



FEMA

W-12022

March 16, 2012

MEMORANDUM FOR: Write Your Own (WYO) Company Principal Coordinators
National Flood Insurance Program (NFIP) Servicing Agent

Harriette Kinberg

FROM: Harriette Kinberg
Chief, Industry and Public Relations Branch

SUBJECT: Non-Federal Flood Insurance Policies

FEMA recently provided clarification of our position regarding non-Federal flood insurance and how such insurance policies should be evaluated by lending institutions. Enclosed for your information are memos to the lending regulators, Federal agency lenders, government-sponsored enterprises, and lender trade associations.

If you have questions, please contact Jeffrey Woodward, Senior Lender Compliance Officer, by phone at 202-212-2183 or by email: Jeffrey.Woodward@fema.dhs.gov.

Enclosure

Suggested Routing: All Departments



FEMA

MEMORANDUM FOR: Federal Deposit Insurance Corporation (FDIC)
Office of the Comptroller of the Currency (OCC)
Board of Governors of the Federal Reserve System (FRS)
National Credit Union Association (NCUA)
Federal Home Loan Mortgage Corporation (Freddie Mac)
Federal National Mortgage Association (Fannie Mae)
Farm Credit Administration (FCA)
Office of Federal Housing Enterprise Oversight (OFHEO)
Department of Housing and Urban Development (HUD)
Department of Veterans Affairs (VA)
US Department of Agriculture (USDA)
Small Business Administration (SBA)
Mortgage Bankers Association of America (MBAA)
American Bankers Association (ABA)
National Lenders Insurance Council (NLIC)
Independent Community Bankers of America (ICBA)
Credit Union National Association (CUNA)
American Community Bankers (ACBankers)
National Association of Federal Credit Unions (NAFCU)

FROM: Jeffrey Woodward 
Senior Lender Compliance Officer
Federal Insurance and Mitigation Administration

SUBJECT: Non-Federal Flood Insurance Policies

For many years there has been confusion regarding whether a non-National Flood Insurance Program flood insurance policy is acceptable in meeting the mandatory purchase of flood insurance requirements.

Attached is a memo from Edward L. Connor, Deputy Associate Administrator for Federal Insurance, that is intended to clarify FEMA's position regarding non-Federal flood insurance and how those policies should be evaluated.

Please distribute this memo to all parties within your organization that may deal with compliance and/or flood insurance.

If you have questions, please call Jeffrey Woodward, Senior Lender Compliance Officer, at 202-212-2183 or contact me by email: Jeffrey.Woodward@fema.dhs.gov

Enclosure



FEMA

MEMORANDUM FOR: Federal Financial Institutions Examination Council

FROM: Edward L. Connor 
Deputy Associate Administrator for Federal Insurance

SUBJECT: Private Flood Insurance Policies

One of the unforeseen consequences of FEMA's issuance of the Mandatory Flood Insurance Purchase Guidelines is that they have in some cases been accorded more authority than they were intended to have. One of the areas where this has caused a great deal of misunderstanding is the acceptability of private flood insurance policies to satisfy mandatory purchase requirements of the Flood Disaster Protection Act of 1973, as amended. In providing assistance to lenders on the acceptability of private flood insurance policies in lieu of the Standard Flood Insurance Policy from the National Flood Insurance Program, the Guidelines list six elements that FEMA suggests that a lender consider in evaluating a private policy. These elements are not meant to be exclusive and if a lender is satisfied that a private policy adequately protects his security for a loan despite not containing some of these elements or differing from them, it is within his authority to accept the private policy. FEMA has no authority to rule on the acceptability of private insurance policies and any technical guidance that FEMA issues on the matter is to be regarded solely as advisory and not regulatory in nature.

I hope this clarifies the matter. If you have further questions, please call Jeffrey Woodward, Senior Lender Compliance Officer, at 202-212-2183.