

Industry Alert

October 24, 2016

Proposed Rulemaking Regarding Private Flood Insurance

The Federal Regulatory Lending Agencies are preparing for the publication of the Joint Notice of Proposed Rulemaking in the Federal Register through Agency approval and announcement. The FDIC Board of Directors approved the proposed rule on October 19. We expect the other Agencies' approvals in the coming days followed by the publication of the rule in the Federal Register. Once released in the Federal Register, the public has 60 days to submit comments.

The Agencies acknowledge the numerous comments received since the initial proposed rule related to private flood insurance in 2013. After consideration of these comments and additional deliberation, the Agencies currently propose an approach to the lenders' required acceptance of a private flood insurance policy, as follows —

- Private flood insurance that meets the definition of private flood insurance must be accepted if the policy fulfills the mandatory purchase requirement provisions,
- Private flood insurance is deemed to meet the definition if (i) the insurer identifies in the policy the provisions which meet the definition of private flood insurance, (ii) the lender verifies that the policy contains these provisions and satisfies the requirements, and (iii) the policy contains an assurance clause which affirms that the policy meets the definition of private flood insurance,
- Private flood insurance that does not meet the definition of private flood insurance may be accepted if the policy meets certain criteria as set forth in the proposed rule,
- Private flood insurance made available through a mutual aid society, which is an organization formed to provide mutual aid, benefit or relief to its members (such as an Amish Aid plan), may be accepted under certain circumstances as set forth in the proposed rule.

As you consider the potential impact of the implementation of the proposed rule, you and your Legal or Compliance team may wish to respond via comment submission to one or more of the Agencies' questions appearing within the proposed rule. An example is, whether or not the criteria for accepting private flood insurance which does not meet the statutory definition are "necessary and feasible".

We will continue to monitor activity in the Federal Register related to this and other aspects of the federal flood insurance program.

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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