

CANCELLATION/NULLIFICATION

Flood insurance coverage may be terminated mid-term or for a full term by either canceling or nullifying the policy, only in accordance with a valid reason for the transaction, as described in Paragraphs I.B.1–25. If coverage is terminated, the insured may be entitled to a full or partial refund under applicable rules and regulations. In some instances, the insured might be ineligible for a refund.

I. PROCEDURES AND VALID REASONS

Submit a completed Cancellation/Nullification Request Form and proper documentation to the current National Flood Insurance Program (NFIP) insurer for processing.

A. Refund Processing Procedures

1. The current NFIP insurer will be responsible for returning the premium for the current policy year and 1 prior policy year, as applicable, provided that it was the insurer for that period. If another NFIP insurer was the insurer for the prior policy year, it will be responsible for returning the premium for that year.

2. Requests for refunds for more than 2 years (reasons 1, 2, 4, 6, 10, 22, and 24 only) must be processed by the NFIP Bureau and Statistical Agent (NFIP Bureau).

a. For requests processed by the NFIP Bureau, the current NFIP insurer must submit all of the documentation required to support the reason code used to make a refund for any period exceeding 2 years. At a minimum, this documentation will consist of the following:

- A policy cancellation request and the premium refund calculation for each year.
- The company's statistical records or declarations pages for each policy term and evidence of premium payments obtained from the insured if these documents are not available from the company's records.
- Photographs to verify ineligible risks.

b. Mail the appropriate documentation to:

NFIP Bureau and Statistical Agent
Underwriting Department
8400 Corporate Dr., Suite 350
Hyattsville, MD 20785

3. Write Your Own (WYO) Companies will be notified of the premium refunded and the Expense Allowance due to the NFIP. The companies must maintain this documentation as part of their underwriting files.

4. All existing refund rules concerning the Federal Policy Fee and agent/producer commission remain in effect.

5. For the purpose of determining the receipt date of the cancellation/nullification request, the date shall be that on which the cancellation/nullification request was initially received by the insurer, as long as the complete supporting documentation for that request is received by the insurer within 60 days of the insurer's request for additional documentation. When the supporting documentation for the cancellation/nullification request is received by the insurer more than 60 days after the insurer's request for the documentation, the receipt date shall be the date the insurer received the complete documentation.

B. Valid Reason Codes for Cancellation/Nullification of NFIP Policies

The Transaction Record Reporting and Processing (TRRP) reason codes in this section are used for reporting purposes only.

1. Building Sold or Removed, Destroyed or Physically Altered to no Longer Meet the Definition of an Eligible Building (TRRP Reason 01)

This reason can be used for the following: (1) when the insured has sold or transferred ownership of the insured property and no longer has an insurable interest in the insured building; (2) the insured building has been removed through either relocation or destruction; or (3) the building is physically altered mid-term such that a risk that was eligible for coverage is no longer eligible for coverage. An example is a mobile home affixed to a permanent foundation that is removed from its foundation and placed back on its wheels.

This reason may also be used if: (1) the builder or developer has requested to cancel the policy mid-term because ownership has transferred to a newly created condominium association, and the association has purchased a policy under its name; (2) the building is considered a total loss because the building damage is greater than or equal to the replacement cost of the building; or (3) the building has been foreclosed.

• Cancellation Effective Date: The date the insured ceased to have an insurable interest in the building (e.g., the date of the sale of the building, the date the building was removed from the described location, or the date the building became ineligible for coverage.)

- Type of Refund:
 - Pro rata premium refund, including Increased Cost of Compliance (ICC) premium, Reserve Fund Assessment, and HFIAA Surcharge, will apply to the policy term in which the cancellation became effective. The refund does not include the Federal Policy Fee and Probation Surcharge.
 - Full premium refunds apply to any subsequent policy term(s) including fees and surcharges.
- Cancellation Request: Must be received within 1 year of the policy expiration date.
- Required Documentation: Bill of sale, settlement statement, proof of removal, proof of total loss, court documentation for foreclosed buildings, or photographs to verify ineligible risks.
- Years Eligible for Refund: Up to 5 years prior to the receipt date of the cancellation request.

2. Contents Sold or Removed or Destroyed (TRRP Reason 02)

This reason is used when the insured has sold or transferred ownership of the insured contents, or the insured contents have been completely removed from the described location, or destroyed by any peril.

- Cancellation Effective Date: The date the insured ceased to have an insurable interest in the contents at the described location, or the date the contents were removed from the described location.
- Type of Refund:
 - Pro rata premium refund, including ICC premium, Reserve Fund Assessment, and HFIAA Surcharge, will apply to the policy term in which the cancellation became effective. The refund does not include the Federal Policy Fee and Probation Surcharge.
 - Full premium refunds apply to any subsequent policy term(s) including fees and surcharges.
- Cancellation Request: Must be received within 1 year of the policy expiration date.
- Required Documentation: Bill of sale, inventory record, proof of total loss, or, in the case of residential contents, a signed statement from the insured.
- Years Eligible for Refund: Up to 5 years prior to the receipt date of the cancellation request.

3. Policy Canceled and Rewritten to Establish a Common Expiration Date with Other Insurance Coverage (TRRP Reason 03)

This reason is used to establish a common expiration date with other insurance coverage and can be used only when all of the following conditions are met: (1) The new policy must be rewritten within the same company for the same or higher amounts of coverage. (2) The other insurance coverage for which the common expiration date is being established must be for building coverage on the same building that is insured by the flood policy being canceled and rewritten. (3) The agent/producer must submit a new Application and premium. The new policy is subject to the 30-day waiting period. Any requests for increases in higher amounts of coverage are also subject to the 30-day waiting period.

Upon receipt of the new policy declarations page, the agent/producer must request cancellation of the prior policy.

- Cancellation Effective Date: The effective date of the new policy.
- Type of Refund: Pro rata premium refund, including ICC premium, Reserve Fund Assessment, and HFIAA Surcharge, will apply to the policy term in which the cancellation became effective. The refund does not include the Federal Policy Fee and Probation Surcharge.
- Cancellation Request: Must be received within 1 year of the new policy effective date.
- Required Documentation: Copy of the new policy declaration page, and a copy of the other insurance policy declaration. These pages must show the building address and policy effective dates.
- Years Eligible for Refund: Current year.

4. Duplicate NFIP Policies (TRRP Reason 04)

When a duplicate NFIP policy has been issued to the same named insured, only 1 policy can remain in effect. The insured can choose which policy is to remain in effect and which policy is to be canceled. This does not apply when there has been a deliberate creation of duplicate policies. If this event does occur, the policy with the later effective date must be canceled. Losses occurring under such circumstances will be adjusted according to the terms and conditions of the first policy.

There are 5 exceptions to the above-referenced rule about canceling the policy with the later effective

date. The first two exceptions are covered in other parts of this chapter. This includes cancellation of the earlier policy to establish a common expiration date with other policies, which is covered under Reason 3, and cancellation of a Dwelling Policy because coverage is being provided under a Residential Condominium Building Association Policy (RCBAP), which is covered under Reason 10.

The three exceptions covered in this section are as follows. The first exception applies when an NFIP policy force-placed by the lender is being replaced by an NFIP policy purchased by the borrower. When coverage has been force-placed by a lender using a conventionally written standard-rated policy because the required underwriting information is available, that policy is considered equivalent to the Mortgage Portfolio Protection Program (MPPP) policy. The WYO Company is authorized to cancel the standard-rated (force-placed) policy, provided that a copy of the force-placement letter from the mortgagee and a copy of the policy declarations page are submitted with the Cancellation/Nullification Request Form. The WYO Company is authorized to cancel the MPPP policy if a copy of the policy declarations page is submitted with the Cancellation/Nullification Request Form.

The second exception applies when the policy with the earlier effective date has been expired for more than 30 days. The third exception applies when a Group Flood Insurance Policy (GFIP) is being replaced with a standard-rated policy.

When duplicate NFIP policies are issued to different named insureds for the same building, the building owner must determine which policy is to remain in effect. For example, if a tenant has purchased building coverage, the policy(ies) must either be endorsed to remove the building coverage, endorsed to include the building owner as a named insured, or canceled. Only 1 policy with building coverage may remain in effect.

- Cancellation Effective Date:
 - Policies with the same effective dates: use the date of the policy chosen by the insured.
 - Policies with different effective dates: the policy with the later effective date must be canceled unless (1) an MPPP policy is being replaced with a standard-rated policy, or (2) the policy with the earlier effective date has been expired for more than 30 days, or (3) the GFIP is being replaced with a standard-rated policy.

- Type of Refund:
 - Full premium refund will apply when the cancellation is effective at the inception of the term, and for the renewal terms. Fees and surcharges are refunded. This applies when the policy with the later effective date is canceled.
 - Pro rata premium refund, including ICC Premium, Reserve Fund Assessment, and HFIAA Surcharge, will apply when the cancellation is effective midterm and the exception to allow cancellation of the earlier policy applies. The refund does not include the Federal Policy Fee and Probation Surcharge.
 - No premium refunds are issued for the GFIP.
- Cancellation Request: Must be received within 1 year of the policy expiration date.
- Required Documentation: Copy of the declarations page(s) and, for the standard force-placed policy, a copy of the force-placement letter from the mortgagee.
- Years Eligible for Refund: Up to 5 years prior to the date of cancellation request.

5. Non-Payment (TRRP Reason 05)

When an agent/producer accepts a premium payment from a client for an Application or renewal and then submits an agency check to the insurer, the policy may be nullified if the client's check is returned because of insufficient funds or any other reason the check is not made good to the agent/producer. The bank's notice must be attached to the form when this situation occurs. If the agent/producer can document this, a full premium refund is provided to the agent/producer. If a WYO Company has covered the premium for a prospective insured and then does not receive payment, the policy can be nullified.

This reason is also used when an error or billing dispute occurs (processing error or fraud) on a credit card payment.

This reason cannot be used if the agent/producer advanced agency funds and the client did not pay the agency.

- Cancellation Effective Date: The policy inception date.
- Type of Refund: Full premium refund includes all fees and surcharges to agent.
- Cancellation Request: Must be received during the policy year.

- Required Documentation: Bank notice of non-payment or credit card notice of non-payment.
- Years Eligible for Refund: Current year.

6. Risk Not Eligible for Coverage (TRRP Reason 06)

This reason is used to nullify a policy when an Application or renewal was issued for an ineligible property.

A clear and precise explanation must be included when submitting this type of cancellation request. Examples of a risk that was not eligible for coverage at the time of Application include the following:

- (1) The structure intended to be insured as a building does not meet the definition of a building.
- (2) Contents are not located in an eligible building.
- (3) The building is not located in a community participating in the NFIP. (The use of an incorrect community number allowed the policy to be erroneously issued.)
- (4) Building is located in a Coastal Barrier Resources System (CBRS) area.
- (5) Discovered to have been declared a 1316 property prior to the time of application.

Examples of a renewal erroneously issuing when a risk was eligible for coverage at the time of Application, but was not eligible at the time of renewal, include but are not limited to the following:

- (1) Declared a 1316 property after the time of application.
- (2) Community suspension if renewed, but not eligible for coverage.
- (3) Annexation of the property to a non-participating community. Refer to the Standard Flood Insurance Policy (SFIP) for a list of risks that are not eligible for coverage.

The policy may be canceled for up to 5 years from the receipt date of the cancellation request using the policy effective date that the risk is determined to have been ineligible. The refund will be full premium refund, provided that no claim has been paid. If a claim was paid, the refund is allowed only if the premium refund is greater than the amount of the claim paid, and is limited to the difference between the calculated premium refund and the amount of the claim paid. If the claim amount is greater than the refund amount, the insurer must reimburse the NFIP for difference between the refund amount and the paid claim

amount. The insurer must verify the loss history of the property with the NFIP Bureau before issuing refunds for more than two policy years.

- Cancellation Effective Date: The effective date of the first full policy year the property became ineligible for coverage, subject to the maximum number of years allowable for refund.
- Type of Refund: Full premium refund will apply to the first full policy year in which the property became ineligible for policy coverage, and to any subsequent policy terms. Refund includes fees and surcharges.
- Cancellation Request: Must be received within 1 year of the policy expiration date.
- Required Documentation: Property tax records, Section 1316 declaration, or Coastal Barrier Resources Act (CBRA) determination, as appropriate, or photographs showing ineligibility, or other supporting documentation.
- Years Eligible for Refund: Up to 5 years prior to the receipt date of the cancellation request.

7. Property Closing Did Not Occur (TRRP Reason 08)

This reason is used to *nullify* a policy when it is issued for a closing at the time of settlement on a property and the transfer of the property does not take place. The client does not actually acquire an insurable interest in the property.

- Cancellation Effective Date: The policy inception date.
- Type of Refund: Full premium refund includes fees and surcharges.
- Cancellation Request: Must be received during the policy year.
- Required Documentation: A signed statement from the policyholder that the property closing did not occur. See sample verification letter regarding no requirement to maintain flood insurance coverage, found near the end of this section of the manual.
- Years Eligible for Refund: Current year.

8. Policy Not Required by Mortgagee (TRRP Reason 50)

This reason provides a means to cancel a policy when coverage was required by the mortgagee for a loan closing but later it is determined that at the time of closing, the building was not located in a Special Flood Hazard Area (SFHA). As a result, coverage should not have been required by the mortgagee.

This cancellation reason can be used only if the cancellation request is made during the initial policy term, and there are no paid or pending claims. The cancellation effective date is the date the cancellation request is received by the insurer. A revised determination from the lender may be used to cancel the policy. A Federal Emergency Management Agency (FEMA) Out-As-Shown Determination, as a result of a LOMA application, is needed if there is a discrepancy between the lender's and the insured's determinations.

NOTE: This cancellation reason may be used even if the policy was rated in a non-SFHA.

- Cancellation Effective Date: The date the cancellation request, including all supporting documentation, is received by the insurer.
- Type of Refund: Pro rata premium refund, including ICC premium, Reserve Fund Assessment, and HFIAA Surcharge, will apply when the cancellation effective date is during the policy term. The refund does not include the Federal Policy Fee and Probation Surcharge.
- Cancellation Request: Must be received within the policy year.
- Required Documentation: A revised determination from the lender showing that the building is not in an SFHA and a signed statement from the policyholder that the policy is not required by mortgagee due to a revised zone determination by mortgagee. See sample verification letter regarding no requirement to maintain flood insurance coverage, found near the end of this section of the manual.
- Years Eligible for Refund: Current year.

9. Insurance No Longer Required by Mortgagee Because Property Is No Longer Located in a Special Flood Hazard Area Because of a Physical Map Revision or LOMR (TRRP Reason 09)

This reason can be used when flood insurance was initially required by the mortgagee or other lender because the building was determined to be in an SFHA but was removed from the SFHA following:

- The physical revision of a map.
- The issuance of a Letter of Map Revision (LOMR).
- The lender's determination that coverage is no longer required for a structure on a residential property that is detached from the primary residential structure and does not serve as a residence.

This cancellation reason may be used even if the policy was rated in a non-SFHA due to grandfathering, if the property was newly mapped, or was eligible for the PRP extension.

- Cancellation Effective Date: The date the cancellation request, including all supporting documentation, is received by the insurer.
- Type of Refund: Pro rata premium refund, including ICC premium, Reserve Fund Assessment, and HFIAA Surcharge, will apply to the policy term in which the cancellation became effective. The refund does not include the Federal Policy Fee and Probation Surcharge.
- Cancellation Request: Must be received within the policy year.
- Required documentation includes the following: a signed statement from the insured that the policy is no longer required by mortgagee because property is no longer in an SFHA due to physical map revision or coverage is no longer required by mortgagee for a detached structure and a copy of the revised map or LOMR; or, in the case of multi-property LOMRs that do not list the property's specific building, street address, lot number, or rural address, any of the following and a copy of the LOMR:
 - A letter that an insured received from their community official stating that their building was removed from the SFHA by a multiproperty LOMR.
 - A letter from the applicable community official, on official letterhead, stating that the building was included in the area removed from the SFHA by the multi-property LOMR, which listed only boundaries/intersections of streets, lot numbers, or rural addresses.
 - In cases, and only in cases, where (1) a community official could not or would not provide a letter, or (2) the building has a rural address, the following set of 2 documents may be submitted:
 - A copy of a legal notice, such as a real estate assessment notice or a water/sewer notice, that shows the lot number, street or rural address, or other legal designation of the location of the building; *and*
 - A letter from the mortgage lender that (1) shows the lot number, street or rural address, or other legal designation of the location of the building, and (2) states that the building was within the boundaries of the area removed from the SFHA by the LOMR.

Letters from community officials must match the street address and lot number with a specific multiproperty LOMR, stating that the individual building street address, lot number, or rural address (e.g., RR, Box #, Hwy) was included in the area covered by the LOMR. The insurer may accept zone determinations in lieu of the documentation cited above for these situations.

- o If a condominium association seeks to cancel an RCBAP, the condominium association must provide a signed letter that lists the number of units and specifies the owner of each unit. Every unit owner must provide a lender release or sign a statement that there is no lender.

See sample verification letter regarding no requirement to maintain flood insurance coverage, found near the end of this section of the manual.

- Years Eligible for Refund: Current year.

10. Condominium Policy (Unit or Association) Converting to RCBAP (TRRP Reason 45)

This reason provides a means to cancel a standard-rated dwelling policy, with building coverage only, covering a condominium unit because coverage is being provided under an RCBAP. This reason is used when the unit owner policy and the RCBAP building limits are more than the cost of the unit, up to the maximum limits of the Program.

- Cancellation Effective Date: The date coverage is provided under the RCBAP.
- Type of Refund:
 - o Pro rata premium refund, including ICC premium, Reserve Fund Assessment, and HFIAA Surcharge, will apply when coverage is provided under the RCBAP during the first policy term of duplicate coverage. The refund does not include the Federal Policy Fee and Probation Surcharge.
 - o Full premium refunds will apply to the term(s) for subsequent years. Fees and surcharges are refunded.
- Cancellation Request: Must be received within 1 year of the policy expiration date.
- Required Documentation: Copy of RCBAP and documentation showing the value of the unit.
- Years Eligible for Refund: Up to 5 years prior to the receipt date of cancellation request.

11. This cancellation reason has been deactivated.

12. Mortgage Paid Off (TRRP Reason 52)

This reason is used to cancel a policy that was obtained due to a requirement by a mortgagee or lender as a condition of a mortgage loan, and that mortgage loan has now been paid off, provided no claim has been paid or is pending.

- Cancellation Effective Date: The date the cancellation request is received by the insurer.
- Type of Refund:
 - o Pro rata premium refund, including ICC Premium, Reserve Fund Assessment, and HFIAA Surcharge, will apply when the cancellation effective date is during the policy term. The refund does not include the Federal Policy Fee and Probation Surcharge.
 - o A full premium refund will apply in those cases where the policy renewed after the mortgage was paid off because it was in the renewal billing cycle. Fees and surcharges are refunded.
- Cancellation Request: Must be received during the policy year.
- Required Documentation: A signed statement from the insured that the mortgage has been paid off. See sample verification letter regarding no requirement to maintain flood insurance coverage, found near the end of this section of the manual.
- Years Eligible for Refund: Current year and the pro-rata portion of the prior policy year in those cases where the policy renewed after the mortgage was paid off and the cancellation request was received.

13. Voidance Prior to Effective Date (TRRP Reason 60)

This reason is used when coverage is not mandatory and a policyholder decides during the 30-day waiting period, or prior to the effective date of a renewal, not to take the policy, after submitting a premium payment.

- Cancellation Effective Date: The policy inception date.
- Type of Refund: Full premium refund, as well as all fees and surcharges.
- Cancellation Request: Must be received prior to the policy effective date.
- Required Documentation: Policyholder's request.
- Years Eligible for Refund: Current year.

14. This cancellation reason has been deactivated.

15. Insurance No Longer Required Based on FEMA Review of Lender's Special Flood Hazard Area Determination (TRRP Reason 16)

Flood insurance was initially required by the mortgagee or other lender because the property was determined to be in an SFHA. Following a review under the Flood Disaster Protection Act of 1973, as amended, FEMA issued a Letter of Determination Review (LODR) because the building or manufactured home is not in an SFHA and insurance is not required. The policy may be canceled back to inception.

This cancellation reason can be used only if the request from the borrower and lender was sent to FEMA for a LODR within 45 days of the lender's notification to the borrower that the building is in an SFHA and that flood insurance is required. This cancellation reason may be used even if the policy was rated in a non-SFHA due to grandfathering, if the property was newly mapped, or was eligible for the PRP extension.

- Cancellation Effective Date: The date the cancellation request, including all supporting documentation, is received by the insurer.
- Type of Refund:
 - Pro rata premium refund, including ICC Premium, Reserve Fund Assessment, and HFIAA Surcharge, will apply when the cancellation effective date is during the policy term. The refund does not include the Federal Policy Fee and Probation Surcharge.
 - A full premium refund will apply in those cases where the policy renewed after receipt of the cancellation request because it was in the renewal billing cycle. Fees and surcharges are refunded.
- Cancellation Request: Must be received during the policy year.
- Required Documentation: Copy of FEMA's LODR, and a signed statement from the insured that flood insurance is not required by the lender. See sample verification letter regarding no requirement to maintain flood insurance coverage, found near the end of this section of the manual.
- Years Eligible for Refund: Current year provided no claim has been paid or is pending.

16. This cancellation reason has been deactivated.

17. This cancellation reason has been deactivated.

18. Mortgage Paid Off on an MPPP Policy (TRRP Reason 52)

This reason is used to cancel an MPPP Policy after the mortgage is paid off, provided no claim has been paid or is pending.

- Cancellation Effective Date: The date the cancellation request is received by the insurer.
- Type of Refund:
 - Pro rata premium refund, including ICC Premium, Reserve Fund Assessment, and HFIAA Surcharge, will apply when the cancellation effective date is during the policy term. The refund does not include the Federal Policy Fee and Probation Surcharge.
 - A full premium refund will apply in those cases where the policy renewed after the mortgage was paid off and the cancellation request was received because it was in the renewal billing cycle. Fees and surcharges are refunded.
- Cancellation Request: Must be received during the policy year.
- Required Documentation: A statement from the mortgagee that the mortgage has been paid off.
- Years Eligible for Refund: Current year and the pro-rata portion of the prior policy year in those cases where the policy renewed after the mortgage was paid off.

19. Insurance No Longer Required by the Mortgagee Because the Building Has Been Removed from the SFHA by Means of a LOMA (TRRP Reason 20)

This reason can be used only when flood insurance was required by the mortgagee or other lender because the property was determined to be in an SFHA, and it is later determined that the property is no longer located in an SFHA through the issuance of a LOMA. The policy can be canceled provided the lender confirms in writing that the insurance is no longer required because the property was removed from the SFHA. This cancellation reason may be used even if the policy was rated in a non-SFHA due to grandfathering, if the property was newly mapped, or was eligible for the PRP extension. A copy of the LOMA must accompany this request. This cancellation reason cannot be used when a LOMA is issued more than 60 days before the effective date of the current policy.

- Cancellation Effective Date: Current policy effective date and in some instances the prior policy effective date.
- Type of Refund: A premium refund, including ICC, Reserve Fund Assessment, and HFIAA Surcharge. The refund does not include the Federal Policy Fee and Probation Surcharge.
- Cancellation Request: Must be received during the policy year or within 6 months of the policy expiration date.
- Required Documentation:
 - A signed statement from the insured that the policy is no longer required by mortgagee because property is no longer in an SFHA and a copy of the LOMA.
 - If a condominium association seeks to cancel an RCBAP, the condominium association must provide a signed letter that lists the number of units and specifies the owner of each unit. Every unit owner must provide a lender release or sign a statement that there is no lender.

See sample verification letter regarding no requirement to maintain flood insurance coverage, found near the end of this section of the manual.

- Years Eligible for Refund: Current year and, if applicable, 1 prior year provided the LOMA was issued within 60 days before the current policy's effective date and no claim has been paid, or is pending, for the policy year that is being canceled.

Example: The flood policy was effective from January 1, 2015, to January 1, 2016, and renewed January 1, 2016, to January 1, 2017. The effective date of the LOMA is December 1, 2015. The cancellation will be effective January 1, 2015.

NOTE: If the LOMA is dated more than 60 days prior to the most recent renewal, no refund will be issued. In addition, no refund will be issued for a policy year that ended prior to the LOMA effective date.

20. Policy Was Written to the Wrong Facility (TRRP Reason 21)

This reason is used to cancel a policy when coverage was inadvertently written to the wrong facility on those buildings that were identified as Severe Repetitive Loss Properties. The cancellation effective date must be the same as the policy effective date.

- Cancellation Effective Date: The current policy effective date.
- Type of Refund: Full premium refund includes fees and surcharges.
- Cancellation Request: Must be received during the policy year.
- Required Documentation: Report provided by the NFIP identifying the building as a Severe Repetitive Loss Property.
- Years Eligible for Refund: Current year.

21. Other: Continuous Lake Flooding or Closed Basin Lakes (TRRP Reason 10)

This reason is used for continuous lake flooding or closed basin lakes. The cancellation can be for only 1 term of a policy.

- Cancellation Effective Date: Must be after the date of loss.
- Type of Refund: No premium refund allowed.
- Cancellation Request: N/A.
- Required Documentation: FEMA notification.
- Years Eligible for Refund: N/A.

22. Cancel/Rewrite Due to Misrating (TRRP Reason 22)

This reason is used to cancel and rewrite a policy due to misrating in the following situations:

- (1) to correct a policy effective date;
- (2) when ineligible PRPs or MPPP policies are canceled and rewritten within the same company;
- (3) to cancel a standard-rated policy that is eligible for a PRP due to misrating, as defined in the General Change Endorsement section of this manual. This includes a standard-rated policy incorrectly rated in an SFHA, the failure to apply the PRP Eligibility Extension to an eligible property, or failure to apply for a Newly Mapped property;
- (4) the property was eligible for continuous coverage or built-in-compliance grandfathering discovered after the time of application; *and*
- (5) when system constraints prevent a legitimate correction.

Refunds resulting from the cancellation must be applied to the rewritten policy prior to any refund being generated. Use New/Rollover Indicator "Z" to report the new policy. In order to process a cancel/

rewrite due to misrating, the policy to be canceled must have no paid or pending claim during the policy year(s) to be canceled.

- Cancellation Effective Date: The effective date of the first eligible policy term.
- Type of Refund: Full premium refund, as well as all fees and surcharges, but the refund must be applied towards the new policy.
- Cancellation Request: N/A
- Required Documentation is documentation supporting the misrating. For a standard-rated policy eligible for the Preferred Risk Policy (PRP), submit one of the following:
 - A Letter of Map Amendment (LOMA);
 - A Letter of Map Revision (LOMR);
 - A letter indicating the property address and flood zone of the building, and signed and dated by a local community official;
 - An Elevation Certificate indicating the exact location and flood zone of the building, signed and dated by a surveyor, an engineer, an architect, or a local community official;
 - A flood zone determination certification that guarantees the accuracy of the information; or
 - A copy of the most recent flood map marked to show the exact location and flood zone of the building is also acceptable, though additional documentation may be required if the building is close to the zone boundary.
- Years Eligible for Refund: Going back a maximum of 5 years from the current policy year when converting a standard-rated B, C, or X zone policy to a PRP or a policy misrated in an SFHA that is eligible for the PRP.

NOTE: In determining the number of years for refund eligibility, do not include policy years that expired before a lapse in coverage.

23. Fraud (TRRP Reason 23)

This reason is used when fraud, which includes misrepresentation of a material fact by the policyholder or agent, has been determined by FEMA. No premium refund is allowed with this reason. If the agent/producer did not commit, or participate in, the fraud, the agent/producer will retain the full commission, and the company's expense allowance will not be reduced.

- Cancellation Effective Date: The policy effective date of the policy term in which the fraudulent act or misrepresentation of material fact was committed.
- Type of Refund: No premium refund allowed.
- Cancellation Request: N/A.
- Required Documentation: FEMA notification.
- Years Eligible for Refund: N/A.

24. Cancel/Rewrite Due to Map Revision, LOMA, or LOMR (TRRP Reason 24)

This reason is used to cancel and rewrite a standard-rated flood insurance policy to a PRP within the same company as the result of a map revision, LOMA, or LOMR. The standard-rated policy will be canceled and rewritten as a PRP. Use New/Rollover Indicator "Z" to report the new policy. Premium from the canceled policy will be applied to the PRP, with the difference refunded to the policyholder. No 30-day waiting period will apply to the PRP. The agent/producer will retain the full commission, and the company's expense allowance will not be reduced.

- Cancellation Effective Date: The effective date of the first eligible policy term.
- Type of Refund: Full premium refund, as well as all fees and surcharges, but the refund must be applied to the new policy.
- Cancellation Request: Must be received during the policy term.
- Required Documentation: Copy of the revised map, LOMA, or LOMR.
- Years Eligible for Refund: Up to 5 years from receipt date of cancellation request, provided that no claim has been paid or is pending.

25. HFIAA Section 28 Refund (TRRP Reason 25)

This reason is used to cancel and rewrite policies that are affected by HFIAA (Homeowner Flood Insurance Affordability Act). Premium refunds resulting from the cancellation must be applied to the rewritten policy prior to any premium refund being generated.

- Cancellation Effective Date: The policy term affected by HFIAA Section 28 on or after October 1, 2016 or renewing on or after October 1, 2017.

- Type of Refund: Full premium refund includes fees and surcharges.
- Cancellation Request: N/A.
- Required Documentation: Declarations page and a flood zone determination, a copy of the current map, or any other applicable documentation.
- Years Eligible for Refund: Up to 5 years.

II. COMPLETING THE CANCELLATION/ NULLIFICATION REQUEST FORM

A. Current Policy Number

In the upper right corner of the form, enter the NFIP policy number.

B. Policy Term

Enter the policy term and the cancellation effective date.

C. Agent Information

Enter the complete name, mailing address, phone number, and fax number of the agent/producer.

D. Insured Mailing Address

Enter the complete name, mailing address, and phone number of the insured. If the insured has moved to a new location, enter the new mailing address.

E. First Mortgagee

Enter the complete name, mailing address, phone number, and fax number of the first mortgagee.

F. Other Parties Notified

Enter the complete name and mailing address of all other interested parties who are to be notified, such as any additional insured, the second mortgagee, the loss payee, trustee, or disaster assistance agency.

G. Property Location

Enter the location of the insured property.

H. Cancellation Reason Code

Enter the reason code for cancellation of the policy and provide any additional information required.

I. Refund

Check the appropriate box to indicate to whom the refund is to be made payable.

When a Cancellation/Nullification Request Form is received that directs the NFIP to make a premium refund to the payor and the policy has been endorsed showing the payor as a WYO Company or agency, the NFIP will make the refund payable to the insured and mail the refund in care of the agent/producer. Check the appropriate box to indicate to whom the refund should be mailed.

J. Signature

All named insureds must sign and date the cancellation/nullification request for all cancellation reasons except 5, 6, 22, and 25. In the event of foreclosure, the named insured's signature is not required for cancellation reason 1 when court documentation confirms the unearned premium belongs to the lender. The named insured's signature is also not required when reason 1 is used to generate a refund for a policy covering property that was originally eligible for coverage, but became ineligible mid-term due to physical alteration of the structure. In addition, the signature is not required when duplicate coverage is discovered and the policy with the later effective date must be canceled. The agent/producer must sign and date the cancellation/nullification request for all cancellation reasons except 6, 22, and 25.

Electronic transactions are permitted if the business process includes authentication of signatures and dates of receipt of premium. WYO Companies are responsible for determining the business practices and transaction authentication methods they will use to ensure the security and integrity of such transactions.

After completing the cancellation request, attach all required supporting documents and submit them to the insurer. The agent/producer should retain a copy, give a copy to the insured, and send a copy to the mortgagee, if applicable.

After processing the cancellation request, the insurer will send the agent/producer, mortgagee, and insured a notice of cancellation.

Processing Outcomes for Cancellation/Nullification of a Flood Insurance Policy

REASON CODE FOR CANCELLATION/ NULLIFICATION (WITH TRRP CODE)	PREMIUM REFUND (INCLUDING ICC, RESERVE FUND ASSESSMENT, AND HFIAA ¹ SURCHARGE)		PROBATION SURCHARGE		FEDERAL POLICY FEE		PRODUCER COMMISSION (DIRECT BUSINESS ONLY)			
	Full	Pro Rata	Full Refund	Fully Earned	Full Refund	Fully Earned	Full Deduction	Pro Rata	Retained	
1 (01)		✓		✓		✓		✓		
2 (02)		✓		✓		✓		✓		
3 (03)		✓		✓		✓		✓		
4 (04)		✓		✓		✓		✓		
5 (05)	✓		✓		✓		✓			
6 (06)	✓		✓		✓		✓			
7 (08)	✓		✓		✓		✓			
8 (50)		✓		✓		✓		✓		
9 (09)		✓		✓		✓			✓	
10 (45)		✓		✓		✓		✓		
12 (52)		✓		✓		✓		✓		
13 (60)	✓		✓		✓		✓			
15 (16)		✓		✓		✓		✓		
18 (52)		✓		✓		✓		✓		
19 (20)	✓			✓		✓			✓	
20 (21)	✓		✓		✓		✓			
21 (10)	NO REFUND OF PREMIUM, FEDERAL POLICY FEE, RESERVE FUND ASSESSMENT AND HFIAA SURCHARGE ALLOWED									✓
22 (22)	✓		✓		✓		✓			
23 (23)	NO REFUND OF PREMIUM, FEDERAL POLICY FEE, RESERVE FUND ASSESSMENT AND HFIAA SURCHARGE ALLOWED									✓
24 (24)	✓		✓		✓				✓	
25 (25)	✓		✓		✓				✓	

1 The Homeowner Flood Insurance Affordability Act of 2014 (HFIAA)

**SAMPLE VERIFICATION LETTER:
VERIFICATION THAT THERE IS NO REQUIREMENT TO MAINTAIN FLOOD
INSURANCE COVERAGE WITH THE NATIONAL FLOOD INSURANCE PROGRAM**

<Insured Property Address>

I, _____, am not required by a lender, loss payee, landlord, or any Federal agency to maintain flood insurance through the National Flood Insurance Program for the above referenced property pursuant to any statute, regulation, or contract, and I am aware that by cancelling my coverage, I may lose eligibility for any subsidized premium rates made available through the National Flood Insurance Program.

Check the reason that best applies:

- Property Closing Did Not Occur
- Policy Not Required by Mortgagee Due to a Revised Zone Determination by Mortgagee
- Insurance No Longer Required by Mortgagee Because Property is no Longer in a Special Flood Hazard Area due to Physical Map Revision
- Coverage No Longer Required by Mortgagee for a Detached Structure
- Mortgage Paid Off
- Voidance Prior to the Policy Effective Date
- Insurance No Longer Required Based on FEMA Review of Lender's Determination by Means of a Letter of Map Determination
- Insurance No Longer Required by the Mortgagee Because the Building is Determined Outside of the Special Flood Hazard Area by means of a Letter of Map Amendment

PURSUANT TO 28 U.S.C. § 1746 I CERTIFY UNDER PENALTY OF PERJURY UNDER THE LAWS OF THE UNITED STATES OF AMERICA THAT THE FOREGOING IS TRUE AND CORRECT. I UNDERSTAND THAT ANY FALSE STATEMENTS MAY CAUSE MY POLICY TO BE VOID, AND MAY BE PUNISHABLE BY FINE OR IMPRISONMENT UNDER APPLICABLE FEDERAL LAW.

Insured Name (Printed)

Insured Signature

Date

National Flood Insurance Program

FLOOD INSURANCE CANCELLATION/NULLIFICATION REQUEST FORM

POLICY #: _____

IMPORTANT – PLEASE PRINT OR TYPE; ENTER DATES AS MM/DD/YYYY.

POLICY PERIOD	POLICY PERIOD IS FROM ____/____/____ TO ____/____/____		CANCELLATION EFFECTIVE DATE: ____/____/____		
AGENT/PRODUCER INFORMATION	NAME AND MAILING ADDRESS OF AGENT/PRODUCER ON THE POLICY BEING CANCELED. AGENCY NO.: _____ AGENT'S TAX ID: _____ PHONE NO.: _____ FAX NO.: _____ EMAIL ADDRESS: _____		INSURED INFORMATION	NAME AND MAILING ADDRESS OF INSURED FOR MAILING REFUND: PHONE NO.: _____	
1ST MORTGAGEE	NAME AND MAILING ADDRESS OF FIRST MORTGAGEE: LOAN NO.: _____		PROPERTY LOCATION	INSURED PROPERTY LOCATION:	
2ND MORTGAGEE/ OTHER	NAME AND MAILING ADDRESS OF OTHER PARTIES NOTIFIED:				
CANCELLATION REASON CODES	CANCELLATION REASON CODE: _____		10. CONDOMINIUM POLICY (UNIT OR ASSOCIATION) CONVERTING TO RCBAP 12. MORTGAGE PAID OFF 13. VOIDANCE PRIOR TO EFFECTIVE DATE 15. INSURANCE NO LONGER REQUIRED BASED ON FEMA REVIEW OF LENDER'S SFHA DETERMINATION (LODR) 18. MORTGAGE PAID OFF ON AN MPPP POLICY 19. INSURANCE NO LONGER REQUIRED BY THE MORTGAGEE BECAUSE THE BUILDING HAS BEEN REMOVED FROM THE SFHA BY MEANS OF A LOMA 20. POLICY WRITTEN TO WRONG FACILITY (SEVERE REPETITIVE LOSS PROPERTY) 21. OTHER: CONTINUOUS LAKE FLOODING OR CLOSED BASIN LAKES 22. CANCEL/REWRITE DUE TO MISRATING 23. FRAUD (FEMA APPROVAL REQUIRED) 24. CANCEL/REWRITE DUE TO MAP REVISION, LOMA, OR LOMR		
REFUND	MAKE REFUND PAYABLE TO (CHECK ONE): <input type="checkbox"/> INSURED <input type="checkbox"/> PAYOR <input type="checkbox"/> AGENT (REASON 5 ABOVE ONLY) MAIL REFUND TO (CHECK ONE): <input type="checkbox"/> INSURED <input type="checkbox"/> PAYOR <input type="checkbox"/> AGENT (REASON 5 ABOVE OR AT REQUEST OF INSURED)				
SIGNATURE	THE ABOVE STATEMENTS ARE CORRECT TO THE BEST OF MY KNOWLEDGE. I UNDERSTAND THAT ANY FALSE STATEMENTS MAY BE PUNISHABLE BY FINE AND/OR IMPRISONMENT UNDER APPLICABLE FEDERAL LAW. SEE REVERSE SIDE OF COPIES 2, 3, AND 4.				
	SIGNATURE OF INSURED _____ DATE (MM/DD/YYYY) _____ (NOT REQUIRED FOR REASON 5, 6, 22, OR 25)				
	SIGNATURE OF OTHER INSURED _____ DATE (MM/DD/YYYY) _____		SIGNATURE OF AGENT/PRODUCER _____		DATE (MM/DD/YYYY) _____

N F I P C O P Y

PLEASE ATTACH ALL REQUIRED DOCUMENTS TO NFIP COPY OF CANCELLATION/ NULLIFICATION REQUEST FORM.
 SPECIAL NOTE TO INSURANCE AGENT/PRODUCER: SEND ORIGINAL TO NFIP, KEEP SECOND COPY FOR YOUR RECORDS, GIVE THIRD COPY TO THE INSURED, AND FOURTH COPY TO MORTGAGEE.

FLOOD INSURANCE CANCELLATION/NULLIFICATION REQUEST FORM
FEMA FORM 086-0-2

NONDISCRIMINATION

No person or organization shall be excluded from participation in, denied the benefits of, or subjected to discrimination under the Program authorized by the Act, on the grounds of race, color, creed, sex, age or national origin.

PRIVACY ACT

The information requested is necessary to process your Flood Insurance Application for a flood insurance policy. The authority to collect the information is Title 42, U.S. Code, Sections 4001 to 4028. Disclosures of this information may be made: to federal, state, tribal, and local government agencies, fiscal agents, your agent, mortgage servicing companies, insurance or other companies, lending institutions, and contractors working for us, for the purpose of carrying out the National Flood Insurance Program; to current Severe Repetitive Loss property owners and Preferred Risk Policy owners for the purpose of property loss history evaluation; to the American Red Cross for verification of nonduplication of benefits following a flooding event or disaster; to law enforcement agencies or professional organizations when there may be a violation or potential violation of law; to a federal, state or local agency when we request information relevant to an agency decision concerning issuance of a grant or other benefit, or in certain circumstances when a federal agency requests such information for a similar purpose from us; to a Congressional office in response to an inquiry made at the request of an individual; to the Office of Management and Budget (OMB) in relation to private relief legislation under OMB Circular A-19; and to the National Archives and Records Administration in records management inspections. Providing the information is voluntary, but failure to do so may delay or prevent issuance of the flood insurance policy.

GENERAL

This information is provided pursuant to Public Law 96-511 (Paperwork Reduction Act of 1980, as amended), dated December 11, 1980, to allow the public to participate more fully and meaningfully in the Federal paperwork review process.

AUTHORITY

Public Law 96-511, amended, 44 U.S.C. 3507; and 5 CFR 1320.

PAPERWORK BURDEN DISCLOSURE NOTICE

Public reporting burden for this form is estimated to average 7.5 minutes per response. The burden estimate includes the time for reviewing instructions, searching existing data sources, gathering and maintaining the data needed, and completing and submitting the form. This collection of information is required to obtain or retain benefits. You are not required to respond to this collection of information unless a valid OMB control number is displayed in the upper right corner of this form. Send comments regarding the accuracy of the burden estimate and any suggestions for reducing the burden to: Information Collections Management, Department of Homeland Security, Federal Emergency Management Agency, 500 C Street SW, Washington, DC 20742, Paperwork Reduction Project (1660-0033). **NOTE: Do not send your completed form to this address.**