

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.1-20. 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 Request and proper documentation to The Flood Insurance Agency (TFIA) for processing. All cancellation reasons require a signed request.

A. Refund Processing Procedures

1. The Flood Insurance Agency will be responsible for returning the unearned premium for the current policy year provided that it was the insurer for that period.
2. For the purpose of determining the receipt date of the cancellation/nullification request, the date shall be that on which the cancellation/nullification request, along with the complete supporting documentation for that request, is received by The Flood Insurance Agency.
3. There shall be a 25% Minimum Earned Premium on all policies except in the cases of reasons 5, 7, 8, 13, 16, 18, and 21.
4. No refunds will be awarded to any policyholder whose policy has had a claim during the current policy term for any reason.

B. Valid Reason Codes for Cancellation/Nullification of TFIA's Private Market Flood Policies

1. ***Building Sold or Removed, Destroyed or Physically Altered to no Longer Meets the Definition of an Eligible Building***

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.

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, will apply to the policy term in which the cancellation became effective. The refund does not include any applicable agency fee.
 - 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 1 year prior to the receipt date of the cancellation request.

2. **Contents Sold or Removed or Destroyed**

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 building.
- **Type of Refund:**
 - Pro rata premium refund, including Increased Cost of Compliance (ICC) premium, will apply to the policy term in which the cancellation became effective. The refund does not include any applicable agency fee.
 - 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 1 year prior to the receipt date of the cancellation request.

3. **Policy Canceled and Rewritten to Establish a Common Expiration Date with other Insurance Coverage**

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 14-day waiting period. Any requests for increases in higher amounts of coverage are also subject to the 14-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 refund, including Increased Cost of Compliance (ICC) premium, will apply to the policy term in which the cancellation became effective. The refund does not include any applicable agency fee.
- **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 TFIA's Private Market Flood Policies

When a duplicate TFIA's Private Market Flood 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 3 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 these provisions. 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 an RCBAP, which is covered under Reason 11.

The only other exception applies when the policy with the earlier effective date has been expired for more than 30 days.

When duplicate TFIA's Private Market Flood policies are issued to different names 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 used unless the policy with the earlier effective date has been expired for more than 30 days.

- **Type of Refund:**

- Pro rata premium refund, including Increased Cost of Compliance (ICC) premium, will apply when the cancellation is effective mid-term and the exception to allow cancellation of the earlier policy applies. The refund does not include any applicable agency fee.
- 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.

- **Cancellation Request:** Must be received within 1 year of the policy expiration date.

- **Required Documentation:** Copy of the Declaration page(s)

- **Years Eligible for Refund:** Up to 1 year prior to the receipt date of the cancellation request.

5. Duplicate Non-TFIA's Private Market Flood Policies

This reason is used to cancel a policy when an NFIP policy had been previously issued with an effective date on or before the TFIA's Private Market Flood policy currently in force.

This reason cannot be used if the duplicate policy is a non-NFIP policy. Once the TFIA's Private Market Flood policy is in effect, it cannot be cancelled by presenting a non-NFIP policy.

In order to cancel the TFIA's Private Market Flood policy with an NFIP policy, the NFIP policy must have been in effect on or prior to the effective date of the TFIA's Private Market Flood policy. Additionally, the NFIP (or NFIP Write Your Own Company) must also state in writing that the NFIP policy is unable to be cancelled.

TFIA's Private Market Flood policies can never be canceled *mid-term* by any non-TFIA's Private Market Flood policy.

- **Cancellation Effective Date:** The policy inception date.
- **Type of Refund:**
 - Full premium refund (if applicable)
- **Cancellation Request:** Must be within 60 days of policy effective date.
- **Required Documentation:** Copy of the Declaration page(s) and a letter from the NFIP or NFIP WYO Company stating the policy cannot be canceled.
- **Years Eligible for Refund:** Current year.

6. **Non-Payment**

When an agent/producer OR the Flood Insurance Agency accepts a premium payment from a client and then submits an agency check to the insurer with the Application, 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 The Flood Insurance Agency 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 or ACH 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 (if applicable)
- **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.

7. **Risk Not Eligible for Coverage**

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.

The policy may be canceled for up to 1 year 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 Flood Insurance Agency for difference between the refund amount and the paid claim amount.

- **Cancellation Effective Date:** The inception date of the policy.
- **Type of Refund:**
 - Full premium refund will apply to the first full policy year in which the property is ineligible for policy issuance, 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 1 year prior to the receipt date of the cancellation request.

8. **Property Closing Did Not Occur**

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 inception date of the policy.
- **Type of Refund:**
 - Full premium refund. Includes fees and surcharges.
- **Cancellation Request:** Must be received during the policy year.
- **Required Documentation:** Statement from the title company, lender, or attorney representing the interests of the

title company, lender, or insured that the property closing did not occur.

- **Years Eligible for Refund:** Current year.

9. **Policy Not Required by Mortgagee**

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. The mortgagee's statement to this effect must be attached to the Cancellation/ Nullification Request Form.

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 Flood Insurance Agency. 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.

- **Cancellation Effective Date:** The date the cancellation request, including all supporting documentation, is received by The Flood Insurance Agency.
- **Type of Refund:**
 - Pro rata premium refund, including Increased Cost of Compliance (ICC) premium, will apply when the cancellation effective date is during the policy term. The refund does not include any applicable agency fee.
- **Cancellation Request:** Must be received during the policy year.

- **Required Documentation:** Copy of the original mandatory purchase document; current mortgagee statement that policy is not required; and a revised determination from the lender showing that the building is not in an SFHA.
- **Years Eligible for Refund:** Current year.

10. 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

This reason is used only 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 or through the issuance of a Letter of Map Revision (LOMR). If the building is no longer located in an SFHA, then the policy may be canceled provided the mortgagee confirms in writing that the insurance is no longer required because the building was removed from the SFHA.

NOTE:

The Residential Condominium Building Association Policy (RCBAP) requires a release from the mortgagee for each unit owner in the building or a signed release from each unit owner when there is no mortgagee. Only after this requirement is met can the policy be canceled. The condominium association must provide a signed letter that lists the number of units and specifies the owner of each unit.

- **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 Increased Cost of Compliance (ICC) premium, will

apply to the policy term in which the cancellation became effective. The refund does not include any applicable agency fee.

- **Cancellation Request:** Must be received during the policy year.
- **Required Documentation:** Statement from the mortgagee that flood insurance is no longer required, 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 Flood Insurance Agency may accept zone determinations in lieu of the documentation cited above for these situations.

- **Years Eligible for Refund:** Current year.

11. Condominium Policy (Unit or Association) Converting to RCBAP

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 NFIP.

- **Cancellation Effective Date:** The date coverage is provided under the RCBAP.
- **Type of Refund:**
 - Pro rata premium refund, including ICC premium, will apply when coverage is provided under the RCBAP during the first policy term of duplicate coverage. The refund does not include any applicable agency fee.
- **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 1 year prior to the receipt date of the cancellation request.

12. Mortgage Paid Off

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 Flood Insurance Agency.
- **Type of Refund:**
 - Pro rata premium refund, including Increased Cost of Compliance (ICC) premium, will apply when the cancellation effective date is during the policy term. The refund does not include any applicable agency fee.
- **Cancellation Request:** Must be received during the policy year.
- **Required Documentation:** Statement from the mortgagee that the mortgage has been paid off and that flood insurance was required as part of the mortgage.
- **Years Eligible for Refund:** Current year.

13. Voidance Prior to Effective Date

This reason is used when a policyholder decides during the 14-day waiting period, or prior to the effective date, 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. Insurance No Longer Required Based on FEMA Review of Lender's Special Flood Hazard Area Determination

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.

- **Cancellation Effective Date:** The date the cancellation request, including all supporting documentation, is received by The Flood Insurance Agency.
- **Type of Refund:**
 - Pro rata premium refund, including Increased Cost of

Compliance (ICC) premium, will apply when the cancellation effective date is during the policy term. The refund does not include any applicable agency fee.

- **Cancellation Request:** Must be received during the policy year.
- **Required Documentation:** Copy of FEMA's LODR, and statement from the lender that flood insurance is not required.
- **Years Eligible for Refund:** Current year.

15. Insurance No Longer Required by the Mortgagee Because the Building Has Been Removed from the SFHA by Means of a LOMA

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. A copy of the LOMA must accompany this request. This cancellation reason cannot be used when a LOMA is issued more than 30 days before the effective date of the current policy.

NOTE: The RCBAP requires a release from the mortgagee for each unit owner in the building or a signed release from each unit owner when there is no mortgagee. Only after this requirement is met can the policy be canceled. The condominium association must provide a signed letter that lists the number of units and specifies the owner of each unit.

- **Cancellation Effective Date:** Current policy effective date.

- **Type of Refund:**
 - Subject to 25% minimum earned premium (See paragraph I.A.3 and I.C.1.) The refund does not include any applicable agency fee.
- **Cancellation Request:** Must be received during the policy year.
- **Required Documentation:** Statement from the mortgagee that flood insurance is no longer required because the property was removed from the SFHA, and a copy of the LOMA
- **Years Eligible for Refund:** Current year.

NOTE: If the LOMA is dated more than 30 days prior to the most recent renewal, NO refund will be issued.

16. Policy Was Written to the Wrong Facility/Company

This reason is used to cancel a policy when coverage was inadvertently written to the wrong facility or insurance company.

- **Cancellation Effective Date:** The inception of the current year.
- **Type of Refund:**
 - Full premium refund includes fees and surcharges, but the refund must first be applied to a replacement policy written by The Flood Insurance Agency.
- **Cancellation Request:** Must be received during the policy year.
- **Required Documentation:** The Flood Insurance Agency request to cancel.
- **Years Eligible for Refund:** Current year.

17. *Other: Continuous Lake Flooding or Closed Basin Lakes*

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 loss date.
- **Type of Refund:**
 - No premium refund allowed.
- **Cancellation Request:** N/A
- **Required Documentation:** The Flood Insurance Agency notification.
- **Years Eligible for Refund:** N/A

18. *Cancel/Rewrite Due to Misrating*

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 preferred policies are canceled and rewritten within the same company;
- (3) To cancel a standard-rated policy that is eligible for a preferred policy due to misrating; and
- (4) 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. 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:** Based on the eligible term(s).
- **Type of Refund:**
 - Full premium refund includes fees and surcharges, but the

refund must first be applied to a replacement policy written by The Flood Insurance Agency.

- **Cancellation Request:** N/A
- **Required Documentation:** Documentation supporting the misrating.
- **Years Eligible for Refund:** Current year.

19. Fraud

This reason is used when fraud, which includes misrepresentation of a material fact by the policyholder or agent, has been determined by The Flood Insurance Agency or its Underwriters. No premium refund is allowed with this reason.

- **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:** The Flood Insurance Agency notification.
- **Years Eligible for Refund:** N/A

20. Cancel/Rewrite Due to a Map Revision, LOMA, or LOMR

This reason is used to cancel and rewrite a standard-rated flood insurance policy to a preferred policy 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 preferred policy. Premium from the canceled policy will be applied to the preferred policy, with the difference refunded to the policyholder. No 14-day waiting period will apply to the preferred policy. This rule

applies to the current policy year.

- **Cancellation Effective Date:** Based on the eligible term.
- **Type of Refund:**
 - Full premium refund includes fees and surcharges, but the refund must first be applied to a replacement policy written by The Flood Insurance Agency.
- **Cancellation Request:** Must be received during the policy year.
- **Required Documentation:** Copy of the revised map, LOMA, or LOMR.
- **Years Eligible for Refund:** Current year.

21. Policy Not Acceptable by Mortgagee

This reason is used when the mortgagee on the policy does not accept the TFIA's Private Market Flood Policy Form as acceptable flood insurance coverage.

The cancellation request, including all supporting documentation, must be received by The Flood Insurance Agency no later than 45 days after the effective date to receive a full refund. All requests received after the 45 day window will have a cancellation effective date as of the cancellation request date.

- **Cancellation Effective Date:**
 - If cancellation request is received within 45 days of the policy effective date, the policy effective date will be used.
 - If the cancellation request is received after the 45 day window, the date The Flood Insurance Agency receives the cancellation request will be used.

- **Type of Refund:**

- Pro rata premium refund applies when the cancellation request is received after the 45 day window. (Please note that the minimum earned premium is not waived if received after the 45 day window.)
- Full premium refunds apply when the cancellation request is received within 45 days of the policy effective date.

- **Cancellation Request:** Must be received within 45 days of the policy effective date to receive a full refund. For any refund, request must be received within the policy term.

- **Required Documentation:** Letter from the mortgagee stating that they do not accept the TFIA's Private Market Flood policy.

- **Years Eligible for Refund:** Current year.

C. Refund Procedures and Rules for Multi-Year Policy Terms

1. The 25% minimum earned premium shall apply to the current year in which the cancellation effective date occurs.
 - a. All previous years are considered fully earned.
 - b. All future years will be refunded in full.
2. In respect to Paragraphs I.B.1-2, the cancellation request is required within 1 year of the sale date.
3. In respect to Paragraphs I.B.3, 5, 6, 8, 9, 10, 12, 13, 14, 15, 16, 18, 20, 21, the years eligible for refund include the current year and all future years on the policy.

4. In respect to Paragraphs I.B.6, 8, 16, the request must be received during the first year of the policy.

5. In respect to Paragraphs I.B.9-10, 12, 14, the cancellation request must be received within the policy term.

6. In respect to Paragraph I.B.15, the following provisions must be used:

- a. The cancellation request must be received within 1 year of the LOMA effective date.

- b. The years eligible for refund include only the year in which the request was received and any subsequent years. All previous years are fully earned.

7. In respect to Paragraph I.B.20, the following provisions must be used:

- a. The cancellation request must be received within the policy term.

- b. The years eligible for refund include only the year in which the request was received and any subsequent years. All previous years are fully earned.

- c. A pro-rata refund will be used if the cancellation request is received more than 1 year after the effective date of the LOMA.