



FEMA

*National Flood Insurance Program*

## Policy Issuance 1-2005

**SUBJECT:** Implementation of §209 of the Flood Insurance Reform Act (FIRA)  
Prospective Payment of Flood Insurance Premiums

**Background:** As required by the Flood Insurance Reform Act of 2004 (FIRA), FEMA is currently in the process of changing the Standard Flood Insurance Policy (SFIP) by rulemaking to no longer require the payment of premium retroactively when a policy is found to be misrated.

**Policy Decision:** Because the rulemaking process will take some time, I am hereby implementing the FIRA mandated requirement to collect the additional premium prospectively effective for claims occurring on and after the date of this Policy Issuance.

The procedure that is currently stated in policy provision G. "Reduction and Reformation of Coverage" will apply with two exceptions: Any additional premium due will be calculated prospectively from the date of discovery, and the automatic reduction in policy limits is effective the date of discovery. This will provide policyholders with the originally requested limits at the time of a claim arising before the date of discovery without paying any additional premium. Policyholders will have 30 days to pay the additional premium due, or 60 days to obtain additional information and then 30 days to pay the additional premium due, for the remainder of the policy term to restore the originally requested limits without a waiting period. In addition, payment of the claim will not be delayed because of additional information needed to calculate the correct payment. If a claim occurs after the notice requesting additional information or additional premium due is sent to the policyholder, that claim cannot be processed with the originally requested amount of coverage until the information, if required, and the premium are received by the company within the required time.

5/19/05

Date

A handwritten signature in black ink that reads "David I. Maurstad".

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