



FEMA

W-05042

September 1, 2005

MEMORANDUM FOR: Write Your Own (WYO) Principal Coordinators  
and NFIP Servicing Agent

A handwritten signature in black ink, appearing to read "James S.P. Shortley".

FROM: James S.P. Shortley, Director of Claims  
Claims Section, Risk Insurance Branch  
Mitigation Division

SUBJECT: Advance Payments

Hurricane Katrina will most likely be the largest natural disaster in the United States to date. FEMA is making every effort to expedite the settlement of claims to thousands of flood victims. Therefore, the Director of FEMA has approved advance payments to policyholders prior to the property inspection. Once the notice of loss is received, the company will confirm contents coverage and make a determination that the structure has been flooded. After confirmation of coverage, the advance payment can then be made to the insured in the \$3,000 range.

The advance payment must accompany a written notice to the insured informing them that the advance payment is being applied against their contents claim and not for Additional Living Expenses (ALE), which are specifically excluded in the Standard Flood Insurance Policy. After the claim is settled, the advanced amount will be deducted from the final claim payment made to the policyholder.

If an advance payment is made to an insured who has not been flooded, the WYO Company will not be reimbursed. It is important to obtain accurate information from the insured or their representative regarding their temporary address when the claim is reported. It will not benefit the insured to send their advance payment to the property address, which is not accessible due to flooding.

If you should have any questions, please contact the NFIP Claims Department at [claimsdata@nfipstat.com](mailto:claimsdata@nfipstat.com).

cc: Vendors, IBHS, and Government Technical Representative

Required Routing: Accounting, Claims, Underwriting

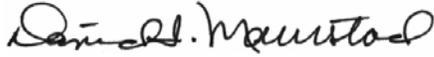


FEMA

W-05044

September 2, 2005

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

FROM: David I. Maurstad   
Acting Director  
Mitigation Division  
Emergency Preparedness and Response Directorate

SUBJECT: Extension of the Grace Period for Payment of  
National Flood Insurance Program Renewal Premiums

The Standard Flood Insurance Policy (SFIP) provides that the term of the policy commences on its inception date and ends on its expiration date, and if the policyholder is to assure that the coverage is renewed for a contract term, without a lapse in coverage, the renewal premium payment must be received by the National Flood Insurance Program (NFIP) Insurer within thirty (30) days of the expiration date of the policy.

On August 29, 2005, Hurricane Katrina struck the Gulf Coast of Louisiana, Mississippi, and Alabama and caused major destruction to homes and businesses across the states. The closing of airports and the damage to homes, United States Postal Service facilities, and infrastructure, has caused concerns about delays in receipt of renewal premiums by the NFIP Servicing Agent, Write Your Own Companies, and their Vendors. The concern about the possible lapses in coverage and the subsequent denials of claims occurring during a gap in coverage compels me to extend the thirty (30) day grace period for receipt by the NFIP of flood insurance renewal premiums.

Accordingly, pursuant to the provisions of the SFIP dealing with waivers (see the General Conditions section of each of the three SFIP forms):

1. The SFIP renewal provisions are hereby waived to provide that the 30-day grace period for receipt of the renewal premium payment after a policy's expiration date is extended for an additional ninety (90) days. This extension is applicable to all policies with a grace period ending August 29, 2005, through November 27, 2005. For example, for a policy with a grace period ending on September 9, 2005, the renewal premium payment would have to be received by the NFIP Insurer on or before December 8, 2005. As to a policy with a grace period ending date of November 28, 2005, or later, the normal 30-day grace period will apply for receipt of the renewal premium payment.

2. This waiver applies to all NFIP policies, whether issued by the NFIP Servicing Agent or a Write Your Own Company, written on properties located in the States of Louisiana, Mississippi, and Alabama.

It should be kept in mind that no claim that occurs after the expiration date is payable unless the renewal premium is actually received by the NFIP Insurer on or before the last day of the grace period as extended by this waiver.

We will continue to monitor the situation as recovery efforts continue. If necessary, we will extend the grace period with another waiver.

Any questions or inquiries regarding this notice should be directed to Donald Beaton, Chief Underwriter, Federal Emergency Management Agency, at (202) 646-3442, or (email) [donald.beaton@dhs.gov](mailto:donald.beaton@dhs.gov).

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

Suggested Routing: Accounting, Data Processing, Underwriting, Claims