



FEMA

W-10058

May 18, 2010

MEMORANDUM TO: Write Your Own (WYO) Principal Coordinators and the  
National Flood Insurance Program (NFIP) Servicing Agent

*Edward L. Connor*

FROM: Edward L. Connor  
Acting Federal Insurance and Mitigation Administrator

SUBJECT: Documenting Discussion with Customers Regarding Deductibles

It has been brought to our attention with the recent floods in Nashville, TN and elsewhere that many flood insurance policyholders were unaware that their coverage was written with high deductibles. We understand that policyholders may often select larger deductibles to reduce their flood insurance premium, and they may not be aware of the financial impact until a claim occurs. In addition, policyholders may not be aware of the increased flood insurance deductibles effective October 1, 2009.

We urge you to inform your producers of the need to advise policyholders of the impact of deductibles, and to document the policyholder's acknowledgement in their files. Various forms have been developed by industry organizations that might be suitable for this purpose.

Implementing this as a best practice will affirm that the producer has thoroughly explained the limits and deductibles being purchased by the property owner, and should help minimize errors and omissions exposure.

cc: Vendors, IBHS, FIPNC, Government Technical Representative

Required Routing: All Departments