



Flood Industry Alert

Flood Updates

May 07, 2020

On behalf of CoreLogic Flood Services, I'd like to express my appreciation and gratitude to each of you—our valued clients—for your continued trust and confidence in us to meet your vital business needs during these unprecedented times. I virtually communicate with our employees each day and I am impressed with their attitude, ingenuity, and commitment to the work in the face of the various challenges that beset so many across the country. We will continue to organize webinars, virtual roundtables, and will look for other ways to engage with you and with each other. In case you are not already registered, consider signing up for the virtual [National Flood Conference](#) sponsored by [APCIA](#) and [RAA](#). More broadly, I hope you are finding the CoreLogic [insights](#) on the pandemic to be useful.

Thank you again for your partnership and best regards to you, your family, and your employees.

Mike Bremer, Executive
CoreLogic Flood Services

OCC Guidance on Extension of NFIP Grace Period

Last month, the OCC provided guidance for OCC-regulated institutions on handling of lender-placed requirements in light of the pandemic and the NFIP's [extension](#) of the grace period at policy renewal. Per the guidance, OCC-regulated banks may provide the lender-placed notice to the borrower required by [section 22.7](#) as usual upon determining the policy has expired, along with an indication that the NFIP grace period has been extended to 120 days. Alternatively, the bank may delay providing the required notice until 45 days before the end of the 120-day grace period. The OCC notes that if a bank lender-places during the grace period and the borrower purchases a voluntary policy then the bank would be responsible for refunding the borrower premiums paid during any overlapping period.

NFIP Updates

As with other agencies ([Interagency guidance](#), [FFIEC](#), [Fannie](#), [Freddie](#)), FEMA and the NFIP are providing [information, guidance, and updates](#) to the public and to stakeholders regarding the pandemic. Below are some of these updates as well as recurring programmatic updates to the NFIP.

- [Annual Report of the Office of the Insurance Advocate](#): In this report, the Flood Insurance Advocate's office identified five key areas of policyholder frustration related to the NFIP, including when a third party (such as a lender) fails to timely pay flood insurance premium at renewal, resulting in a policy lapse, and subsequently upon reissuance the policy loses any discount such as grandfathering, newly mapped in, etc. The Advocate recommends to the NFIP, among other things, that the NFIP consider whether the discount could be reinstated in a situation like this when the policyholder is not responsible for the lapse due to non-payment. Elsewhere in the report, the Advocate recommends, and the NFIP agrees, that if a LOMA-OAS (Out as Shown) is issued that the policyholder be eligible for up to five years of premium refund due to a misrating.
- [Remote Claims Bulletin \(W-20004\)](#): In response to the pandemic, NFIP is temporarily altering its requirements to permit remote adjusting of flood insurance claims. The NFIP recommends that the claim be adjusted remotely provided the policyholder does not object or there are no other reasons why the claim cannot be handled remotely, such as technology limitations. NFIP emphasizes the need for strong and secure communication with the policyholder, sufficient documentation of the damages, and the applicable and continued rights of the policyholders including the right to request a physical inspection once shelter in place is lifted.
- [NFIP Flood Insurance Manual](#): The NFIP published its updated NFIP flood insurance guidelines effective April 1. Among the updates, the updated manual includes the "Flood In Progress" exclusion within the NFIP coverage exclusions and limitations table making clear that an important exclusion is that damages from a flooding event that begins before the policy term begins is not covered "even if the flood does not damage the insured property until after the policy term begins". Other changes include a clarification that a lapse in coverage can affect not only the continued eligibility for discounts under grandfathering, but also under Newly Mapped In and for Pre-FIRM subsidized rates. Another clarification is that a property must be within a non-SFHA flood zone (e.g. Zone X) at the time of the renewal of a Preferred Risk Policy (PRP) to continue to be eligible for the PRP. In addition, if a LOMA or LOMR is issued that results in a less favorable premium for the policyholder, then the policy may be considered for grandfathering eligibility. There is also an update to the Coastal Barrier Resources System section that indicates WYO companies are to obtain copies of the U.S. Fish & Wildlife Service CBRS mapper documentation along with the Standard Flood Hazard Determination Form for some properties in certain communities. We encourage your review of the manual and any relevant updates.
- [Group Flood Insurance Policy \(GFIP\) Fact Sheet](#): In an effort to expand the understanding of this special insurance product, FEMA published a new fact sheet on the GFIP. As a reminder, the GFIP provides flood insurance protection for individuals whose properties are in the SFHA, did not have a prior flood insurance requirement on the property, and obtained federal assistance through the Individual Assistance program following a Major Disaster Declaration, among other conditions. The GFIP policy term is 36 months and the coverage limit is \$71,000. After expiration of GFIP, the property owner is required to obtain and maintain flood insurance.

Flood Services Roundtable & Webinar Update

Thanks to all of you who participated in our four-part roundtable series held in April. Each session of the series featured a guest speaker on a topic related to private flood insurance, and each session reserved time for attendees to converse among industry peers on best practices relating to private flood insurance. Featured topics in the roundtable series were *the differing agent and consumer perspectives on private insurance, specific challenges and pitfalls that lenders face while adhering to the regulatory requirements, how private insurers underwrite flood risks utilizing flood modeling and scoring, and legal insights into private flood insurance rules and implementation with a focus on the GSEs and federal agencies.*

Stay tuned for information soon to be released on our next Flood Services roundtables and webinars.

If you have questions or comments, please contact us at floodcompliance@corelogic.com. Feel free to forward this alert to colleagues who may be interested in receiving this information. Individuals may also subscribe to future *Industry Alerts* [here](#).



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