



May 25, 2012

Senate Passes Short-term NFIP Extension Bill; More Action Required to Avoid Lapse

Yesterday afternoon, in advance of their Memorial Day recess next week, the Senate passed an amendment to H.R. 5740 which would extend the NFIP for two months through July 31, 2012. With the NFIP currently extended only through May 31, the attention now turns to the House for immediate action upon return from its Memorial Day break on May 30.

The House passed its version of H.R. 5740 last week. However, the Senate's version of the bill differs in two key ways. Specifically, newly issued policies for vacation and other second homes would no longer be subsidized while a phase in of actuarial rates would begin on July 1, 2012 for non-primary residences currently receiving subsidized rates. In addition, the Senate version does not include a requirement for lenders and others to accept non-NFIP private flood insurance policies for compliance purposes.

If the House passes the Senate's version of H.R. 5740 and it is signed into law by the President, it is expected that Congress would take up the broader NFIP reform legislation (H.R. 1309, H.R. 5652 or S. 1940) during the two-month extension of the NFIP through July 31, in order to possibly agree on a compromise bill which could include a multi-year NFIP reauthorization.

Given the potential that these larger major reform bills may be voted on in the coming weeks, your Legal or Government Affairs Department may wish to consider the provisions of these [bills](#) and their possible impact.

As a reminder, although the House may take action to avert an NFIP lapse next week, you may wish to review the official guidance previously provided by [FEMA](#) and the Federal Lending Regulatory Agencies (such as the [OCC](#)) as to the impact of an actual lapse.

We will continue to keep you informed of important updates related to these developments. Feel free to forward this alert to colleagues who may be interested in [receiving](#) our *Industry Alerts*.

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