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Flood Insurance Program Closed; No Policies Until Congress Reauthorizes NFIP

Breaking News | March 1st, 2010



FEMA

Statutory authority to issue flood insurance policies pursuant to the National Flood Insurance Program expired on February 28th, 2010. According to **Senate Majority Leader, Harry Reid**, measures are expected to pass sometime this week extending the NFIP until March 28th, 2010. However, **Congress** has yet to pass the short term reauthorization of the **NFIP** and **President Obama** has yet to sign the bill.

What Does This Mean?

Main Points

1. New and renewal policies for which insurers have received payment on or before midnight of Feb. 28 will be issued and will become effective after the last day of effective authorization, regardless of the policy effective dates.
2. The **NFIP** will not be able to issue new or renewal policies, change coverage or pay claims until Congress reapproves reauthorization. They recommend that companies writing flood insurance hold any premiums, renewals or added coverage endorsements received on or after Feb. 28th.
3. **FEMA** advises to pend premium transactions received on or after Feb. 28 until after the **NFIP** is authorized.

Additional Points

1. Eventual reauthorization will likely be granted retroactively, and insurers can issue policies effective as of the date they received payments, according to **FEMA**.
2. Policies with a 30-day waiting period would become effective when both the 30-day waiting period has ended and Congress has reauthorized the NFIP.
3. For applications made in connection with a mortgage loan, if the extension of the authority to issue flood insurance policies under the NFIP is granted retroactively, new policies will be issued effective as of the date of the loan closing.
4. If Congressional extension is granted retroactively, any claim for insurable losses suffered from the effective date for the policy term will be honored by the NFIP, even if the authority is granted after the date of such losses.
5. If Congressional extension is not granted within a reasonable time period, premiums will be refunded. In this event, the requested coverage will not be provided and no protection of flood insurance existed during this period.