

## Industry Alert

March 7, 2016

### Flood Updates

#### Private Flood Insurance Bill Moves to Full House for Consideration

Last week, the House Financial Services Committee, which has oversight responsibility in the House for the National Flood Insurance Program, passed the Flood Insurance Market Parity and Modernization Act (HR 2901). The bill now goes before the full House of Representatives for consideration and a possible vote. If passed, the bill would revise (i) the mandatory purchase of flood insurance statute (42 U.S.C. 4012a) to include references to "private flood insurance" along with "Federal flood insurance" with each part of the requirement and (ii) the definition of "private flood insurance" which was introduced to the statute by BW 12. Lender and insurance trade groups have generally come out in favor of the legislation viewed by many as a means to relax restrictive criteria within BW 12 related to private flood insurance and to encourage the expansion of the private flood insurance market. You may want to consider the language of this legislation with your legal and compliance departments to determine any possible impact if signed into law.

#### State Legislative Update

We continue to see State Legislatures introduce bills related to flood insurance and flood mapping. While indications are that some of this legislation may not progress this session, your compliance or legal department may want to consider the bills to determine any potential business impact, including whether or not the bills' requirements (if enacted) would contravene existing obligations under federal regulations. In summary:

- Hawaii House bill 2203 – Would provide borrowers up to 6 months from the time of the lenders' notice to purchase flood insurance prior to force-placement and would require the refund of force-placed premiums within 15 days from receiving proof of voluntary coverage.
- South Carolina House bill 4495 – Would permit borrowers to drop flood insurance, even if required by the lender, if the property is not affected by a flooding event for which a state of emergency is declared.
- New York Assembly bill 3337 – Would prohibit lenders from requiring flood insurance coverage that exceeds the outstanding balance of the loan or the maximum coverage available under the NFIP, whichever is less.
- Vermont House bill 13 – Would prohibit lenders from requiring flood insurance for residential property that exceeds the outstanding mortgage balance, that includes coverage for contents, or that includes a deductible less than \$5,000.
- Pennsylvania House bill 1648 – Would impose a duty on municipalities to provide notice to property owners of changes to FEMA flood maps.
- West Virginia Senate bill 92 – Would create an annual homestead property tax exemption for properties in the SFHA.
- New Jersey Senate bill 1141 – Would require WYO insurers to provide certain information to policyholders with claims related to Hurricane Sandy.
- New Jersey Senate concurrent resolution 44 – Would urge the U.S. Congress and the President to increase subsidies for federal flood insurance.

#### President Signs Bill Revising CBRS Units in Collier County, Florida

On February 29, 2016, President Obama signed HR 890 into law. This law revised the boundaries of existing Coastal Barrier Resources System units and creates 2 new CBRS units all within Collier County, Florida. As part of an interagency agreement between the U.S. Fish & Wildlife Service and the Federal Emergency Management Agency, we expect that the change in CBRS units will be incorporated into a future map revision of Collier County Flood Insurance Rate Maps.

#### Freddie Mac Releases Updated Seller/Service Guide

Freddie Mac [announced](#) the release of the reorganized Seller/Servicer Guide. According to Freddie Mac, the new Guide does not include any new requirements or changes to existing requirements, but rather is a change in structure and organization only. With respect to flood insurance requirements, Section 8202.3 contains the requirements which were previously found in Chapter 58.3 of the Freddie Mac guide. We did not identify any changes to the flood insurance requirements, but you will want to work with your teams to confirm.

#### **Register for Upcoming Conferences Related to Flood Insurance**

As you are aware, there is considerable attention on the National Flood Insurance Program at this time in advance of the 2017 reauthorization discussion. Therefore, it is an important time for stakeholders to become engaged in order to maintain an awareness of any changes being considered. One way to accomplish this is to attend conferences related to flood insurance issues. Two important conferences are scheduled in the spring:

- **National Flood Determination Conference, March 20-22, Scottsdale, Arizona.** Participate in sessions led by flood insurance experts from lending, insurance, and mapping fields. Receive updates directly from federal officials. Registration is closing soon, so contact us if you have trouble registering for the conference.
- **National Flood Conference, May 16-18, Washington, D.C.** Three days of critical meetings on various topics related to the future of the National Flood Insurance Program. Federal and state officials, as well as experts from private industry, will talk about existing challenges with and potential reforms to flood insurance regulations and guidelines.

If you have questions or comments regarding the information shared in this Industry Alert, please contact us at [floodcompliance@corelogic.com](mailto: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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