

5. How to Renew

I. General Information

- The Standard Flood Insurance Policy (SFIP) contract is for one year only.
- All policies expire at 12:01 a.m. on the last day of the one-year policy term.
- A new policy term and new contractual agreement between the insured and the insurer begins when an expiring policy renews.
- All policies renew using the rates in effect on the policy renewal effective date.
- The insurer must receive the premium in full to renew the policy at the coverage amount offered on the renewal bill.
- Paying the premium more than 30 days after the expiration date of the policy causes a lapse in coverage that may affect policy rating.
- All references to days are calendar days, not business days.

NOTE

Severe Repetitive Loss (SRL) Properties

The NFIP Special Direct Facility, operated by NFIP Direct, processes the policy renewals for SRL properties. (Refer to Appendix I: SRL of this manual for more information.)

II. Renewal Process

A. Renewal Notice

The insurer must mail a Renewal Notice at least 45 days before the policy expires to the payor listed on the policy declarations page, using first-class mail. The insurer must also mail a copy of the Renewal Notice to all parties listed on the policy declarations page, stating “THIS IS NOT A BILL.”

1. Amounts of Insurance on the Renewal Notice

Insurers must use the rates that will be in effect on the policy renewal date to calculate the premium to renew the policy. The insurer may present the payor with two coverage options:

- **Option A** – Renewing for the Same Amounts of Insurance:
 - This option provides the current amounts of insurance and applicable deductibles.
- **Option B** – Renewing for Higher Amounts of Insurance:
 - This option provides an inflation option of 10 percent for the building and 5 percent for the contents with applicable deductibles.
 - The amount of insurance offered cannot exceed the maximum limits.
 - The minimum deductible may change based on the amount of insurance offered at renewal.
 - For Preferred Risk Policies and Newly Mapped policies, the insurer must use the next higher amounts of insurance available. For more information on the combinations of insurance amounts, refer to Appendix J: Rate Tables.
 - The amount of insurance cannot exceed the replacement cost of the building.

B. Final Notice

If the insurer does not receive the premium payment by the policy expiration date, the insurer must send a Final Notice on the policy expiration date to all parties listed on the prior policy declarations page.

The Final Notice must include the same information printed on the Renewal Notice and state that coverage has expired.

Lender Protection

Coverage will continue for lenders listed on the declarations page for 30 days from the Final Notice mailing date, as required under the Mortgage Clause of the SFIP.

- The Final Notice to the lender must indicate that coverage will terminate if premium is not received within this 30-day period;
- Insurers must be able to reproduce copies of the Final Notice to the mortgagee; *and*
- The insurer must have processes in place to verify the Final Notice mailing date.

See Appendix A: Policy, section General Conditions; “Q. Mortgage Clause” appears in all policy forms.

C. Renewal Notification Requirements

Refer to **Table 1** below for renewal notification requirements.

Table 1. Renewal Notification Requirements

Notice Type	Payor	All Other Parties Listed on the Declaration Page
Renewal Notice	Insurer mails Renewal Notice for payment 45 days prior to the policy expiration date.	Insurer mails a copy of Renewal Notice for payment 45 days prior to the policy expiration date.
Final Notice	Insurer mails Final Notice on the policy expiration date.	Insurer mails a copy of Final Notice on the policy expiration date.
Policy Declarations Page	Insurer mails policy declarations page after receiving payment.	Insurer mails the policy declarations page after receiving payment.

D. Premium Payment

The payor may pay the premium by check, credit card, or Electronic Funds Transfer. The insurer must receive the premium within 30 days of the policy expiration date (includes policy expiration date plus 29 days).

The insurer cannot use the receipt date of an invalid payment to determine the effective date of a policy transaction (application, endorsement, or renewal).

A payment is invalid if there are non-sufficient funds (NSF) in the account, a successfully completed reversal (dispute) of an electronic payment, or the payment is non-negotiable for any other reason.

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Upon notification that the payment is invalid, the insurer must:

- Cancel/nullify the transaction associated with that payment.
- Send notification of the cancellation/nullification to the insured, agent, and lender(s), if applicable.

If the insurer receives a new payment, the insurer must process the transaction based on the new premium receipt date. The insurer must determine the effective date of the transaction based on the new payment receipt date, subject to the effective date rules.

Note: A new application or endorsement request is not required for this transaction as long as the insurer still has the original request.

1. Check

The payor can pay by a check payable to the insurer.

2. Credit Cards

The payor can make a payment by credit card, if the insurer accepts credit card payments. The insurer must notify the insured if the credit card issuer declines the charge.

3. Electronic Transfers

The insurer may use electronic transfers if its process includes authentication of signatures and dates of receipt of premium.

4. Certified Mail

- For **valid** payments sent via certified mail, the payment receipt date is **the certified mail date**:
 - If the certified mail date is within 30 days of the policy expiration date **there is no lapse in coverage**.
 - If the certified mail date is outside the grace period there will be a **lapse in coverage**. Calculate the new effective date based on the **certified mail date**.
- The term certified mail extends to certified mail sent via the U.S. Postal Service or reputable third-party delivery services that provide proof of the actual mailing and delivery date to the insurer.

E. Premium Receipt

Upon receipt of the full premium, the insurer must send the policy declarations page to the insured and all parties listed on the policy.

1. Underpayment of Renewal Premium

- If the insurer receives a payment less than the amount shown on the bill, the insurer will send an underpayment notice for the additional premium.
- If the insurer receives the additional premium within 30 days of the underpayment notice, the policy will renew at the original requested amount.

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- If the insurer does not receive the additional premium within 30 days of the underpayment notice, then the insurer will reduce the coverage to the amount that the premium received will purchase.
- If the insurer receives the additional premium more than 30 days from the underpayment notice, the amount of insurance must increase by endorsement using the applicable waiting period. Please refer to the How to Endorse section for the effective date rules.

F. Determine the Renewal Effective Date

The date the insurer receives the premium will determine the effective date except for payments sent by Certified Mail. (Refer to **II.D.4 Certified Mail** for more information). Use **Table 2** to determine the renewal effective date.

Table 2. Determine the Renewal Effective Date

RECEIPT DATE	RENEWAL DATE	EXAMPLE
Within 30 days of the policy expiration date	The insurer renews the policy with the same effective date and policy number as the previous term without a lapse in coverage.	If the policy expires on May 1 and the insurer receives payment before May 30, then the effective date of the policy is May 1.
On or after 30 days but within 90 days following the policy expiration date	The insurer renews the policy with the same policy number as the previous term. However, the effective date of the policy will be 30 days from the date the insurer receives the payment, which results in a lapse in coverage.	If the policy expires on May 1 and the insurer receives payment on June 15, the effective date of the policy is July 15.
On or after 90 days following the policy expiration date	The insurer cannot renew the expired policy. The insurer must receive a new Application with payment after validating the rate. The standard 30-day waiting period will apply and there will be a lapse in coverage.	If the policy expires on May 1 and the insurer receives the payment on August 15, determine the effective date based on the applicable effective date rule for the standard 30-day waiting period.

Note: If the 30th day falls on a Saturday, Sunday, or holiday, the deadline does not extend to the next business day.

G. Renewal by an Application or Recertification Questionnaire

- If the insurer does not have acceptable underwriting information to renew or rate a policy, the insurer may require an Application or Recertification Questionnaire.
- The insurer may not generate a Renewal Notice if the insurer does not have all the required information to underwrite or rate a policy unless the insurer chooses to use Tentative Rates.
- The insurer must notify any lender listed on the declarations page of the requirement to renew by means of an Application or Recertification Questionnaire no less than 45 days prior to policy expiration.
- The insurer must mail the Final Notice within 5 days of the policy expiration date and send a final notice to all parties listed on the prior policy declarations page.

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Examples of situations that may require an Application or Recertification Questionnaire are:

- Tentatively rated policies;
- Provisionally rated policies;
- FEMA reunderwriting requirements resulting from an audit, quality review, or program changes;
- Misrating discovered by the insurer at the time of loss or during an internal quality review;
- Substantial improvements;
- New additions or extensions to the building (even when not a substantial improvement);
- Buildings in the course of construction during a previous policy term;
- Preferred Risk Policy (PRP) ineligibility; *or*
- Loss of eligibility for NFIP grandfather rules.

H. Nonrenewal and Cancellation

- The insurer may not renew a policy for an ineligible risk.
- The insurer may not generate Renewal Notices or renew policies when a building becomes ineligible for flood insurance. Examples include but are not limited to when:
 - The NFIP suspended the community in which the building is located;
 - A state or local authority declared the property in violation of its floodplain management regulations (Section 1316 property); *or*
 - A property has been identified as being in a Coastal Barrier Resources System or Otherwise Protected Area after the designation date.
- Within five days of the policy expiration date, the insurer must notify all parties listed on the prior policy declarations page of the nonrenewal and cancellation by sending a Final Notice.

I. Newly Mapped

The policy renewal premium receipt date may impact continued eligibility for the newly mapped rating procedure. Please see **Table 3** below.

Table 3. Renewal Payments

Premium Receipt Date	Eligible for Newly Mapped Procedure	Apply Waiting Period
Within 30 Days of the Expiration Date	Yes	No
Greater than 30 Days but less than 90 Days following the Expiration Date	Yes, for the first occurrence. No, for a subsequent occurrence	Yes, the standard 30-day waiting period applies.
90 or more days following the Expiration Date	No	N/A

J. Coverage Endorsements during the Renewal Cycle

The renewal bill may not reflect endorsements received close to the expiration date (example: within 75 days of the policy expiration date). When the insurer receives the request for coverage endorsements close to renewal, follow the guidelines below:

- If the insurer receives a request to increase coverage after sending a Renewal Notice, but more than 30 days prior to the current policy expiration date, the insurer shall issue a revised Renewal Notice. If the insurer receives the premium for the increased coverage before the end of the 30-day grace period, the increased coverage becomes effective at 12:01 a.m. on the date of the policy renewal.
- If the insurer receives a request to increase coverage less than 30 days prior to the current policy expiration date, the following rules apply:
 - If the requested coverage is less than Option B, the insurer must receive the premium for the increased coverage before the expiration of the 30-day grace period for the new coverage to become effective at 12:01 a.m. on the date of the policy renewal.
 - If the requested coverage amount of insurance is greater than Option B, the insurer must issue the renewal policy using the Option B coverage amounts, and then endorse the policy to the requested amount with the appropriate waiting period. Refer to the How to Endorse section for questions regarding the waiting period.

K. Transfer of Business at Renewal

- A transfer of business occurs when an insured or an agent moves any or all of their existing business from one insurer to another.
- When the transfer occurs, the insurer must obtain, either from the insured or the agent, the following:
 - The declaration page from the prior insurer, an Application, and all underwriting information to verify the correct rating of the policy.
 - Documentation of primary/non-primary residence status.
 - If the policy is rated using elevation information, then a copy of the Elevation Certificate is required when the declarations page issued by the previous insurer does not include the Lowest Floor Elevation and Base Flood Elevation.
 - A PRP requires documentation of eligibility that includes verification of the flood zone.
 - Documentation of both the current and previous flood zones for Newly Mapped properties.
 - A Residential Condominium Building Association Policy (RCBAP) requires all information needed to issue and rate the policy, including photos and Replacement Cost Value (RCV) documentation.
 - All transferred elevation-rated policies require photographs. The new insurer may use the photographs on file with the previous insurer if there have been no structural changes that affect the building's rating.

- The insurer must validate elevation information on the previous declarations page when there is a discrepancy in the building description (e.g., the Application shows a basement and the declarations page describes an elevated building).

Insurer or Third Party Conversion

Transfer of business does not include conversions of all business from one insurer or third-party administrator to another insurer or third party administrator. When an insurer acquires another insurer's book of business, all underwriting files must transfer in their entirety to the new insurer.

III. Sample Documents

A. Renewal Notice, page 1

National Flood Insurance Program
U.S. Department of Homeland Security
P.O. Box 913111
Denver, CO 80291-3111
(800) 427-4661



FEMA

Policy Number:
Policy Expiration Date:
Billing Date:
Payor:

Agent:

Insured Property Location:

RENEWAL NOTICE: Your flood insurance is about to expire on the date shown above. Please follow renewal instructions on the remittance coupon below.

Special Instructions:

Coverage Options	Coverages		Deductibles		Premium
	Building	Contents	Building	Contents	
A: CURRENT COVERAGE	\$	\$	\$	\$	\$
B: INCREASED COVERAGE	\$	\$	\$	\$	\$

See reverse side of bill for important additional information.

Please note #6, deductible option changes, on back of this bill.

**This Is Not A Bill - Homeoffice Copy
RETAIN FOR YOUR RECORDS**

(Please detach here and send this portion with your payment.)				DIRECT
Policy No.:	Bill ID:	Loan No.:	Amount Paid \$	
Choose from one of the following payment options: <input type="checkbox"/> Option A: \$ <input type="checkbox"/> Option B: \$				
For credit card payment check card type and provide account information below:				
<input type="checkbox"/> MasterCard <input type="checkbox"/> AMEX <input type="checkbox"/> Discover Card#:		<div style="border: 1px solid black; width: 150px; height: 1.2em; display: flex; align-items: center;"> <div style="flex: 1;"></div> </div>		Exp. Date: ____/____
<input type="checkbox"/> VISA Cardholder Signature:		X _____		
To remit by check make check payable to: FEMA Flood Payments P.O. Box 913111 Denver, CO 80291-3111				
Due Date:		To renew your policy by check or money order, be sure to return this portion to the address above. Make payment for the exact amount of the coverage option you selected. Write your policy number on your check or money order.		
Billing Date:				

A. Renewal Notice, page 2

IMPORTANT MESSAGES

1. Provided your payment is received within 30 days of the expiration of your policy, it will be renewed without a lapse in coverage. Any payment received after the 30 day grace period and prior to 90 days will still renew your policy, however, there will be a 30 day waiting period for coverage to become effective. The 30 day waiting period begins the day the premium is received.
2. You are encouraged to insure your property for at least 80% of the structures replacement cost to ensure adequate coverage in the event of a loss. Contact your insurance agent for details.
3. If the mortgagee listed on the bill is not the current mortgagee, please forward the bill to the new financial institution (if they are responsible for premium payment) and have a change endorsement sent to correct the policy.
4. If this policy is a Preferred Risk Policy (PRP), please note that there have been recent changes to the eligibility requirements for the PRP. If the flood zone listed on your policy is not the zone on the current flood insurance rate map, you may no longer be eligible for the PRP. Please contact your insurance representative to verify if you are still eligible for this policy or to obtain a quote for a Standard policy.
5. Using Certified Mail when sending premium payments has the advantage of limiting lapses in coverage as the certified mail date is used as the premium receipt date to ensure the earliest receipt date possible and also provides a method to track your payment from the post office to the remittance center by going to www.usps.com/shipping/trackandconfirm.htm.
6. Effective April 1, 2016, policies currently receiving Pre-FIRM subsidized rates may lose the eligibility to maintain those rates if payment is received more than 90 days after policy expiration date.

This Policy is not subject to cancellation for reasons other than set forth in the National Flood Insurance Program rules and regulations. In matters involving billing disputes, cancellation is not available other than for billing processing error or fraud.

If you send us a check, it will be converted into an electronic funds transfer (EFT). This means we will copy your check and use the account information on it to electronically debit your account for the amount of the check. The debit from your account will usually occur within 24 hours, and will be shown on your regular account statement. You will not receive your original check back. We will destroy your original check, but we will keep the copy of it. If the EFT cannot be processed for technical reasons, you authorize us to process the copy in place of your original check. If the EFT cannot be completed because of insufficient funds, we may try to make the transfer up to 2 times.

B. Final Notice, page 2

IMPORTANT MESSAGES

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5. Using Certified Mail when sending premium payments has the advantage of limiting lapses in coverage as the certified mail date is used as the premium receipt date to ensure the earliest receipt date possible and also provides a method to track your payment from the post office to the remittance center by going to www.usps.com/shipping/trackandconfirm.htm.
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If you send us a check, it will be converted into an electronic funds transfer (EFT). This means we will copy your check and use the account information on it to electronically debit your account for the amount of the check. The debit from your account will usually occur within 24 hours, and will be shown on your regular account statement. You will not receive your original check back. We will destroy your original check, but we will keep the copy of it. If the EFT cannot be processed for technical reasons, you authorize us to process the copy in place of your original check. If the EFT cannot be completed because of insufficient funds, we may try to make the transfer up to 2 times.

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