



4703.1

General property insurance requirements

Effective 06/10/2020

Effective June 10, 2020, the content of this section has moved from [Section 8202.1](#).

For Mortgages sold to Freddie Mac, the Seller must ensure that the Mortgaged Premises are covered by insurance meeting the requirements in this [Chapter 4703](#). The Seller must obtain evidence of insurance meeting the requirements of [Section 8202.8](#).

(a) Licensing of insurer

All insurance companies (insurers) and insurance companies which guarantee coverages provided by other insurance companies (reinsurers) must be licensed, or otherwise authorized by law, to conduct business in the jurisdictions where the Mortgaged Premises are located.

(b) Assessments

Insurance contracts must provide that no assessment may be made against the Seller/Servicer or Freddie Mac and that any assessment made against others may not become a lien on the Mortgaged Premises superior to the lien of the Freddie Mac Mortgage.

(c) Rating of insurer

The required insurance must be provided by one of the following insurers:

1. An insurer with a current rating that meets the requirements below:
 - For an insurer rated by A. M. Best Company (A.M. Best), a minimum Financial Strength Rating of B+/III, or for a non-U.S. insurer, A/VIII, as reported online at <http://www.ambest.com>
 - For an insurer rated by Demotech, Inc., a minimum Financial Strength Rating of A as reported online at <http://www.demotech.com>
 - For an insurer rated by Standard & Poor's, a division of The McGraw-Hill Companies ("Standard & Poor's"), a minimum Financial Strength Rating of BBB as reported online at <http://www.standardandpoors.com>
2. An insurer with coverage that is guaranteed by a reinsurer under all of the following conditions:
 - The reinsurer's current rating meets the requirements below:
 - For a reinsurer rated by A.M. Best, a minimum Financial Strength Rating of B+/III, or for a non-U.S. reinsurer, A/VIII; or
 - For a reinsurer rated by Standard & Poor's, a minimum Financial Strength Rating of BBB
 - The reinsurer assumes by endorsement 100% of the insurer's liability for any covered loss payable but unpaid by the insurer for reason of insolvency
 - The reinsurer assumes by endorsement to give the policyholder, the Seller/Servicer and insurer 90-day written notice before canceling or otherwise terminating the guarantee
 - The above endorsements are attached to each property insurance policy accepted by the Seller/Servicer on account of the endorsements
3. A state insurance pool created by statutory authority to provide insurance for geographic areas or insurance lines which suffer from lack of voluntary market availability (such pool may be designated as a property insurance plan, a Fair Access to Insurance Requirements (FAIR) plan, an underwriting association, a joint underwriting association or an insurance authority)
4. A non-admitted insurer with a current rating that meets the requirements below:
 - For an insurer rated by A. M. Best, a minimum Financial Strength Rating of A, or
 - For an insurer rated by Standard & Poor's, a minimum Financial Strength Rating of AA-

5. An insurer with coverage that is guaranteed by the National Flood Insurance Program (NFIP) under a Standard Flood Insurance Policy issued pursuant to the National Flood Insurance Act of 1968, as amended

Insurers rated by more than one rating company need only meet one of the rating requirements.