



FEMA

W-06043

June 27, 2006

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

FROM: Demetris B. Brown
Director, Financial and Statistical Control
NFIP Bureau and Statistical Agent

SUBJECT: Accounting Training Assistance Bulletin (ATAB) No. 2006-2,
Cash Management Procedures — Restricted Account

Cash Management Procedures as specified in the WYO Accounting Procedures Manual, Part C, require all premiums (net of expense allowances), Federal Policy Fees, and interest income relating to the WYO flood insurance program to be deposited in a special account at an FDIC-regulated bank, separate and restricted from all other WYO Company business. The procedures further note that the WYO Company must deposit flood insurance funds in the restricted accounts as soon as possible following collection of the premium. The procedures require a good faith effort on behalf of the WYO Company to comply with this intent and to implement procedures that satisfy this intent.

For WYO Companies serviced by a vendor, the intent of the procedures is further clarified:

- Premium receipts received from the insured should be in the name of the WYO Company issuing the new application, renewal, or endorsement information.
- Premiums received should be deposited directly into a restricted account(s) for each WYO Company, including companies serviced by a vendor.
- A general fund that services multiple WYO Companies should not be used for subsequent transfer to a separate WYO Company restricted account or flood program activities.
- Certain allowances are considered for WYO Companies operating without a vendor, since independent companies operate and accept flood program funds along with other lines of insurance related businesses, such as homeowners and automobile.

Please reference the Cash Management Procedures in the WYO Company Accounting Procedures Manual, Part C, to ensure compliance with the WYO Company Restricted Account requirements. If you have questions, contact Evelyn Ragland at the National Flood Insurance Program on (301) 918-1436.

cc: IBHS, FIPNC, Government Technical Representative

Suggested Routing: Accounting