



FEMA

W-14065

December 22, 2014

MEMORANDUM FOR: Write Your Own (WYO) Companies Principal Coordinators

A handwritten signature in black ink, appearing to read "Dennis Kuhns".

FROM: Dennis Kuhns
Division Director
Risk Insurance Division

SUBJECT: Monthly Financial Exhibits Revised due to the Homeowner Flood Insurance Affordability Act (HFIAA) of 2014 – HFIAA Surcharge

The purpose of this memorandum is to provide advanced notification of monthly financial reporting changes required due to the Homeowner Flood Insurance Affordability Act Surcharge. All procedures, documents, and schedules are being developed based on the annual premium surcharge of \$25 for NFIP flood insurance policies on all primary residences, and \$250 for policies on non-residential properties and non-primary residences that will be collected.

The HFIAA Surcharge is not subject to the WYO Company Expense Allowance or the WYO Company Unallocated Loss Adjustment Expenses. Also, the WYO Company Growth Bonus calculation will only apply to premium and not to the HFIAA Surcharge or the Reserve Fund Assessment.

The Program Changes that are required due to the HFIAA of 2014 are detailed in the memorandums that were distributed on October 1, 2014 (w-14053); October 16, 2014 (w-14055); and December 19, 2014 (w-14063). Consequently, the NFIP Legacy Systems Services has implemented corresponding revisions to the fiscal year 2015 financial reporting requirements, which are effective for the submission of the April 1, 2015 monthly financial results. The required financial reporting revisions, to incorporate the HFIAA Surcharge activity, are detailed on Attachment A. If you have any questions or need additional information, please contact Rene Hill at rhill@nfipstat.fema.gov.

Attachments

cc: Vendors, IBHS, FIPNC, Government Technical Representative

Suggested Routing: Accounting, Claims, Data Processing, Marketing, Training, Underwriting

Write Your Own Companies

The attached spreadsheet format includes additions to the monthly reporting package as required to capture and report HFIAA Surcharge activity as follows:

- Exhibit I Income Statement, includes new Line 174 Net HFIAA Surcharge
- Monthly Reconciliation includes a new Net HFIAA Surcharge Reconciliation

Please note that a revised set of financial statement formats including the HFIAA Surcharge revisions will be delivered via email to your respective financial representative no later than January 31, 2015.

EXHIBIT I
INCOME STATEMENT

COMPANY NAME :
COMPANY NUMBER :
PERIOD ENDING :

| REVENUE | CURRENT MONTH | FISCAL YEAR-TO-DATE |
|---|---------------|---------------------|
| 100. NET WRITTEN PREMIUM | \$ 0 | \$ 0 |
| 105. CHANGE IN UNEARNED PREMIUM | 0 | 0 |
| 110. EARNED PREMIUM | \$ 0 | \$ 0 |
| EXPENSES | | |
| 115. NET PAID LOSSES | 0 | 0 |
| 120. ALLOCATED LAE (LINE 500) | 0 | 0 |
| 125. OTHER LOSS & LAE ITEMS (LINE 660) | 0 | 0 |
| 130. CHANGE IN LOSS & LAE RESERVES (LINES 325 THRU 340 COL.C) | 0 | 0 |
| 135. NET LOSS & LAE INCURRED | 0 | \$ 0 |
| 140. EXPENSE ALLOWANCE (LINE 430) | 0 | 0 |
| 150. MISCELLANEOUS EXPENSE | 0 | 0 |
| 155. TOTAL EXPENSES | \$ 0 | \$ 0 |
| 160. OPERATING INCOME (LOSS) | 0 | 0 |
| 165. INTEREST INCOME (LINE 710) | 0 | 0 |
| 170. NET POLICY SERVICE FEES | 0 | 0 |
| 173. NET RESERVE FUND | 0 | 0 |
| 174. NET HFIAA SURCHARGE | 0 | 0 |
| 175. NET INCOME (LOSS) | \$ 0 | \$ 0 |

PREPARER'S NAME:
PHONE NUMBER:

MONTHLY RECONCILIATION - HFIAA SURCHARGE

COMPANY NAME: 0

CO. NAIC NUMBER: 0

MONTH/YEAR ENDING: January-00

DATE SUBMITTED: KEY DATE IN "H7"

MONTHLY
FINANCIAL REPORT

MONTHLY STATISTICAL
TRANSACTION REPORT

NET HFIAA SURCHARGE: \$ 0
(INCOME STATEMENT= Line 174)

UNPROCESSED
STATISTICAL:

(+) PRIOR MONTH'S
(-) CURRENT MONTH'S

OTHER EXPLAIN:

- <Enter Other 1>
- <Enter Other 2>
- <Enter Other 3>
- <Enter Other 4>
- <Enter Other 5>
- <Enter Other 6>
- <Enter Other 7>
- <Enter Other 8>
- <Enter Other 9>
- <Enter Other 10>
- <Enter Other 11>
- <Enter Other 12>
- <Enter Other 13>
- <Enter Other 14>

TOTAL: \$ 0.00

| TRANS. CODE | RECORD COUNT | PREMIUM AMOUNT |
|-------------|--------------|----------------|
| 11 | | \$ |
| 15 | | |
| 17 | | |
| 20 | | |
| 23 | | |
| 26 | | |
| 29 | | |

TOTAL: 0 \$ 0.00

*(ADD 11 THROUGH 23
LESS 26 AND 29)

COMMENTS: