



# Multifamily Selling and Servicing Guide

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## 501.01C Insurance Carrier Rating

### Requirements

All property and liability insurance carriers for new policies must have:

- an A.M. Best Company general policyholder's rating of A– or better; and
- a financial performance index rating of VI or better.

For any existing insurance policy (at origination or thereafter), the carrier must have an A.M. Best rating of B++ or better, and must comply with the rating requirement for new policies at renewal.

This rating requirement does not apply to the following coverages:

- state wind pools or state funds, if they are the only coverages that can be obtained for a Property; or
- flood insurance issued by the National Flood Insurance Program (NFIP) or written by companies approved under the NFIP's Write Your Own program.

If a carrier of an existing policy is downgraded below B++, you must, as provided by the Loan Documents, require the Borrower to immediately obtain replacement coverage with a compliant carrier, even if the policy has not yet expired.

### Guidance

A new policy is one that is not already in force, and is most common for an acquisition. An existing policy is most common for a refinance or when the Property is added to a policy that the Borrower already has in force.

### Operating Procedures

If a carrier providing an existing insurance policy has a rating below A–, you must retain evidence of the insurance carrier's rating in your Servicing File until the policy is renewed. You must also monitor it on a quarterly basis to confirm that the rating is not downgraded below B++.



## Glossary

### B

**Borrower** Person who is the obligor under the Note.

**Synonyms**

- Borrowers
- Borrower's

### L

**Loan Documents** All documents evidencing, securing, or guaranteeing the debt obligation executed for a Mortgage Loan and approved by Fannie Mae.

**Synonyms**

- Loan Document
- Mortgage Loan Document
- Mortgage Loan Documents

### N

**National Flood Insurance Program** Program of flood insurance coverage and floodplain management administered under the National Flood Insurance Act.

**Synonyms**

- NFIP

### P

**Property** Multifamily residential property securing the Mortgage Loan and including the land (or Leasehold interest in land), Improvements, and personal property (as defined in the Uniform Commercial Code).

**Synonyms**

- Properties
- Property's

### S



Servicing File

File for each Mortgage Loan serviced by the Lender.

**Synonyms**

- Servicing Files