pages for each policy term and evidence of premium payments obtained from the insured if these documents are not available from the insurer's records.
- Photographs verifying ineligible risks.

Insurers may send requests and documentation to the NFIP Bureau by:

- Mail to: NFIP Bureau and Statistical Agent Underwriting Department, 8400 Corporate Dr., Suite 350, Hyattsville, MD 20785; *or*
- Email to: NFIPUnderwritingMailbox@fema.dhs.gov.

The NFIP Bureau notifies the insurers of the premium refunded and the Expense Allowance due to the NFIP. The insurers must maintain this documentation as part of their underwriting files. The NFIP Bureau will return rejected refund requests.

IV. Valid Cancellation Reason Codes/Nullification of NFIP Policies

The valid reason codes for canceling/nullifying a flood policy are shown in **Tables 1–22 below**. Unless otherwise stated, all conditions for each separate reason code must be met in order to cancel a policy.

Note: The valid reason codes are not in sequence as some numbers have been retired over time.

Table 1: Valid Cancellation Reason Code 01

Reason Code 01	Building sold, removed, destroyed, or physically altered and no longer meets the definition of an eligible building
Valid Reasons	<ol style="list-style-type: none"> 1. The insured sells or transfers ownership of the insured building and does not have an insurable interest in the insured building. 2. Relocation or destruction of the insured building. 3. Alteration of the insured building rendering it ineligible for coverage. (An example is the insured removes a mobile home from a permanent foundation and places it on wheels.) 4. The builder or developer requests to cancel a policy mid-term because ownership transfers to a newly created condominium association, and the association purchased a policy under its name. 5. The building is a total loss because the building damage is greater than or equal to the replacement cost of the building. 6. The lienholder foreclosed on the building.
Cancellation Effective Date	The date the insured ceased to have an insurable interest in the building or the building became ineligible for coverage. Examples include the date of the sale of the building or the date the insured removed the building from the described location.
Type of Refund	<ol style="list-style-type: none"> 1. Pro-rata (pro-rated) premium refund, including Increased Cost of Compliance (ICC) premium, Reserve Fund Assessment, and Homeowner Flood Insurance Affordability Act of 2014 (HFIAA) Surcharge, will apply to the policy term in which the cancellation became effective. The refund does not include the Federal Policy Fee and Probation Surcharge. 2. Full premium refunds apply to any subsequent policy term(s), including fees and surcharges.
Cancellation Request	The insurer must receive the cancellation request within 1 year of the policy expiration date.
Required Documentation	Bill of sale, settlement statement, closing disclosure statement, proof of removal, proof of total loss, court documentation for foreclosed buildings, or photographs to verify ineligible risks.
Policy Terms Eligible for Refund	Up to 5 years prior to the receipt date of the cancellation request.

Table 2: Valid Cancellation Code Reason 02

Reason Code 02	Contents sold, removed, or destroyed
Valid Reasons	<ol style="list-style-type: none"> 1. The insured sells or transfers ownership of the insured contents; 2. Contents completely removed or relocated from the described location; <i>or</i> 3. Contents destroyed by any peril.
Cancellation Effective Date	The date the insured ceased to have an insurable interest in the contents at the described location, or the removal date of the contents from the described location.

Table 2: Valid Cancellation Code Reason 02, continued

Reason Code 02	Contents sold, removed, or destroyed
Type of Refund	<ol style="list-style-type: none"> 1. Pro-rata (pro-rated) premium refund, including ICC premium, Reserve Fund Assessment, and HFIAA Surcharge, will apply to the policy term in which the cancellation became effective. The refund does not include the Federal Policy Fee and Probation Surcharge. 2. Full premium refunds apply to any subsequent policy term(s), including fees and surcharges.
Cancellation Request	The insurer must receive the cancellation request within 1 year of the policy expiration date.
Required Documentation	Bill of sale, inventory record, proof of total loss, or, in the case of residential contents, a signed statement from the insured.
Policy Terms Eligible for Refund	Up to 5 years prior to the receipt date of the cancellation request.

Table 3: Valid Cancellation Reason Code 03

Reason Code 03	Policy canceled and rewritten to establish a common expiration date with other insurance coverage for same building
Conditions	<ol style="list-style-type: none"> 1. The insurer must remain the same for the new flood policy with the same or higher amounts of coverage. The agent must submit a new application and premium. 2. The other insurance coverage for which the common expiration date is established must be for building coverage on the same building insured by the current in-force flood policy.
Cancellation Effective Date	The effective date of the new flood policy is subject to the 30-day waiting period. Additional or increases in coverage limits beyond the limits on the canceled policy are subject to the 30-day waiting period.
Type of Refund	Pro-rata (pro-rated) premium refund, including ICC premium, Reserve Fund Assessment, and HFIAA Surcharge, will apply to the policy term in which the cancellation became effective. The refund does not include the Federal Policy Fee and Probation Surcharge.
Cancellation Request	The insurer must receive the cancellation request within 1 year of the new policy effective date.
Required Documentation	<ol style="list-style-type: none"> 1. A new application and premium. 2. The agent must request cancellation of the prior policy upon receipt of the new policy declarations page. 3. The insurer must retain a copy of the new policy declarations page and the other perils policy declarations that show the building address and policy effective dates.
Policy Terms Eligible for Refund	Current policy term.

Table 4: Valid Cancellation Reason Code 04

Reason Code 04	Duplicate NFIP policies
<p>Conditions for Duplicate Policies for Same Named Insured</p>	<p>Only one policy may be active for the same named insured for the same coverage on the building and/or contents. If there are duplicate policies, the insured may choose which policy to keep as long as there has not been a deliberate creation of duplicate policies.</p> <p>If deliberately created duplicate policies are active, the insurer must cancel the policy with the later effective date. If a loss occurs while deliberately created duplicate policies are active, the insurer must adjust the claim according to the terms of the policy with the earlier effective date. There are five exceptions to the rule about canceling the deliberately created duplicate policy with the later effective date:</p> <ol style="list-style-type: none"> 1. Cancellation of the earlier policy to establish a common expiration date with other policies (see Reason Code 3). 2. Cancellation of a Dwelling Policy because coverage is being provided under an Residential Condominium Building Association Policy (RCBAP) (see Reason Code 10). 3. Cancellation of an NFIP lender force-placed Mortgage Portfolio Protection Program (MPPP) policy because the borrower purchased an NFIP flood policy. The insurer must receive a copy of the lender's force-placement letter and the new flood policy declarations page with the Cancellation/Nullification Request form. 4. The policy with the earlier effective date has been expired for more than 30 days. 5. Cancellation of a Group Flood Insurance Policy (GFIP) replaced by a standard-rated policy.
<p>Conditions for Duplicate Policies for Different Named Insureds</p>	<p>Only one flood policy may be active for different named insureds for the same building. If there are duplicate policies, the building owner must choose which policy to keep and the building owner must be a named insured. For example, if a tenant purchased building coverage, the insurer must remove the building coverage, endorse the policy to add the building owner as a named insured, or cancel the policy. Only 1 policy with building coverage may remain in effect.</p>
<p>Cancellation Effective Date</p>	<ol style="list-style-type: none"> 1. For policies with the same effective date, the cancellation effective date is the date of the policy chosen by the insured. 2. For policies with different effective dates, the policy with the later effective date must be canceled unless it is one of the following exceptions: <ul style="list-style-type: none"> • An MPPP policy replaced by a standard-rated policy; • The policy with the earlier effective date that has been expired for more than 30 days; <i>or</i> • A Group Flood Insurance Policy replaced by a standard-rated policy.
<p>Type of Refund</p>	<ol style="list-style-type: none"> 1. Full premium refunds apply when the cancellation is effective at the inception of the term, and for the renewal terms when the cancellation request applies to the policy with the later effective date. A full refund of the fees and surcharges applies for these conditions. 2. Pro-rata (pro-rated) premium refunds apply, including ICC premium, Reserve Fund Assessment, and HFIAA Surcharge, when the cancellation is effective mid-term. The exception to allow cancellation of the earlier policy applies. The refund does not include the Federal Policy Fee and Probation Surcharge. 3. No premium refunds apply to a canceled GFIP.

Table 4: Valid Cancellation Reason Code 04 *continued*

Reason Code 04	Duplicate NFIP policies
Cancellation Request	The insurer must receive the cancellation request within 1 year of the policy expiration date.
Required Documentation	Copy of the declarations page(s) and, for the standard force-placed policy, a copy of the force-placement letter from the lender.
Policy Terms Eligible for Refund	Up to 5 years prior to the date of the cancellation request.

Table 5: Valid Cancellation Reason Code 05

Reason Code 05	Nonpayment of premium
Valid Reasons	Valid reasons to nullify the policy for nonpayment of premium include: <ol style="list-style-type: none"> 1. An insured's check payment to the agent or insurer is returned for non-sufficient funds or rejected. 2. An insured's credit card payment to the agent or insurer is rejected or disputed. Reason Code 5 is not valid if an agent advances insurance agency funds without first receiving payment from the insured.
Cancellation Effective Date	The cancellation effective date is the policy inception date.
Type of Refund	The insurer must provide a full refund to the agent, including all fees and surcharges for returned or rejected insured payments to the agent. There is no refund for returned or rejected payments made by the insured directly to the insurer.
Cancellation Request	The insurer must receive the cancellation request during the policy term.
Required Documentation	The bank or credit card notice of returned or rejected payment.
Policy Terms Eligible for Refund	Current policy term.

Table 6: Valid Cancellation Reason Code 06

Reason Code 06	Risk not eligible for coverage
Valid Reasons	<p>An insurer issues a policy for an ineligible property. Refer to the Standard Flood Insurance Policy (SFIP) for a list of risks not eligible for coverage. A cancellation explanation must accompany the request.</p> <p>Examples of risks not eligible at the time of application include:</p> <ol style="list-style-type: none"> 1. Structures that do not meet the definition of a building. 2. Contents not located in an eligible building. 3. Policies issued under an incorrect community number for buildings not located in an NFIP participating community. 4. Buildings located in a Coastal Barrier Resources System (CBRS). 5. Buildings declared as a 1316 property prior to the flood policy application. <p>Examples of risks that were eligible at the time of application but are not eligible at the time of renewal include:</p> <ol style="list-style-type: none"> 1. Buildings determined to be a 1316 property after the time of application. 2. Buildings located in an NFIP participating community suspended after the issuance of the flood policy. 3. Annexation of the property to a non-participating community after issuance of the flood policy.
Cancellation Effective Date	The effective date of the first full policy term the property became ineligible for coverage.
Type of Refund	<p>Full premium refund including fees and surcharges will apply to the first full policy term in which the property became ineligible for policy coverage and any subsequent policy terms, provided there are no paid claims.</p> <p>If there are paid claims the insurer must verify the loss history of the property with the NFIP Bureau before issuing refunds for more than two policy terms:</p> <ol style="list-style-type: none"> 1. The net refund paid to the insured is the difference between the premium refund and the amount of the paid claims if the premium refund is greater than the amount of any paid claims. 2. The insurer must reimburse the NFIP for the difference between the premium refund amount and the paid claims if the premium refund is less than the amount of any paid claims.
Cancellation Request	The insurer must receive the cancellation request within 1 year of the policy expiration date.
Required Documentation	<p>An explanation describing the valid reason for the cancellation request, along with the appropriate supporting documentation. Supporting documentation should include information as to when the property became ineligible for NFIP coverage.</p> <p>Examples of supporting documentation that may demonstrate ineligibility include property tax records, Section 1316 declaration, Coastal Barrier Resources Act (CBRA) determination, photographs, or other supporting documentation.</p>
Policy Terms Eligible for Refund	All prior terms the property was ineligible for NFIP coverage.

Table 7: Valid Cancellation Reason Code 07

Reason Code 07	Property closing did not occur
Conditions	The insurer may nullify the policy when: <ol style="list-style-type: none"> 1. An insurer issues a policy and the anticipated transfer of the property does not take place. 2. The insured does not acquire an insurable interest in the property.
Cancellation Effective Date	The cancellation effective date will be the policy inception date.
Type of Refund	Full premium refund including fees and surcharges.
Cancellation Request	The insurer must receive the cancellation request within 1 year of the new flood policy effective date.
Required Documentation	Signed statement from the insured indicating that the property closing did not occur. See sample verification letter regarding the requirement to maintain flood insurance coverage.
Policy Terms Eligible for Refund	Current policy term.

Table 8: Valid Cancellation Reason Code 08

Reason Code 08	Policy not required by lender
Conditions	<ol style="list-style-type: none"> 1. A lender determines a flood policy is required for a loan closing, but later it is discovered that the building was not located in an SFHA at the time of closing and flood insurance should not have been required by the lender; <i>and</i> 2. There are no paid or pending claims. 3. Insurers may use this cancellation reason even for non-SFHA-rated policies. 4. The insurer must inform eligible insureds with standard-rated policies for a property in a non-SFHA of their option to convert to a PRP prior to canceling the policy.
Cancellation Effective Date	The date the insurer receives the cancellation request and all appropriate supporting documentation.
Type of Refund	Pro-rata (pro-rated) premium refund, including ICC premium, Reserve Fund Assessment, and HFIAA Surcharge, will apply when the cancellation effective date is during the policy term. The refund does not include the Federal Policy Fee and Probation Surcharge.
Cancellation Request	The insurer must receive the cancellation request within the initial policy term.

Table 8: Valid Cancellation Reason Code 08 *continued*

Reason Code 08	Policy not required by lender
Required Documentation	<ol style="list-style-type: none"> 1. A revised flood zone determination from the lender showing that the property is not in an SFHA. 2. If there is a discrepancy between the lender and insured's determinations, a FEMA Out-As-Shown Determination because of a Letter of Map Amendment (LOMA) application must accompany the request. 3. A signed statement from the insured that the lender does not require a flood policy based on the revised flood zone determination. See the sample verification letter regarding the requirement to maintain flood insurance coverage.
Policy Terms Eligible for Refund	Current policy term.

Table 9: Valid Cancellation Reason Code 09

Reason Code 09	Insurance no longer required by lender because property is no longer located in an SFHA because of a map revision or LOMR
Conditions	<ol style="list-style-type: none"> 1. A lender determines a flood policy is required because the building is located in an SFHA. 2. After the insurer issues the flood policy, FEMA issues a map revision or Letter of Map Revision (LOMR) that removes the building from the SFHA. 3. The lender determines coverage is no longer required for a structure on a residential property, detached from the primary residential structure, and that is not a residence. 4. Insurers must inform eligible insureds with standard-rated policies for a property in a non-SFHA of their option to convert to a PRP prior to canceling the policy. <p>Insurers may also use this cancellation reason if:</p> <ol style="list-style-type: none"> 1. The building is rated in a non-SFHA due to grandfathering or issued as a newly mapped policy. <p>Note: If the insurer receives a Letter of Map Revision Based on Fill (LOMR-F) or a Letter of Map Revision Floodway (LOMR-FW) with the cancellation request use Reason Code 19.</p>
Cancellation Effective Date	The date the insurer receives the cancellation request and all appropriate supporting documentation.
Type of Refund	Pro-rata (pro-rated) premium refund, including ICC premium, Reserve Fund Assessment, and HFIAA Surcharge, applies when the cancellation effective date is during the policy term. The refund does not include the Federal Policy Fee and Probation Surcharge.
Cancellation Request	The insurer must receive the cancellation request during the policy year.

Table 9: Valid Cancellation Reason Code 09 *continued*

Reason Code 09	Insurance no longer required by lender because property is no longer located in an SFHA because of a map revision or LOMR
Required Documentation	<p>A signed statement from the insured that the lender no longer requires the policy because the property is no longer in an SFHA due to a map revision, or coverage is no longer required by the lender for a detached structure.</p> <p>A copy of the revised map or LOMR; or, in the case of multi-property LOMRs that do not list the property's specific building, street address, lot number, or rural address, any of the following and a copy of the LOMR:</p> <ol style="list-style-type: none"> 1. A letter that the insured received from the applicable community official, stating that their building was removed from the SFHA by a multi-property LOMR; 2. A letter from the applicable community official, on official letterhead, stating that the building was included in the area removed from the SFHA by the multi-property LOMR, which listed only boundaries/intersections of streets, lot numbers, or rural addresses; <i>or</i> 3. In cases, and only in cases, where (1) a community official could not or would not provide a letter, or (2) the building has a rural address, the following set of two documents may be submitted: <ul style="list-style-type: none"> • A copy of a legal notice, such as a real estate assessment notice or a water/sewer notice, that shows the lot number, street or rural address, or other legal designation of the location of the building; <i>and</i> • A letter from the mortgage lender that (1) shows the lot number, street or rural address, or other legal designation of the location of the building, and (2) states that the building was within the boundaries of the area removed from the SFHA by the LOMR. Letters from community officials must match the street address and lot number with a specific multi-property LOMR, stating that the individual building street address, lot number, or rural address (e.g., RR, Box #, Hwy) was included in the area covered by the LOMR. The insurer may accept zone determinations in lieu of the documentation cited above for these situations. 4. When a condominium association seeks to cancel a RCBAP, the condominium association must provide a signed letter that lists the number of units and specifies the owner of each unit. Each unit owner must provide a release from the lender or sign a statement that there is no lender. <p>See sample verification letter regarding no requirement to maintain flood insurance coverage.</p>
Policy Terms Eligible for Refund	Current policy term.

Table 10: Valid Cancellation Reason Code 10

Reason Code 10	Condominium unit or association policy converting to RCBAP
Conditions	<ol style="list-style-type: none"> 1. A standard-rated policy with only building coverage for a condominium unit that is replaced by an RCBAP. 2. The unit owner policy and the RCBAP building limits are more than the cost of the unit or over the program maximum limits of coverage.
Cancellation Effective Date	The cancellation effective date is the effective date of the RCBAP.

Table 10: Valid Cancellation Reason Code 10 *continued*

Reason Code 10	Condominium unit or association policy converting to RCBAP
Type of Refund	<ol style="list-style-type: none"> 1. Pro-rata (pro-rated) premium refund, including ICC premium, Reserve Fund Assessment, and HFIAA Surcharge will apply when coverage provided under the RCBAP during the first policy term is duplicate. The refund does not include the Federal Policy Fee and Probation Surcharge. 2. For policy terms after the first term, full premium refunds will apply including fees and surcharges.
Cancellation Request	The insurer must receive the cancellation request within 1 year of the policy expiration date.
Required Documentation	A copy of the RCBAP and documentation showing the replacement cost value of the unit.
Policy Terms Eligible for Refund	Up to 5 years prior to the receipt date of the cancellation request.

Table 11: Valid Cancellation Reason Code 12

Reason Code 12	Mortgage paid off
Conditions	<ol style="list-style-type: none"> 1. A lender determines a flood policy is required for a mortgage loan closing. 2. After an insurer issues the flood policy, the mortgage loan is paid off. 3. There are no paid or pending claims for the policy term(s) in process of cancellation.
Cancellation Effective Date	The date the insurer receives the cancellation request.
Type of Refund	<ol style="list-style-type: none"> 1. Pro-rata (pro-rated) premium refund, including ICC premium and Reserve Fund Assessment and HFIAA Surcharge, will apply when the cancellation effective date is during the policy term. The refund does not include the Federal Policy Fee and Probation Surcharge. 2. A full premium refund, including fees and surcharges, will apply to a renewal policy if the policy renewed after a payoff of the mortgage because it was in the renewal billing cycle.
Cancellation Request	The insurer must receive the cancellation request during the policy year.
Required Documentation	A signed statement from the insured that the mortgage has been paid off and the lender no longer requires flood insurance. See sample verification letter regarding the requirement to maintain flood insurance coverage.
Policy Terms Eligible for Refund	The pro-rata portion of the policy term in which the mortgage payoff occurred, and the full renewal term if the policy renewed after the mortgage payoff.

Table 12: Valid Cancellation Reason Code 13

Reason Code 13	Voidance prior to effective date
Conditions	<ol style="list-style-type: none"> 1. The insured pays the premium for a new policy subject to the 30-day waiting period or for a renewal policy. 2. Prior to the effective date of the new or renewal policy, the insured does not want the policy to go into effect.
Cancellation Effective Date	The policy effective date of the new or renewed policy (voided).
Type of Refund	Full premium refund including fees and surcharges.
Cancellation Request	The request must be made prior to the policy effective date. The insurer may receive the cancellation request after the policy effective date.
Required Documentation	A request from the insured to cancel the pending new or renewal policy.
Policy Terms Eligible for Refund	Current year.

Table 13: Valid Cancellation Reason Code 15

Reason Code 15	Insurance no longer required based on FEMA review of lender s SFHA determination
Conditions	<ol style="list-style-type: none"> 1. A lender determines a building is located in an SFHA and requires a flood policy. 2. The borrower and/or lender sends a request for a Letter of Determination Review (LODR) to FEMA within 45 days of the lender's notification to the borrower that the building is in an SFHA. 3. FEMA issues a LODR indicating the building is not located in an SFHA. 4. There are no paid or pending claims for the canceled policy term(s). 5. Insurers must inform eligible insureds with standard-rated policies for a property in a non-SFHA of their option to convert to a PRP prior to canceling the policy. <p>Insurers may also use this cancellation reason, for a policy rated in a non-SFHA due to grandfathering, or issued as a newly mapped policy.</p>
Cancellation Effective Date	The date the insurer receives the cancellation request and all required documentation.
Type of Refund	<ol style="list-style-type: none"> 1. Pro-rata (pro-rated) premium refund, including ICC premium, Reserve Fund Assessment and HFIAA Surcharge, will apply when the cancellation effective date is during the policy term. The refund does not include the Federal Policy Fee and Probation Surcharge. 2. A full premium refund, including fees and surcharges, will apply in those cases where the policy renewed after receipt of the cancellation request because it was in the renewal billing cycle.
Cancellation Request	The insurer must receive the cancellation request during the policy term.

Table 13: Valid Cancellation Reason Code 15 *continued*

Reason Code 15	Insurance no longer required based on FEMA review of lender's SFHA determination
Required Documentation	<ol style="list-style-type: none"> 1. A copy of FEMA's LODR. 2. A signed statement from the insured that the lender no longer requires flood insurance. See the sample verification letter detailing the requirement to maintain flood insurance coverage.
Policy Terms Eligible for Refund	The pro-rata (pro-rated) portion of the policy term in which the insurer received the cancellation request, and the full renewal term if the policy renewed after the insurer received the cancellation request.

Table 14: Valid Cancellation Reason Code 18

Reason Code 18	Mortgage paid off on an MPPP policy
Conditions	<ol style="list-style-type: none"> 1. The lender determines a flood policy is required as part of a mortgage loan closing. 2. The lender applies for a policy under the MPPP. 3. The mortgage loan is paid off after an insurer issues the MPPP flood policy, 4. There are no paid or pending claims for the canceled policy term(s).
Cancellation Effective Date	The date the insurer receives the cancellation request.
Type of Refund	<ol style="list-style-type: none"> 1. Pro-rata (pro-rated) premium refund, including ICC premium, Reserve Fund Assessment, and HFIAA Surcharge, applies when the cancellation effective date occurs during the policy term. The refund does not include the Federal Policy Fee and Probation Surcharge. 2. A full premium refund, including fees and surcharges, will apply in those cases where the policy renewed after the lender considers the mortgage paid in full and the insurer receives the cancellation request during the renewal billing cycle.
Cancellation Request	The insurer must receive the cancellation request during the policy term.
Required Documentation	A written statement acknowledging the paid-in-full mortgage from the lender. A signed statement from the insured that the lender no longer requires flood insurance. See the sample verification letter regarding the requirement to maintain flood insurance coverage.
Policy Terms Eligible for Refund	The pro-rata (pro-rated) portion of the policy term in which the mortgage payoff occurred, and the full renewal term if the policy renewed after the mortgage payoff.

Table 15: Valid Cancellation Reason Code 19

Reason Code 19	Insurance no longer required by the lender because the building has been removed from the SFHA by means of a LOMA, including LOMR F and LOMR FW
Conditions	<ol style="list-style-type: none"> 1. A lender determines a flood policy is required because the building is located in an SFHA. 2. FEMA issues a LOMA, including LOMR-F and LOMR-FW, that removes the building from the SFHA after the insurer issues the flood policy. 3. The lender confirms in writing that a flood policy is no longer required. 4. There are no paid or pending claims for the canceled policy term(s). <p>Insurers may also use this cancellation reason for a policy rated in a non-SFHA due to grandfathering, or issued as a newly mapped policy.</p> <p>Insurers must inform eligible insureds with standard-rated policies for a property in a non-SFHA of their option to convert to a PRP prior to canceling the policy.</p> <p>Note: The RCBAP requires a signed letter from the condominium association listing the number of units and specifying the owner of each unit. Every unit owner must provide a lender release or a statement that there is no lender. See sample verification letter at the end of this section.</p>
Cancellation Effective Date	Current policy term and 1 prior policy term provided the LOMA issuance occurred within 60 days before the current policy's effective date and there are no pending or issued claim payments during the canceled terms.
Type of Refund	A premium refund, including ICC, Reserve Fund Assessment, and HFIAA Surcharge. The refund does not include the Federal Policy Fee and Probation Surcharge.
Cancellation Request	Insurer must receive the request during the policy term or within 6 months of the policy expiration date.
Required Documentation	Statement from the mortgagee that flood insurance is no longer required or a signed statement from the insured that the lender no longer requires flood insurance. See the sample verification letter regarding the requirement to maintain flood insurance coverage. Also, include a copy of the LOMA.
Policy Terms Eligible for Refund	<p>Current policy term and 1 prior policy term provided the LOMA issuance took place within 60 days before the current policy's effective date. There are no paid or pending claims during the year of the policy term cancellation.</p> <p><i>Example:</i> The flood policy was effective from January 1, 2015, to January 1, 2016, and renewed January 1, 2016, to January 1, 2017. The effective date of the LOMA is December 1, 2015. The cancellation will be effective January 1, 2015.</p> <p>Note: There will be no refund if the date of the LOMA is more than 60 days prior to the most recent renewal or for a policy term that ended prior to the LOMA effective date.</p>

Table 16: Valid Cancellation Reason Code 20

Reason Code 20	Policy written to the wrong facility
Conditions	The wrong insurer issues a policy with building coverage for an SRL.
Cancellation Effective Date	The cancellation effective date will be the effective date of the current policy (nullified).
Type of Refund	Full premium refund including fees and surcharges.
Cancellation Request	The insurer must receive the cancellation request during the current policy term.
Required Documentation	A report from the NFIP that lists the building as an SRL Property.
Policy Terms Eligible for Refund	Current policy term.

Table 17: Valid Cancellation Reason Code 21

Reason Code 21	Continuous lake flooding or closed basin lakes
Conditions	<ol style="list-style-type: none"> 1. FEMA notification of a continuous lake flooding or closed basin lakes property. 2. The cancellation can be for only 1 term of a policy.
Cancellation Effective Date	Must be after the date of loss.
Type of Refund	No premium refund allowed.
Cancellation Request	N/A
Required Documentation	FEMA notification.
Policy Terms Eligible for Refund	N/A

Table 18: Valid Cancellation Reason Code 22

Reason Code 22	Cancel/rewrite due to misrating
Valid Reasons	<ol style="list-style-type: none"> 1. To correct a policy effective date; 2. To cancel and rewrite ineligible PRPs or MPPP policies within the same company; 3. To cancel a standard-rated policy that is eligible for a PRP due to misrating, as defined in the How to Endorse section of this manual. This includes a standard-rated policy incorrectly rated in an SFHA, or failure to apply for a Newly Mapped property; 4. The property was eligible for continuous coverage or built-in-compliance grandfathering discovered after the time of application; <i>and</i> 5. System constraints prevent a legitimate correction.
Conditions	There are no paid or pending claims for the canceled policy term(s).
Cancellation/ Rewrite Effective Dates	The cancellation date and the rewritten policy effective date must be the effective date of the first eligible policy term.
Type of Refund	Full premium refund including fees and surcharges. Apply the refund to the newly rewritten policy.
Cancellation Request	N/A
Required Documentation	<p>The insurer must retain documentation supporting the misrating. For a standard-rated policy eligible for the PRP, submit one of the following:</p> <ol style="list-style-type: none"> 1. A LOMA. 2. A LOMR. 3. A letter indicating the property address and flood zone of the building, and signed and dated by a local community official. 4. An EC indicating the exact location and flood zone of the building signed and dated by a surveyor, an engineer, an architect, or a local community official. 5. A flood zone determination certification that guarantees the accuracy of the information; <i>or</i> 6. A copy of the most recent flood map marked to show the exact location and flood zone of the building, though additional documentation may be required if the building is close to the zone boundary.
Policy Terms Eligible for Refund	<ol style="list-style-type: none"> 1. Going back a maximum of 5 years from the current term when converting a standard-rated B, C, or X zone policy to a PRP; or a policy misrated in an SFHA that is eligible for a PRP. 2. In determining the number of policy years for refund eligibility, do not include terms that expired before a lapse in coverage.

Table 19: Valid Cancellation Reason Code 23

Reason Code 23	Fraud
Valid Reasons	FEMA determines that an insured or agent committed fraud or misrepresented a material fact.
Cancellation Effective Date	The cancellation effective date will be the effective date of the policy term during which the fraudulent act or misrepresentation of material fact was committed.
Type of Refund	<ol style="list-style-type: none"> 1. There is no premium refund for this reason code. 2. If the agent did not commit or participate in the fraud, the agent will retain the full commission and there is no reduction to the insurer's expense allowance.
Cancellation Request	N/A
Required Documentation	FEMA notification.
Policy Terms Eligible for Refund	N/A

Table 20: Valid Cancellation Reason Code 24

Reason Code 24	Cancel/rewrite due to map revision, LOMA, or LOMR
Valid Reasons	To cancel a standard-rated flood insurance policy and rewrite to a PRP within the same company as the result of a map revision, LOMA, or LOMR.
Conditions	There are no paid or pending claims for the canceled policy term(s).
Cancellation/Rewrite Effective Dates	The cancellation date and the rewritten policy effective date must be the effective date of the first eligible policy term.
Type of Refund	Full premium refund including fees and surcharges. The insurer must apply the refund to the new rewritten policy.
Cancellation Request	The insurer must receive the request during the policy term.
Required Documentation	<ol style="list-style-type: none"> 1. A copy of the revised map, LOMA, or LOMR. 2. A signed and dated cancellation/nullification request.
Policy Terms Eligible for Refund	Up to five policy years from receipt date of cancellation request provided there are no paid or pending claims for the canceled policy term(s).

Table 21: Valid Cancellation Reason Code 25

Reason Code 25	HFIAA Section 28 refund
Valid Reasons	To cancel and rewrite policies subject to the HFIAA.
Cancellation Effective Date	The policy term affected by HFIAA Section 28 reunderwriting on or after October 1, 2016 or renewing on or after October 1, 2017.
Type of Refund	Full premium refund including fees and surcharges. The insurer must apply the refund to the new rewritten policy.
Cancellation Request	N/A
Required Documentation	1. Declarations page; <i>and</i> 2. Flood zone determination, a copy of the current map, or any other applicable documentation.
Policy Terms Eligible for Refund	Up to five years.

Table 22: Valid Cancellation Reason Code 26

Note: Cancellation request must be submitted to the NFIP Bureau for review.

Reason Code 26	Duplicate policy from source other than NFIP
Valid Reasons	To cancel an NFIP policy when the insured obtained a duplicate policy from sources other than the NFIP. This reason can only be used when the insured did not intend to renew or purchase the NFIP policy because they purchased duplicate flood insurance coverage from a non-NFIP insurer. The NFIP will presume that an insured did not intend to renew their policy if they purchased a duplicate non-NFIP policy prior to the NFIP policy's purchase or renewal date. If the insured requested to cancel or not renew the NFIP policy prior to the NFIP policy effective date, refer to Table 12: Reason Code 13 Voidance prior to effective date.
Cancellation Effective Date	The effective date of the NFIP policy (nullified).
Type of Refund	Full premium refund including fees and surcharges.
Cancellation Request	An NFIP insurer may cancel (nullify) a policy using this reason code without further approval from FEMA if: (1) the policyholder purchased a duplicate non-NFIP policy prior to the NFIP policy's purchase or renewal date, and (2) submitted the request to the NFIP insurer within 30 days of the NFIP policy becoming effective. FEMA must review and approve all other requests under this reason code. These requests can be sent to NFIPUnderwritingmailbox@fema.dhs.gov with an explanation explaining the circumstances and a copy of both the NFIP and non-NFIP policy.
Required Documentation	Evidence of valid duplicate non-NFIP flood insurance policy, such as a declaration page.
Policy Terms Eligible for Refund	Current year.

V. Processing Outcomes for Cancellation/Nullification of a Flood Insurance Policy

REASON CODE for Cancellation/ Nullification	SIGNATURE REQUIRED Insured, Agent or Both	PREMIUM REFUND (Including ICC, Reserve Fund Assessment, and HFIAA Surcharge)		PROBATION SURCHARGE		FEDERAL POLICY FEE		PRODUCER COMMISSION (Direct Business Only)			
		Full	Pro Rata	Full Refund	Fully Earned	Full Refund	Fully Earned	Full Deduction	Pro Rata	Retained	
1	*		×		×		×		×		
2	Both		×		×		×		×		
3	Both		×		×		×		×		
4	Both		×		×		×		×		
5	Agent	×		×		×		×			
6	*	×		×		×		×			
7	Both	×		×		×		×			
8	Both		×		×		×		×		
9	Both		×		×		×			×	
10	Both		×		×		×		×		
12	Both		×		×		×		×		
13	Both	×		×		×		×			
15	Both		×		×		×		×		
18	Both		×		×		×		×		
19	Both	×			×		×			×	
20	Both	×		×		×		×			
21	Both	NO REFUND OF PREMIUM, FEDERAL POLICY FEE, RESERVE FUND ASSESSMENT AND HFIAA SURCHARGE ALLOWED									×
22	*	×		×		×		×			
23	Both	NO REFUND OF PREMIUM, FEDERAL POLICY FEE, RESERVE FUND ASSESSMENT AND HFIAA SURCHARGE ALLOWED									×
24	Both	×		×		×				×	
25	*	×		×		×				×	
26	Both	×		×		×		×			

* Refer to the signature section at the beginning of How to Cancel.

VI. Sample Verification Letter

SAMPLE VERIFICATION LETTER

VERIFICATION THAT THERE IS NO REQUIREMENT TO MAINTAIN FLOOD INSURANCE COVERAGE WITH THE NATIONAL FLOOD INSURANCE PROGRAM

<Insured Property Address>

I, _____, am not required by a lender, loss payee, landlord, or any Federal agency to maintain flood insurance through the National Flood Insurance Program for the above referenced property pursuant to any statute, regulation, or contract, and I am aware that by cancelling my coverage, I may lose eligibility for any subsidized premium rates made available through the National Flood Insurance Program.

Check the reason that best applies:

- Property Closing Did Not Occur
- Policy Not Required by Mortgagee Due to a Revised Zone Determination by Mortgagee
- Insurance No Longer Required by Mortgagee Because Property is no Longer in a Special Flood Hazard Area due to Physical Map Revision
- Coverage No Longer Required by Mortgagee for a Detached Structure
- Mortgage Paid Off
- Insurance No Longer Required Based on FEMA Review of Lender's Determination by Means of a Letter of Determination Review
- Insurance No Longer Required by the Mortgagee Because the Building is Determined Outside of the Special Flood Hazard Area by means of a Letter of Map Amendment

I CERTIFY UNDER PENALTY OF PERJURY THAT THE FOREGOING IS TRUE AND CORRECT. I UNDERSTAND THAT ANY FALSE STATEMENTS MAY CAUSE MY POLICY TO BE VOID.

Insured Name (Printed)

Insured Signature

Date