



FEMA

W-13047

August 8, 2013

MEMORANDUM FOR: Write Your Own (WYO) Principal Coordinators and the
National Flood Insurance Program (NFIP) Servicing Agent

Jhun de la Cruz

FROM: Jhun de la Cruz
Branch Chief, Underwriting
Risk Insurance Division

SUBJECT: Supplemental Revisions to the October 1, 2013, Program Changes

The purpose of this memorandum is to provide updated guidance for the October 1, 2013, Program Changes. Clarifications and revisions are described below.

- Transaction Record Reporting and Processing (TRRP) Plan and Edit Specifications: The previous guidance provided concerning the renewal of Mortgage Portfolio Protection Program (MPPP) policies in Bulletin W-13016 is revised. MPPP policies will be allowed to renew. In addition, this bulletin clarifies that an MPPP policy is not allowed to be used in conjunction with any form of loan origination.
- Declarations Page Requirement: The Declarations Page must include the Elevation Difference used for rating.

Please see the following attachment for processing details related to MPPP policies:

- Supplemental Revisions to Attachment E – TRRP Plan and Edit Specifications Changes Effective October 1, 2013

Thank you for your attention and cooperation in this matter. If you have any questions, please contact Joseph Cecil of my staff at Joseph.Cecil@fema.dhs.gov.

Attachment

cc: Vendors, IBHS, FIPNC, Government Technical Representative

Suggested Routing: Accounting, Claims, Data Processing, Marketing, Underwriting

SUPPLEMENTAL REVISIONS TO ATTACHMENT E

**TRANSACTION RECORD REPORTING AND PROCESSING (TRRP) PLAN
(CHANGE 19.3) AND EDIT SPECIFICATIONS (CHANGE 13.3)
CHANGES EFFECTIVE OCTOBER 1, 2013**

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A summary of the October 2013 TRRP Plan updates (Change 19.3) is as follows:

Part 1 – Instructions	<ul style="list-style-type: none">• Added ‘Change 19.3’ to Cover page.
Part 4 – Data Dictionary	<ul style="list-style-type: none">• Prior Policy Number: Removed reference of MPPP policies not eligible for renewal with original new business dates on or after 10/01/13 (page 4-160B).• Risk Rating Method: Removed reference of MPPP policies not allowed for renewal effective October 1, 2013 (page 4-182).

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NATIONAL FLOOD INSURANCE PROGRAM

TRANSACTION RECORD REPORTING AND PROCESSING (TRRP) PLAN
for the
WRITE YOUR OWN (WYO) PROGRAM

Revision 1 January 1, 1992
Revision 2 March 1, 1995
Revision 3 October 1, 1997
Revision 4 October 1, 2001
 Changes 1 & 2 May 1, 2002
 Change 3 October 1, 2002
 Change 4 May 1, 2003
 Change 5 October 1, 2003
 Change 6 May 1, 2004
 Change 6.1 February 1, 2005
 Changes 7 & 7 (Revised) May 1, 2005
 Changes 8 & 8.1 October 1, 2005
 Change 9 May 1, 2006
 Changes 10, 11 & 12 May 1, 2008
 Changes 13, 13.1 & 13.2 October 1, 2009
 Change 14 January 1, 2011
 Change 15 October 1, 2011
 Change 16 May 1, 2012
 Change 17 October 1, 2012
 Change 18 January 1, 2013
 Change 19 October 1, 2013
 Change 19.1 October 1, 2013
 Change 19.2 October 1, 2013
 Change 19.3 October 1, 2013

DATA ELEMENT: Prior Policy Number

ALIAS: None

ACRONYM: (PMF) PRIOR_POLNUM

FILE: Policy Master (PMF)

DESCRIPTION:

For a new business transfer, the prior policy number will be reported. The prior policy number indicates if there was a prior policy in force for the insured property.

This data element was originally named 'Current Map Information - Prior Policy Number'.

EDIT CRITERIA: Alphanumeric

LENGTH: 10

DEPENDENCIES: Information is obtained from the Flood Insurance Application.

SYSTEM FUNCTION: Grandfathering information and/or rating subsidy eligibility.

REPORTING REQUIREMENT: Required for policies reported with Grandfathering Type Code '3'. Also required for policies with original new business date on or after October 1, 2013 and the New/Rollover/Transfer Indicator is 'T'.

NOTE:

- If a prior policy number was reported before October 1, 2013 in the data element originally named 'Current Map Information - Prior Policy Number', there will be no need to report it again.
- Policies with original new business dates on or after October 1, 2013 and New/Rollover/Transfer indicator 'T', the Prior Policy Number must not be blank.
- Policies can report any valid policy number or blanks if New/Rollover/Transfer indicator is 'N', 'R' or 'Z'.
- If the Grandfathering Type code is '3', the Prior Policy Number must not be blank.

DATA ELEMENT: Prior Policy Number (Cont'd.)

NOTE: (Cont'd.)

- Alternative, Provisional, and Tentative policies with original new business dates on or after 10/1/13 are not eligible for renewal, rollover or transfer.

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DATA ELEMENT: Risk Rating Method

ALIAS: Manual, Specific (Submit for Rating), Alternative, or V-Zone Individual Risk Rating (NEW)

ACRONYM: WYO (PMF) RATE-METHOD

FILE: Policy Master (PMF)
Actuarial (APOL)

DESCRIPTION:

Manual Rating: This refers to any policy that is rated using the rate tables provided in the NFIP Flood Insurance Manual.

Specific Rating: This refers to rating done for an individual risk. This type of rating applies to Post-FIRM construction or substantial improvement for which no risk rate is published in the NFIP Flood Insurance Manual. An applicant for insurance on such a building must submit an application for approval and establishment of the risk premium rate. This submission should include a copy of the variance from the floodplain management ordinances issued by the community and a recent photograph or blueprint of the risk to be insured.

Alternative Rating: Only when the building is Pre-FIRM and the FIRM Zone is unknown can the alternative rating procedure be used. The NFIP assumes that the building is located in a Special Flood Hazard Area; the Pre-FIRM rates for Zone A in the NFIP Flood Insurance Manual are used to compute the premium. The agent or the insured may determine the FIRM Zone at a later date and use the information for rating. Effective October 1, 2013, Alternative policies will not be allowed to renew.

V-Zone Risk Factor Rating Form: During a severe coastal storm, a building's capability to withstand serious flood damage is directly related to several factors in addition to the elevation of the building's lowest floor. The most important of these are: (1) the building site; (2) the building support system; and (3) other construction details related to the building's resistance to wind and wave action. Owners who provide the NFIP with professional certification of information (on the V-Zone Risk Factor Rating Form) about these factors may qualify for substantial flood insurance rate discounts. This rating is used when it is believed that the design, placement, and/or construction of a building is such that the usual criteria used to establish actuarially appropriate rates do not reflect the lessened risk of a particular structure.

Underinsured Condominium Master Policy (CMP): CMPs that are not insured for at least 80 percent of the actual cash value of the building or the maximum available, whichever is less, are rated according to the "CMP Minimum Rating Rule." CMPs that are Submit-for-Rates should be reported as Submit-for-Rates, regardless of insurance-to-value since that rating factor is taken into account when developing the rates.

DATA ELEMENT: Risk Rating Method (Cont'd.)

DESCRIPTION: (Cont'd.)

Provisional Rating: Provisional rating is available to enable the placement of coverage prior to receipt of the Elevation Certificate. An Elevation Certificate and conversion to standard rating is still required. **Provisionally rated policies cannot be renewed or rewritten with provisional rates. Provisionally rated policies cannot be endorsed to increase coverage limits until the required elevation information is received.** Failure to obtain the Elevation Certificate could result in reduced coverage limits at the time of a loss.

Provisional rates may be used in writing new business whether or not the 30 day waiting period is applicable. The policy term is 1 year.

Policies rated using provisional rates are subject to CRS discounts, probation surcharges, and optional deductible relativities, as applicable. The Expense Constant and Federal Policy Fee also apply to policies rated using provisional rates.

Preferred Risk Policy (PRP): Prior to May 1, 2004, this policy was available for one- to four-family residential buildings only and solely in B, C, and X zones. Effective May 1, 2004, this policy will also be available for other residential and non-residential buildings solely in B, C and X zones.

There are various levels of coverage that may be chosen. The amounts for each option are fixed and cannot vary and include both building and contents coverage. Effective May 1, 2004, contents-only coverage will be available for PRP policies.

Premiums, likewise, are flat and fixed, with no rates, and vary only for basement and no-basement structures. Effective May 1, 2004, premiums for contents-only PRP policies will vary depending upon the specific location of contents reported, regardless of the basement/enclosure/crawlspace type.

Effective January 1, 2011, buildings newly designated in a Special Flood Hazard Area following a flood map revision on or after October 1, 2008, were allowed to maintain the lower cost PRP for 2 years after the effective date of the map change. As of January 1, 2013, policies written as PRPs under the PRP Eligibility Extension may continue to be renewed as PRPs beyond the previously designated 2-year period. Refer to the Flood Insurance Manual, Preferred Risk Policy section, for more information regarding PRP eligibility. New risk rating methods 'P' and 'Q' will be used to identify this type of PRP.

Tentative Rates: Tentative rates, which are generally higher than normal manual rates, are used to issue policies when producers fail to provide the required actuarial rating information such as a valid Elevation Certificate. By applying tentative rates, the agent can generate a policy with coverage limits based on the actual premium received. **Tentatively rated policies cannot be endorsed to increase coverage limits, or renewed for another policy term, until the required actuarial rating information and full premium payment are received.**

DATA ELEMENT: Risk Rating Method (Cont'd.)

DESCRIPTION: (Cont'd.)

Note: Effective May 1, 2004, tentative rates can be used only once on new business or renewal transactions. Any subsequent renewals using tentative rates will be in error.

Mortgage Portfolio Protection Program (MPPP) Policies: MPPP policies are allowed only in conjunction with mortgage portfolio reviews and the servicing of those portfolios by lenders and mortgage servicing companies. Policies are written because the mortgagor did not respond to previous notices to purchase coverage and show evidence of such. Policies under the MPPP will be for one term only and can be renewed but not automatically.

The following data elements are required to be reported for MPPP policies:

1. WYO Transaction Code
2. WYO Transaction Date
3. WYO Prefix Code
4. Policy Number
5. Policy Effective Date
6. Policy Expiration Date
7. Name or Descriptive Information Indicator
8. Property Street Address
9. Property City
10. Property State
11. Property ZIP Code
12. Community Identification Number (Rating Map Information)
13. Map Panel Number (Rating Map Information)
14. Map Panel Suffix (Rating Map Information)
15. Flood Risk Zone (Rating Map Information)
16. Occupancy Type
17. Total Amount of Insurance - Building
18. Total Amount of Insurance - Contents
19. Total Calculated Premium
20. Risk Rating Method
21. Insured Last Name
22. Condominium Indicator
23. Regular/Emergency Program Indicator
24. Insured First Name
25. Name Format Indicator
26. Mailing City
27. Mailing State
28. Mailing Street Address
29. Mailing ZIP Code

Optional Post-1981 V Zone Rate: Pre-FIRM and Post-FIRM 1975-1981 buildings in Zones VE and V01-V30 are allowed to use Post-1981 V Zone rates if the rates are more favorable to the insured. In order to qualify, the following criteria must be met:

- The policy must be rated using the BFE printed on the FIRM that includes wave height.
- The building rates are determined based on the ratio of the estimated building replacement cost and amount of insurance purchased.

DATA ELEMENT: Risk Rating Method (Cont'd.)

DESCRIPTION: (Cont'd.)

- The effective date of the FIRM or the reported map panel date is on or after October 1, 1981.
- The building must be either elevated free of obstruction or with breakaway wall obstruction less than 300 square feet. All machinery and equipment below the BFE are considered obstructions.

Group Flood Insurance Policy (GFIP): This policy provides a temporary mechanism for the recipients of IFG (Individual and Family Grant) and IHP (Individual and Households Grant Program) disaster assistance - generally low-income persons - to have flood insurance coverage for a period of three years following a flood loss (as a result of a major disaster declaration by the President) so that they will have time to recover from the disaster and be in a better position to buy flood insurance for themselves after the expiration of their three-year policy term. The premium for the GFIP will be a flat fee and may be adjusted at any time to reflect NFIP loss experience and adjustment of benefits under the stated grant programs. The amount of coverage is equivalent to the maximum grant amount established and the three-year policy term begins 60 days after the date of the disaster declaration.

FEMA Special Rates: Effective May 1, 2008, WYO companies that use special rates provided by FEMA must report these policies indicating risk rating method 'S'. FEMA Special Rates are to be used on new business and renewal transactions. These rates are assigned and approved by FEMA and not included in the Specific Rating Guidelines. These rates are also considered full risk (not subsidized).

Severe Repetitive Loss Properties: Policies renewed or issued on or after January 1, 2007 that meet the criteria for severe repetitive loss (SRL) are transferred to the Special Direct Facility for policy issuance. Mitigation offers made to SRL property owners under the SRL program will result in increased insurance premiums for the SRL property owners who refuse to accept the mitigation offer. Effective October 1, 2013, risk rating method 'T' will no longer be valid.

Leased Federal Property: Leased Federal Properties are identified as any properties leased from the Federal Government (including residential and nonresidential properties) that are determined to be located on the river-facing side of any dike, levee, or other riverine flood control structure, or seaward of any seawall or other coastal flood control structure. Effective October 1, 2009, this type of property will be reported with risk rating method 'F'. Actuarial rates will apply to all new and renewal policies with effective dates on or after October 1, 2009. In order to establish actuarial rates, an Elevation Certificate (EC) must be available. If the EC is not received within 45 days from the date of notice, the policy may be nullified or issued using tentative rates.

DATA ELEMENT: Risk Rating Method (Cont'd.)

DESCRIPTION: (Cont'd.)

Pre-FIRM policies with Elevation Certificate rating: Effective October 1, 2013, there will be two new Risk Rating Methods ('B', 'W') for policies covering Pre-FIRM buildings that are elevation rated as part of the implementation of the Biggert-Waters 2012, Section 100205. Criteria for these policies are:

- Post-FIRM indicator is 'N'
- Flood risk zone is an SFHA
- Elevation difference is not the default value (+999). For Flood risk zone 'D' or 'Unnumbered V', elevation difference default value +999 is allowed.

If the policy can be elevation rated based on the rate tables in the Flood Insurance manual, the policy will be reported with new risk rating method 'B'. If the rates are not in the Flood Insurance manual, the policy will be reported with new risk rating method 'W' and Submit-for-Rate procedures will be followed. Rating rules for these two new Risk rating methods ('B', 'W') are located in the Flood Insurance manual.

FEMA Pre-FIRM Special Rates: Effective October 1, 2013, in order to account for those Pre-FIRM policies that do not fall under the new risk rating method 'B' or 'W', a new Risk Rating Method will be reported for these exceptions. WYO companies that use special rates provided by FEMA must report these Pre-FIRM policies with risk rating method 'E'. FEMA Pre-FIRM Special Rates are to be used on new business and renewal transactions. These rates are assigned and approved by FEMA and not included in the Specific Rating Guidelines.

EDIT CRITERIA: Number, Alphanumeric, Acceptable Values:

- 1 - Manual
- 2 - Specific
- 3 - Alternative
- 4 - V-Zone Risk Factor Rating Form
- 5 - Underinsured Condominium Master Policy
- 6 - Provisional
- 7 - Preferred Risk Policy (PRPs issued for eligible properties located within a non-Special Flood Hazard Area [non-SFHA])
- 8 - Tentative
- 9 - MPPP Policy
- A - Optional Post-1981 V Zone

DATA ELEMENT: Risk Rating Method (Cont'd.)

EDIT CRITERIA: (Cont'd.)

- B - Pre-FIRM policies with elevation rating - Flood Insurance Manual rate tables.
- E - FEMA Pre-FIRM Special Rates
- F - Leased Federal Property
- G - Group Flood Insurance Policy (GFIP)
- P - Preferred Risk Policy (A PRP renewal issued in the first year following a map revision for an eligible property that was newly mapped into the SFHA by the map revision, or new business written for an eligible property that was newly mapped into the SFHA by a map revision effective on or after October 1, 2008 - PRP Eligibility Extension)
- Q - Preferred Risk Policy (subsequent PRP renewals where the previous policy year was reported as a 'P' or 'Q')
- S - FEMA Special Rates
- T - Severe Repetitive Loss Properties (formerly Target Group Full Risk). Effective October 1, 2013, code will no longer be valid.
- W - Pre-FIRM policies with elevation rating - Submit-for-Rate procedures

LENGTH: 1

DEPENDENCIES: Information is to be obtained from the Flood Insurance Application and the Elevation Certificate.

SYSTEM FUNCTION: Premium Calculation

REPORTING REQUIREMENT: Required

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A summary of the October 2013 Edit Specifications updates (Change 13.3) is as follows:

Cover Sheet	Added 'Change 13.3' for October 1, 2013
Part 2 - Edits Dictionary	<p>PL004170: Policy Number (revised)</p> <p>PL041090: Risk Rating Method (revised)</p>

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NATIONAL FLOOD INSURANCE PROGRAM

EDIT SPECIFICATIONS

FOR THE WRITE-YOUR-OWN PROGRAM

MAY 1, 2004

REVISION 8 MAY 1, 2004
CHANGE 1 MAY 1, 2005
CHANGE 2 OCTOBER 1, 2005
CHANGE 3 MAY 1, 2006
CHANGE 4 MAY 1, 2008
CHANGE 5 (REVISED) MAY 1, 2008
CHANGE 6 OCTOBER 1, 2009
CHANGE 6.1 OCTOBER 1, 2009
CHANGE 7 MAY 1, 2010
CHANGE 8 JANUARY 1, 2011
CHANGE 9 OCTOBER 1, 2011
CHANGE 10 MAY 1, 2012
CHANGE 11 OCTOBER 1, 2012
CHANGE 12 JANUARY 1, 2013
CHANGE 13 OCTOBER 1, 2013
CHANGE 13.1 OCTOBER 1, 2013
CHANGE 13.2 OCTOBER 1, 2013
CHANGE 13.3 OCTOBER 1, 2013



EDIT DICTIONARY

DATA ELEMENT: POLICY NUMBER

EDIT CRITERIA

ORDER: 170

EFFECTIVE: 10/01/2013 REVISED: 10/01/2013 CANCELLED:

EDIT LEVEL: OTHER POLICY TXNS LOAD PROGRAM EDIT TYPE: RELATIONAL

ERROR CODE: PL004170 ERROR TYPE: CRITICAL

ERROR MESSAGE: ATTEMPT TO RENEW A POLICY NOT ELIGIBLE FOR RENEWAL.

FAIL EDIT

UPDATE ACTION:

DESCRIPTION:

FOR RENEWAL TRANSACTIONS (17A) WITH POLICY EFFECTIVE DATE ON OR AFTER 10/01/2013:

IF RISK RATING METHOD IS '6' (PROVISIONAL) OR '8' (TENTATIVE) AND THE PRIOR POLICY TERM WAS REPORTED WITH RISK RATING METHOD '1' (MANUAL), POLICY CAN BE RENEWED.

IF RISK RATING METHOD IS '6' (PROVISIONAL) OR '8' (TENTATIVE) AND THE PRIOR POLICY TERM WAS REPORTED WITH RISK RATING METHOD '6' OR '8', POLICY CANNOT BE RENEWED.

IF RISK RATING METHOD IS '3' (ALTERNATIVE), POLICY CANNOT BE RENEWED.

EDIT DICTIONARY

DATA ELEMENT: RISK RATING METHOD

EDIT CRITERIA

ORDER: 90

EFFECTIVE: 01/01/1989 REVISED: 10/01/2013 CANCELLED:

EDIT LEVEL: EDIT PROCESSOR PROGRAM EDIT TYPE: RELATIONAL

ERROR CODE: PL041090 ERROR TYPE: CRITICAL

ERROR MESSAGE: CONDOMINIUM MASTER POLICY MAY NOT BE TENTATIVELY OR
PROVISIONALLY RATED.

FAIL EDIT

UPDATE ACTION: UPDATE

DESCRIPTION:

IF POLICY EFFECTIVE DATE IS PRIOR TO OCTOBER 1, 2013 AND
CONDOMINIUM INDICATOR IS 'M', 'H', OR 'L',

RISK RATING METHOD MUST NOT BE '6' OR '8'.

IF POLICY EFFECTIVE DATE IS ON OR AFTER OCTOBER 1, 2013 AND
CONDOMINIUM INDICATOR IS 'M', 'H', OR 'L',

RISK RATING METHOD MUST NOT BE '6'.