



Underwriting Guidance Update

Issue Date: April 12, 2022

Update 04-2022-6

Purpose: To provide underwriting guidance updates for the National Flood Insurance Program (NFIP).

This revised guidance is effective immediately and will be included in the October 2022 NFIP Flood Insurance Manual (FIM) release.

Contact: For questions or comments, email NFIPUnderwritingMailbox@fema.dhs.gov.

Appendix F: Severe Repetitive Loss Properties

Reference: FIM Appendix F, Pages F.1—F.3

FEMA is updating the guidance and processes for SRL properties.

REVISED FIM GUIDANCE (updates in red)

I. General Information

FEMA designates as Severe Repetitive Loss (SRL) any NFIP-insured building that:

- Has incurred flood-related damage for which four or more separate claims payments have been made, with the amount of each claim (including building and contents payments) exceeding \$5,000, and with the cumulative amount of such claims payments exceeding \$20,000; *or*
- For which at least two separate claims payments (building payments only) have been made under such coverage, with the cumulative amount of such claims exceeding the market value of the building.

In both instances, at least two of the claims must be within 10 years of each other, and claims made within 10 days of each other will be counted as one claim. In determining SRL status, FEMA considers the loss history since 1978, or from the **original** building's construction, if it was built after 1978, regardless of any changes in the ownership of the building. The term "SRL property" refers to either an SRL building or the contents within an SRL building, or both.

NFIP Direct, FEMA's direct servicing agent, services all flood insurance policies on SRL properties. When a property is designated as SRL, the writing company must transfer the SRL policy to the Special Direct Facility (SDF), operated by NFIP Direct, at the next renewal. Transferring the policy to the NFIP Direct ensures that FEMA can more closely monitor SRL policies and proactively identify mitigation assistance opportunities to help reduce the property's flood risk.

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.

NFIP Direct can provide additional assistance on the handling of SRL properties at 1-800-638-6620.

II. New Business

If the insurer determines a property to be an SRL property, the insurer must submit the completed Flood Insurance Application Form and the required documentation to the SDF at:

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

Alternatively, the agent of record can access the NFIP Direct online portal, enter the application information, and upload supporting documentation directly into the SDF. For more information or assistance the agent may contact the NFIP Special Direct Facility at 800-638-6620.

III. Notification Requirements for Transfer to SDF

The requirement to transfer to SDF occurs when FEMA identifies a property as meeting the SRL criteria. **Additional information on how the identification occurs and how the insurers obtain the information is provided in VII. below.**

A high-level summary of the SRL process includes:

- Insurer will verify a property address against FEMA's repetitive loss list at least 150 days prior to the policy expiration date.
- Insurer notifies the affected policyholder, agent, and lender 90 days before the expiration of the policy. This notice explains that the policy must be written with the SDF. See the Severe Repetitive Loss Properties heading in Appendix I: Policyholder Communications for a sample SDF notification letter; *and*
- The SDF receives policy data from FEMA, creates the SRL policy, and issues a renewal offer approximately 45 days prior to the expiration date.

IV. Underwriting Requirements

The insurer must provide the SDF with all policy documentation including agent and lender information for the SRL policy transferred to the SDF. If documentation is not submitted at time of the policy transfer, insurers must submit it at least 120 days prior to the policy expiration date. The SDF will process and issue the policy based on the NFIP rating methodology and

the process for new business. The SDF will re-underwrite all transferred policies by their next renewal, in order to validate rating elements.

Required documentation consists of:

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

V. Process for Correcting or Updating a Property's SRL Status

FEMA designates a property as SRL based on the property information on file. The policyholder may request a documentation review by FEMA to correct the property's SRL status if the policyholder believes that:

- The **property's** loss history is inaccurate (**i.e., address issue; missing identifier**); **or,**
- Property mitigation has occurred to reduce future flooding potential; **or,**

- The market value used is inaccurate for those which at least two separate claims payments (building payments only) have been made with the cumulative amount of such claims exceeding the market value of the building (not applicable for a property meeting the criteria of 4 or more separate claim payments of \$5,000 or more).

The policy remains with the SDF during the review.

A. Required Documentation

Documentation required to correct or update a property's SRL status includes but is not limited to:

- Invalid Loss History Association — Documentation that shows:
 - Incorrectly linked addresses or losses; *or*
 - A second address added to a Property Locator Record.
- Property Value Updates — The property value is based on market value, which must be shown on either:
 - Property tax assessment; *or*
 - Property appraisal.
- Mitigation Action
 - EC based on finished construction of the new or improved building;
 - Photographs of the building before the improvement;
 - Photographs of the building after the improvement;
 - Photographs of the flood 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 sent via email to: NFIPUnderwritingMailbox@fema.dhs.gov.

B. SDF Process After FEMA Determination

FEMA notifies the SDF, policyholder, and agent of record regarding the review results when completed. If FEMA determined that correction or update of the property's SRL status is not justified, the policy stays with the SDF. If FEMA agreed to correct or update the property's SRL status, the possible actions the SDF may take include:

- If an invalid loss history association or incorrect property valuation justified correction of the property's SRL status, the SDF will coordinate with the agent of record to transfer the policy back to the former insurer, or another NFIP insurer the policyholder chooses, at the next policy renewal. The insurer renews the policy using the SDF's effective dates, ensuring continuous coverage with no overlap. If the policyholder does not want to wait until the next renewal, the SDF will cancel the current policy and send the premium to the former insurer, or another NFIP insurer the policyholder chooses, to issue a new policy.
- If a mitigation action other than a buyout or demolition justified update of the property's SRL status, the SDF will coordinate with the agent of record to transfer the policy back to the former insurer, or another NFIP insurer the policyholder chooses, at the next policy renewal. The insurer renews the policy using the SDF's effective dates ensuring continuous coverage with no overlap.

Note: If the SRL designation is removed from the property after mitigation and the property incurs another paid claim of \$1,000 or more then the property will be designated as SRL again and will be returned to the SDF.

- If a buyout or demolition justified update of the property's SRL status, the SDF will coordinate policy cancellation with the agent of record. 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.
- If a loss occurs both in the current term and before the policy transfers to the former or new insurer, the SDF will continue to service the claim and transfer the policy to the insurer at the next renewal, unless the new claim qualifies the property for the SDF again.

VI. Flood Mitigation Assistance (FMA) 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 that assist NFIP-insured property owners with conducting 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 policyholders 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](#) to obtain additional information on the FMA Program and other mitigation grant programs for residential and non-residential properties.

VII. Pivot Identification and Notification Process for SRL Properties

This section provides an overview of the SRL identification process by the Pivot system and how the WYOs/NFIP Direct systems interact with the Pivot system to obtain this data as well as submit the required Additional Data Record.

A. Identification Steps of SRL

1. The Pivot System identifies a property as meeting the SRL criteria based on the last closed, paid claim. FEMA designates as Severe Repetitive Loss (SRL) any NFIP-insured building that:
 - Has incurred flood-related damage for which four or more separate claims payments have been made, with the amount of each claim (including building and contents payments) exceeding \$5,000, and with the cumulative amount of such claims payments exceeding \$20,000; *or*,
 - For which at least two separate claims payments (building payments only) have been made under such coverage, with the cumulative amount of such claims exceeding the market value of the building.

In both instances, at least two of the claims must be within 10 years of each other, and claims made within 10 days of each other will be counted as one claim. In determining SRL status, FEMA considers the loss history since 1978, or from the original building's construction, if it was built after 1978, regardless of any changes in the ownership of the building. The term "SRL property" refers to either an SRL building or the contents within an SRL building, or both.

2. Once identified, the property address is issued a system-generated Repetitive Loss (RL) number and creates a record in the RL/SRL database within the CAP module within Pivot. These three date fields are populated when the record is created:
 - a) **Identification Date:** 1st day of the month following the date the property was determined to meet SRL criteria. (Example: If property determined to be SRL on 2/3/22, the Identification Date would be set to 3/1/22.)
 - b) **Notification Date:** For records created after migration to Pivot, this date is generally the same as the Identification Date. For earlier records, the Notification Date was usually the date of the month-end report it was included on.
 - c) **Property SRL Date:** This date is 150 days from the Notification Date and is the date that the property will be treated as SRL for eligibility purposes.

B. Notification Steps of SRL

1. New Business

- a) The RL/SRL database will be checked for a repetitive loss record with a matching property address when the WYO or NFIP Direct submits a new business quote into Pivot.
- b) If a match is found, the transaction is rejected and an error message of "Severe Repetitive Loss (SRL) quotes can only be administered by the Special Direct Facility and the NFIP Direct Program." is provided to the insurer. The WYO or NFIP Direct must forward the application and premium to the SDF to be processed. The agent also has the option to submit the application by accessing the NFIP Direct online portal.
 - i) If you think the property's SRL status is in error, please see section V. above for guidance.
- c) If no match is found, the new business quote premium is calculated and provided to the WYO or NFIP Direct.

2. Policies in Force

- a) The WYO or NFIP Direct must perform an Application Programming Interface (API) call into Pivot on a scheduled basis. The API call can be made daily, weekly, or monthly. (FEMA recommends at least a weekly API call.) These are the API calls available:

API Call	Description
get/api/reploss/properties	Gets paged list of repetitive loss properties based on provided date window and SRL status. (Is also pageable if pageNumber and pageSize are included in request.)
get/api/reploss	Gets repetitive loss information based on the filter submitted, which could include but is not limited to address details.
get/api/reploss/page	Gets repetitive loss property based on page number.

- b) The WYO or NFIP Direct may request a complete list for each API call or may request only newly added SRL properties since the last API call.
- c) The results provided in the API file are uploaded into the WYO or NFIP Direct systems.
- d) All properties identified as SRL with a Property SRL Date (150 days from Notification Date) prior to the expiration date of the policy, must be flagged for non-renewal.
 - i) If a WYO submits a renewal quote request on an SRL-designated policy, the quote request will be rejected and an error message of "Severe Repetitive Loss (SRL) quotes can only be administered by the Special Direct Facility and the NFIP Direct Program." is provided to the insurer.

- e) If the Property SRL Date is after the expiration date of the policy, then the WYO or NFIP Direct will flag the next renewal term to non-renew.

Example:

Notification Date	Property SRL Date	Policy Expiration Date	Flag for non-renewal?
2/1/2022	7/1/2022	7/15/2022	Yes
2/1/2022	7/1/2022	6/15/2022	No (Flag 2023 Expiration)

- f) The WYO or NFIP Direct must send a notification letter to the Policyholder, Agent and Lender (if present), 90 days prior to the expiration of the policy, advising of the SRL designation and transfer to the SDF. (See Appendix I in the *NFIP Flood Insurance Manual* for current sample letters.)

C. Additional Data Record Submission Steps

1. For all SRL-designated policies, the WYO or NFIP Direct must send the required Additional Data record via API call into Pivot 90 days prior to the expiration date of the current policy.
 - a) This record contains data that is not already captured in Pivot.
 - b) The files will contain the agent and lender information, as well as, renewal billing instructions, replacement cost and any change in the Policyholder's contact information.
 - i) If the Additional Data record is not received then the SDF will assign the NFIP Direct In-House Agent account to the policy, the premium payor will default to the policyholder, an assumption or third-party tool will be used for replacement cost and the contact information on file will be used.

The API call available for this step is:

API Call	Description
post/api/reploss/additional-data	Sends Additional Data record into Pivot to be captured on Repetitive Loss record

2. The SDF will pull the additional data file information from Pivot using an API call and will upload the information into their billing system.
3. To ensure additional data has been successfully posted to Pivot, the WYO or NFIP Direct can check the Additional Data Pending report or the Additional Data Overdue report by performing one of these API calls:

API Call	Description
get/api/reploss/additional-data-pending	Get list of SRL records waiting for Additional Data record
get/api/reploss/additional-data-overdue	Get list of SRL records where Additional Data records were not received 90 days prior to expiration

IV. Severe Repetitive Loss Property Notice

Reference: FIM Appendix I, Policyholder Communications, IV.B, Pages I.27—I.32

FEMA has revised the letter to the Policyholder, Lender and Agent.

REVISED FIM GUIDANCE (updates in red)

National Flood Insurance Program
Address
FEMA logo

Policyholder Notice

IMPORTANT FLOOD INSURANCE POLICY INFORMATION

Property Address:
Policy Number:

Dear <Insert Policyholder's Name>,

Thank you for purchasing flood insurance through the National Flood Insurance Program (NFIP).

Due to your property's flood insurance claim history, federal law requires us to identify it as a Severe Repetitive Loss (SRL) property. The NFIP will continue to offer flood insurance for your property, but how we service your policy will change and the cost of your policy may increase. You will also be eligible for enhanced mitigation assistance through FEMA's Flood Mitigation Assistance program. This letter will give you more information about what your property's SRL status means to you.

What is a Severe Repetitive Loss Property?

A Severe Repetitive Loss property is an NFIP-insured building:

- That has incurred flood-related damage for which four or more separate claims payments have been made, with the amount of each claim (including building and contents payments) exceeding \$5,000, and with the cumulative amount of such claims payments exceeding \$20,000; or
- For which at least two separate claims payments (building payments only) have been made under such coverage, with the cumulative amount of such claims exceeding the market value of the building.

In both instances, at least two of the claims must be within 10 years of each other, and claims made within 10 days of each other will be counted as one claim. In determining SRL status, FEMA considers the loss history since 1978, or from the **original** building's construction if it was built after 1978, regardless of any changes in the ownership of the building.

What if I Do Not Think My Property Qualifies as a Severe Repetitive Loss Property?

We do everything we can to make sure that our claims and SRL records are complete and accurate. If you think your property's SRL status is in error, your agent can help you work with the NFIP to correct your property's status.

IV. Severe Repetitive Loss Property Notice

How Will the Servicing of My Flood Insurance Policy Change?

NFIP Direct, FEMA's direct servicing agent, services all flood insurance policies of SRL properties. That means you will keep your current agent, but we will move your policy from your current flood insurer to NFIP Direct at your next renewal. Transferring your policy to NFIP Direct ensures that FEMA can more closely monitor your property and proactively identify mitigation assistance opportunities to help reduce your property's flood risk. Your flood insurance policy's coverages, terms, and conditions will not change.

You should receive a renewal premium bill 45 days before your current flood insurance policy expires. You will need to pay the full amount due by the date indicated to renew your policy. This is the only bill that you should pay.

Will My Premium Go Up Because of My Property's SRL Status?

In most cases, federal law and NFIP rating procedures require us to phase out any discounted rates an SRL property may have received and charge premiums that take into account an SRL property's high risk of future flooding. Your agent can explain how your premiums will change and how to make sure that your policy remains affordable.

How Do I Remove My Property's SRL Designation?

To remove your property's SRL designation, you will need to bring your building into compliance with your community's current floodplain management requirements using an available mitigation option. ~~We know this comes with upfront expenses, but you will see an immediate decrease in your flood insurance premiums and will be protected from future flooding.~~

Will FEMA Help Me Mitigate My Property?

FEMA offers the Flood Mitigation Assistance (FMA) grant program annually to mitigate SRL properties. 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 NFIP-insured structure. Mitigated properties may qualify for lower flood insurance premiums. 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.

Who Can I Contact with My Questions?

If you have questions about this letter and the SRL process, please contact your agent. You can also contact the FEMA Mapping and Insurance eXchange (FMIX) by calling 1-877-336-2627 or emailing FEMA-FMIX@fema.dhs.gov.

Thank you for being a valued NFIP policyholder. We look forward to working with you to manage your flood risk.

Sincerely,

National Flood Insurance Program

National Flood Insurance Program
Address
FEMA logo

Agent's Notice

IMPORTANT FLOOD INSURANCE POLICY INFORMATION

Policyholder's Name:

Property Address:

Policy Number:

Dear Agent,

Thank you for writing your client's flood insurance through the National Flood Insurance Program (NFIP).

Due to the flood insurance claim history for your client's property, federal law requires us to identify it as a Severe Repetitive Loss (SRL) property. The NFIP will continue to offer flood insurance for your client's property, but how we service the policy will change and the cost of the policy may increase. Your client will also be eligible for enhanced mitigation assistance through FEMA's Flood Mitigation Assistance program. This letter will give you more information about what your client's property's SRL status means to you.

What is a Severe Repetitive Loss Property?

A Severe Repetitive Loss property is an NFIP-insured building:

- That has incurred flood-related damage for which four or more separate claims payments have been made, with the amount of each claim (including building and contents payments) exceeding \$5,000, and with the cumulative amount of such claims payments exceeding \$20,000; or
- For which at least two separate claims payments (building payments only) have been made under such coverage, with the cumulative amount of such claims exceeding the market value of the building.

In both instances, at least two of the claims must be within 10 years of each other, and claims made within 10 days of each other will be counted as one claim. In determining SRL status, FEMA considers the loss history since 1978, or from the **original** building's construction if it was built after 1978, regardless of any changes in the ownership of the building.

What if I Do Not Think My Client's Property Qualifies as a Severe Repetitive Loss Property?

We do everything we can to make sure that our claims and SRL records are complete and accurate. If you think your client's property's SRL status is in error, you can help your client work with the NFIP to correct the property's status.

How Will the Servicing of My Client's Flood Insurance Policy Change?

NFIP Direct, FEMA's direct servicing agent, services all flood insurance policies of SRL properties. That means you will remain the agent on the policy, but we will move your client's policy from the current flood insurer to NFIP Direct at the next renewal. Transferring the policy to NFIP Direct ensures that FEMA can more closely monitor your client's property and proactively identify mitigation assistance opportunities to help reduce your client's property's flood risk. The flood

IV. Severe Repetitive Loss Property Notice

insurance policy's coverages, terms, and conditions will not change. Your client should receive a renewal premium bill 45 days before the current flood insurance policy expires. Your client will need to pay the full amount due by the date indicated to renew the policy. This is the only bill that your client should pay.

Will My Client's Premium Go Up Because of the Property's SRL Status?

In most cases, federal law and NFIP rating procedures require us to phase out any discounted rates an SRL property may have received and charge premiums that take into account an SRL property's high risk of future flooding. The NFIP Direct can explain how your client's premiums will change.

How Do I Help My Client Remove the Property's SRL Designation?

To remove your client's property's SRL designation, your client will need to bring the building into compliance with the community's current floodplain management requirements using an available mitigation option. ~~We know this comes with upfront expenses, but you will see an immediate decrease in your flood insurance premiums and will be protected from future flooding.~~

Will FEMA Help My Client Mitigate the Property?

FEMA offers the Flood Mitigation Assistance (FMA) grant program annually to mitigate SRL properties. 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 the NFIP-insured structure. Mitigated properties may qualify for lower flood insurance premiums. To obtain additional information on the FMA program and other mitigation grant programs for residential and non-residential properties, please contact the local floodplain manager or state hazard mitigation officer, or go to the FEMA Hazard Mitigation Assistance webpage at www.fema.gov/hazard-mitigation-assistance.

Who Can I Contact with My Questions?

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Sincerely,
National Flood Insurance Program

National Flood Insurance Program
Address
FEMA logo

Lender's Notice

IMPORTANT FLOOD INSURANCE POLICY INFORMATION

Policyholder's Name:
Property Address:
Policy Number:

Dear Lender,

Due to the flood insurance claim history for your client's property, federal law requires us to identify it as a Severe Repetitive Loss (SRL) property. The NFIP will continue to offer flood insurance for your client's property, but how we service the policy will change and the cost of the policy may increase. Your client will also be eligible for enhanced mitigation assistance through FEMA's Flood Mitigation Assistance program. This letter will give you more information about what your client's property's SRL status means to you.

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What if I Do Not Think My Client's Property Qualifies as a Severe Repetitive Loss Property?

We do everything we can to make sure that our claims and SRL records are complete and accurate. If you think your client's property's SRL status is in error, you can help your client work with the NFIP to correct the property's status.

How Will the Servicing of My Client's Flood Insurance Policy Change?

NFIP Direct, FEMA's direct servicing agent, services all flood insurance policies of SRL properties. We will move your client's policy from the current flood insurer to NFIP Direct at the next renewal. Transferring the policy to NFIP Direct ensures that FEMA can more closely monitor your client's property and proactively identify mitigation assistance opportunities to help reduce your client's property's flood risk. The flood insurance policy's coverages, terms, and conditions will not change. Your client should receive a renewal premium bill 45 days before the current flood insurance policy expires. Your client will need to pay the full amount due by the date indicated to renew the policy. This is the only bill that your client should pay

IV. Severe Repetitive Loss Property Notice

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How Do I Help My Client Remove the Property's SRL Designation?

To remove your client's property's SRL designation, your client will need to bring the building into compliance with the community's current floodplain management requirements using an available mitigation option. ~~We know this comes with upfront expenses, but you will see an immediate decrease in your flood insurance premiums and will be protected from future flooding.~~

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National Flood Insurance Program