



March 7, 2014

House Passes Bill to Reform BW 12 Changes

Congressional Activity

This week the House passed [HR 3370](#) (the "Homeowner Flood Insurance Affordability Act") which, if passed into law, would repeal certain flood insurance rate increases pursuant to Section 100205 of BW 12. Rather than delaying the removal of subsidies as proposed in the Senate's bill ([S 1926](#)), HR 3370 proposes a different approach to mitigate concerns over BW 12 rate increases, including a cap on the maximum annual increase of a policy's premium of 18%, and a guideline for FEMA to strive to minimize the number of policies with premiums that are in an amount greater than 1% of the policy's coverage amount. However, the bill would require annual minimum rate increases of policies on pre-FIRM structures of at least an average of 5% within an associated flood risk classification, and would also add a new annual surcharge on policies on pre-FIRM properties of \$25 for primary residences and \$250 for other types of properties.

HR 3370 would also repeal Section 100207 of BW 12 which would have potentially removed the NFIP's grandfathering rule.

In addition to affecting BW 12's rate increases, HR 3370 would delay the application of the new escrow requirements on new loans until January 1, 2016 and exempt certain loans altogether from these escrow requirements such as junior liens and liens secured by condominium units which are covered by a condominium policy. Further proposals include permitting deductibles for residential flood insurance coverage of up to \$10,000 and excluding detached, non-residential structures on residential properties from the federal mandatory purchase of flood insurance requirement.

The Senate may decide to vote on HR 3370 or a conference may be called between the two houses in order to work towards a compromise between HR 3370 and S 1926. Given the possible significance of this legislation on your business and on your customers, we urge you to consult with your Legal and Compliance departments. You may determine it to be appropriate to reach out to members of Congress to advocate for or against proposed changes.

NFPA Conference

As you may be aware, FEMA is not hosting the NFIP National Flood Conference this year. Like you, we have found this annual conference important as a means to join with various stakeholder groups to discuss matters related to flood insurance and the flood program. You might consider attending the National Flood Determination Association (NFDA) conference to be held on April 7-8 in Scottsdale, Arizona. The conference program will include high level FEMA officials and experts from various industries presenting on topics such as BW 12, FEMA's Risk MAP, regulatory and legislative developments, and the different perspectives of the flood insurance program. [Registration](#) is open although capacity is limited.

NFIP Training

To help stay current with NFIP developments or to refresh on existing topics, you may want to consider the NFIP's training for [lenders](#) and [agents](#). The training website lists the various workshops that are offered and includes other resources such as an informational [video](#) on BW 12.

From CoreLogic®

Among the resources we offer to clients through our [website](#), our *Guide to BW 12* can help track the implementation of provisions of BW 12 while our [Legislative Update](#) page follows the status of federal legislation related to the NFIP. To obtain the password to our Guide, or for additional information or discussion related to these topics, contact our Compliance Department at floodcompliance@corelogic.com.

Finally, 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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