

Industry Alert

May 12, 2017

Flood Updates

Flood Insurance Reform Framework Released

Members of the House Financial Services Committee released a [discussion draft](#) outlining the key provisions of an NFIP reform and reauthorization bill which is expected to be introduced soon. According to this draft, the bill proposes a 5-year reauthorization of the program. In addition, the bill will contain a number of reforms, including, among others—reducing the percent cap on annual rate increase for individual flood insurance policies; supporting the expansion of the private flood insurance market by reducing some potential obstacles; permitting the creation and adoption of local flood maps for flood insurance purposes; and reinstating a reporting requirement for the federal banking agencies related to the enforcement of the mandatory purchase of flood insurance requirement. Specific to the reporting requirement on the mandatory purchase requirement, this may be similar in content and intent as the reporting requirement found in Section 529 of the [National Flood Insurance Reform Act of 1994](#).

You will want to consider the details of these and other proposed reforms with your compliance, legal, or government affairs departments once the bill is made available.

Senate Banking Committee Hearing and Additional Legislative Activity

As the [National Flood Conference](#) wrapped up in Washington D.C. and the Association of State Floodplain Managers were meeting at their annual conference in Kansas City, the activity on Capitol Hill related to the NFIP proceeded with a Senate Banking committee hearing. The hearing is the second for the committee focused on the reauthorization of the NFIP. A webcast and witness testimony transcripts are available on the committee's [website](#).

Members of both the Senate and House have introduced bills related to the NFIP including [S. 1058](#), [H.R. 2246](#), [H.R. 2170](#), [H.R. 1929](#), [H.R. 1558](#), [H.R. 1423](#), [H.R. 1422](#), and [H.R. 1401](#).

NFIP Updates

[Roy Wright](#), Deputy Associate Administrator for FEMA Insurance and Mitigation, shared with the attendees at the National Flood Conference the “moonshot” goal of the NFIP to double the current number of flood insurance policyholders (whether via an NFIP policy or a private flood insurance policy) by the year 2023. On the mapping side, Roy recognized the team’s work to consider the further recommendations of the Technical Mapping Advisory Council including its most recent [annual report](#).

In addition, the NFIP has released its [program changes](#) to become effective October 1, 2017 which will update the existing [flood insurance manual](#) most recently updated April 1.

Clear Communication

Among the recent NFIP changes receiving considerable attention and requiring considerable effort is the roll-out of the [Clear Communication letters](#) intended to inform flood insurance policyholders of the flood risk of their property. As part of [Clear Communication](#) under Section 28 of [HFIAA](#), WYO companies and the NFIP Direct side must re-underwrite each flood insurance policy as part of renewal, inform the policyholder of the current and rated flood zone of the property, and make corrections to the policy rating (if any). Through this process, WYO companies and the NFIP Direct side may also be providing refunds to policyholders if it is determined that a policy should be revised using a lower rate.

We are hearing from some lenders that certain borrowers have provided this FEMA letter as evidence that the mandatory purchase requirement does not apply to a loan. As a reminder, FEMA has the [Letter of Map Amendment](#) or [Lender Determination Review](#) process available to property owners who disagree with the flood map or the lender's flood determination. Importantly, you can initiate a recheck request via [FloodCert.com](#) if you receive a letter which appears to contradict a completed Standard Flood Hazard Determination Form. As always, we want to support you and your customer through any questions related to the flood determinations we provide to you.

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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