



Fannie Mae®

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# 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:

- if rated by A.M. Best Company, have a
  - general policyholder rating of A- or better, and
  - financial size category of VI or better; or
- if rated by Demotech, Inc., have a
  - Financial Stability Rating of A or better, and
  - policyholder surplus of at least \$40 million.

For any existing insurance policy (at origination or afterward), the carrier must:

- if rated by A.M. Best Company, have a
  - general policyholder rating of B++ or better, and
  - comply with the rating requirements for new policies at renewal; or
- If rated by Demotech, Inc., comply with the rating requirements for new policies.

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.

Per the Loan Documents, you must require the Borrower to immediately obtain replacement coverage with a compliant carrier, even if the policy has not yet expired, if a carrier is downgraded below

- B++, if rated by A.M. Best Company, or
- A, if rated by Demotech, Inc.

### 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 an A.M. Best Company 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 per the Note.

### **Synonyms**

- Borrowers
- Borrower's

## L

**Loan Documents** All Fannie Mae-approved documents evidencing, securing, or guaranteeing the Mortgage Loan.

### **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 real estate securing the Mortgage Loan, including the

- fee simple or Leasehold interest,
- Improvements, and
- personal property (per the Uniform Commercial Code).

### **Synonyms**

- Properties
- Property's

## S



Servicing File

Your file for each Mortgage Loan serviced.

**Synonyms**

- Servicing Files