May 23, 2005

MEMORANDUM FOR: Write Your Own Principal Coordinators and the NFIP Servicing Agent

FROM: WYO Clearinghouse


Attached is a policy issuance from FEMA that provides procedures to implement FIRA requirements for collecting additional premium payments for misrated policies.

If you have any questions, please contact your Program Coordinator.

Attachment

cc: Vendors, IBHS, FIPNC, WYO Marketing Committee, Government Technical Representative

Suggested Routing: Claims, Data Processing, Marketing, Underwriting

www.fema.gov
SUBJECT: Implementation of §209 of the Flood Insurance Reform Act (FIRA) 
Prospective Payment of Flood Insurance Premiums

Background: As required by the Flood Insurance Reform Act of 2004 (FIRA), FEMA is currently in the 
process of changing the Standard Flood Insurance Policy (SFIP) by rulemaking to no longer require the 
payment of premium retroactively when a policy is found to be misrated.

Policy Decision: Because the rulemaking process will take some time, I am hereby implementing the FIRA 
mandated requirement to collect the additional premium prospectively effective for claims occurring on and 
after the date of this Policy Issuance.

The procedure that is currently stated in policy provision G. “Reduction and Reformation of Coverage” will 
apply with two exceptions. Any additional premium due will be calculated prospectively from the date of 
discovery, and the automatic reduction in policy limits is effective the date of discovery. This will provide 
policyholders with the originally requested limits at the time of a claim arising before the date of discovery 
without paying any additional premium. Policyholders will have 30 days to pay the additional premium due, 
or 60 days to obtain additional information and then 30 days to pay the additional premium due, for the 
remainder of the policy term to restore the originally requested limits without a waiting period. In addition, 
payment of the claim will not be delayed because of additional information needed to calculate the correct 
payment. If a claim occurs after the notice requesting additional information or additional premium due is 
sent to the policyholder, that claim cannot be processed with the originally requested amount of coverage until 
the information, if required, and the premium are received by the company within the required time.

5/19/05 
Date

David I. Maurstad 
Acting Director 
Mitigation Division 
Emergency Preparedness 
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