

NATIONAL FLOOD INSURANCE PROGRAM

AUTHORITY EXTENSION

PRIOR TO DECEMBER 3, 2021 EXPIRATION



INTRODUCTION

Congress must tackle how and when to extend the National Flood Insurance Program (NFIP) authority, which expires in December 2021. This eBook provides an overview to help WYO carriers and insurance agents understand the NFIP authority process and the potential impact if the program is not authorized.

The National Flood Insurance Program authority expires December 3, 2021

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NFIP Authority: What it means for consumers

? What is NFIP authority?

The National Flood Insurance Program (NFIP) is promulgated by law and authorized by Congress and the President. The current authority for the NFIP expires at midnight on December 3, 2021.

To ensure that NFIP flood insurance continues to be made available for property owners and buyers, it is critical that the NFIP authority be extended before December 3rd. An on-time extension of the NFIP authority is important for the stability of the insurance, real estate and mortgage marketplace.

? Who are the key decision makers?

The House Financial Services Committee (HFSC) and the Senate Committee on Banking, Housing and Urban Affairs (SBC) are the committees responsible for oversight of the NFIP and will be leading the charge to extend the NFIP authority through a Continuing Resolution or other legislation that the president will ultimately sign.



What to expect before December 3, 2021

② What to expect between now and December 3, 2021?

Congressional hearings occurred earlier this year, but it is unlikely that any additional hearings will occur during this short-term extension. It is most likely that NFIP authority will be extended as part of another Continuing Resolution to fund the government, or as stand-alone legislation.

② What happens if the NFIP authority expires on December 3, 2021?

If the NFIP authority isn't extended on or before December 3, 2021, no NFIP flood insurer can issue new policies, renewal policies or coverage increases on in-force policies as of December 4, 2021.

Should a lapse of the NFIP authority occur, National Flood Services will operate in compliance with all FEMA and NFIP directives and/or guidance and will provide necessary information and direction to our WYO clients.



An historical look at NFIP reauthorization

Since September 2017 the NFIP authority has been extended 17 times, with extensions lasting as little as two weeks on up to a full year.

In addition, NFIP authority lapsed three times, once for two days and the others for a day each. During this time property owners are unable to purchase, renew or make coverage changes to flood insurance; property buyers were unable to close real estate/mortgage transactions on which flood insurance was required.

Although the lapses were ultimately resolved through retroactive reauthorization, they created a major disruption in the market and a great deal of confusion for property owners, agents, realtors and mortgage lenders.



What agents need to know

Important to note:

A lapse in NFIP statutory authority would not impact the ability to pay claims on in-force NFIP flood policies issued on or before December 3, 2021.

In addition, there would be no impact to servicing in-force NFIP flood policies for non-coverage related changes (e.g., mortgagee changes, mailing address changes). However, a lapse would prohibit any coverage increases.



Additional Resources

As we learn more about NFIP authority, NFS will issue addendums and updates to keep you current as Congressional activities unfold.

Important to note:

WYOs and agents should reach out to their corporate government relations team or their industry trade association for additional information about the NFIP reauthorization and work with them to support an on-time extension of the NFIP authority.



National Flood Services leads the flood insurance industry, serving approximately 60% of the NFIP, based upon policies, premium, and participating carriers. Unmatched in claim handling, NFS has settled nearly 264,000 claims and processed more than \$13.1 billion in claims payments over the last decade. In addition to serving the NFIP, comprehensive private flood solutions are available.



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