



FEMA

W-12026

April 4, 2012

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

*Edward L. Connor*

FROM: Edward L. Connor  
Deputy Associate Administrator for Federal Insurance

SUBJECT: Rebating of Agents' Commissions

Insurance rebating is a practice whereby insurance agents return a portion of their commission or something else of value to applicants to induce the purchase of insurance. Insurance rebating is confusing to consumers, and it has been the source of many complaints from agents and companies.

The Federal Insurance and Mitigation Administration (FIMA) has received inquiries over the past several years from interested parties, inside and outside of the insurance industry, expressing divergent views on the manner in which the National Flood Insurance Program (NFIP) should address insurance rebating.

After careful consideration, FIMA has concluded that the goals of the NFIP are better served by a system of uniform national pricing that will ensure that policyholders pay the same price for the same risk. FEMA does not directly regulate insurance agents who sell Standard Flood Insurance Policies. Pursuant to 44 C.F.R. Section 62.23 and the Financial Assistance/Subsidy Arrangement, 44 C.F.R. Part 62, Appendix A, however, FEMA administers the NFIP and sets standards governing the activities of participating WYO Companies related to the sale and marketing of flood insurance.

Accordingly, effective October 1, 2012, WYO Companies shall not authorize the rebating of commissions on new or renewal NFIP policies.

Any questions regarding this matter should be directed to Jhun de la Cruz, Underwriting Branch Chief, National Flood Insurance Program, Federal Insurance and Mitigation Administration, at [jhun.de-la-cruz@dhs.gov](mailto:jhun.de-la-cruz@dhs.gov).

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Thank you for your cooperation.

cc: Vendors, IBHS, FIPNC, and Government Technical Representative

Required Routing: Claims, Marketing, Underwriting