



April 2, 2015

Flood Updates

NFIP Changes beginning April 1

As referred to [previously](#), several [NFIP changes](#) pursuant to HFIAA went into effect this week, beginning April 1. Changes include premium surcharges for all flood insurance policies, flood insurance rates compliant with new annual rate caps, an increased optional deductible of \$10,000 for residential properties, and rating procedures for properties newly mapped into a SFHA. Under these new rating procedures, policies issued or renewed on properties newly mapped into a SFHA due to a FEMA flood map revision on or after April 1 will be eligible for a “preferred risk premium” rating for one year. Policies must be purchased within one year of the map revision date and following that first year the policies will transition over time to full-risk rates. Additional information and details on “newly mapped” properties can be found in FEMA’s [first addendum bulletin](#) regarding the April 1 NFIP changes and the new “[Newly Mapped](#)” section of the [Flood Insurance Manual](#). To assist stakeholders with understanding the impacts of the April 1 changes including the newly mapped procedures, FEMA has released a [4-part video tutorial](#).

BW 12 Updates

FEMA and other federal agencies continue to work on implementation of BW 12 requirements. As for FEMA, a recent [GAO report](#) describes the status of FEMA’s implementation efforts including challenges and remaining priorities. Another report being released is the [National Academy of Sciences \(NAS\) report](#) on the affordability of NFIP premiums. The NAS report is the first part of a two-part study to fulfill certain BW 12 requirements (as amended by HFIAA) that FEMA conduct an NFIP flood insurance affordability study to include, among other things, methods for establishing a framework to aid with the affordability of risk-based premiums.

The CFPB (Consumer Financial Protection Bureau) [announced](#) the availability of the updated home buying information booklet (“[Your Home Loan Toolkit: A Step-by-Step Guide](#)”) which includes an explanation of flood insurance, information about private flood insurance (as required by BW 12), and a statement about obtaining flood insurance on secondary structures on a property (as required by HFIAA). Lenders are required to provide the booklet to each mortgage loan applicant. As a reminder, clients can monitor the continued implementation of the numerous requirements of BW 12 through our [Guide to BW 12](#) (blue banner “Guide to BW 12”).

State Legislative Activity

We [continue](#) to monitor state legislative activity related to flood insurance and flood mapping. In Connecticut, [Senate bill 678](#) has been amended and the current version of the bill would expressly allow a municipality to revise its municipal flood map to be consistent with a revision to the FEMA flood map. However, the amended bill also contains a provision that would prohibit lenders from requiring flood insurance for a property outside of the SFHA or removed from the SFHA by a FEMA map amendment. If enacted, the requirements of this bill would become effective beginning October 1, 2015.

Standard Flood Hazard Determination Form

As a [reminder](#), the comment period remains open until April 6 to submit comments to the OMB on FEMA’s proposed draft of the new Standard Flood Hazard Determination Form. Comments can be submitted by email or fax as described in the “Addresses” section of FEMA’s [notice](#).

If you have questions or comments regarding the information shared in this Industry Alert 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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