



Consumer Guidance on NFIP Expiration

Over the next several months, the National Flood Insurance Program (NFIP) may experience several short term extensions. At the end of each extension there is the possibility of a program expiration if Congress does not act. When the NFIP expires, **no new policies or renewals can be issued**. This can affect your ability to be obtain a flood insurance policy.

FEMA recently issued guidance on how the flood insurance program will respond before, during and after a program expiration. Below is the FEMA guidance simplified for consumers.

POLICIES

- If you purchase a new flood policy, the application must be dated before the flood program expires. The policy will become effective after the waiting period or loan closing date, even if it is during the flood program expiration.
- **Payment should also be made before the flood program expires, or you run the risk of not having a policy in force.**

RENEWALS

- A flood policy cannot be applied for *AND* cannot be put in place during the flood program expiration.
- If your renewal bill is issued before the flood program expires, then you should pay your bill before your policy's renewal date and can pay the policy during a lapse. If it remains unpaid, then you run the risk of not being able to renew your policy.
- Renewal bills *will not* be issued during a flood program expiration.

CLAIMS

- Claims will be paid to policies that are effective before and during a flood program expiration.
- Policies applications may be submitted during a flood program expiration, but any claims for those policies cannot be paid.

**In all cases, PAY YOUR PREMIUM BEFORE THE FLOOD PROGRAM EXPIRES!
Do not take a chance and wait!**



EXAMPLES

PAYING A RENEWAL LATE:

Mr. Flood's policy renewal/expiration date is on December 6th, but he has not yet made his renewal payment. Due to the 30-day grace period, he has until January 5th to pay his policy before Mr. Flood has a lapse in coverage. However, the flood program expires on December 23rd and Congress does not reauthorize the program until late January. When the flood program expires, Mr. Flood still had not made his flood policy payment. Because of this, Mr. Flood will now not be able to renew his policy and runs the risk of having no coverage, the loss of grandfathering, and more.

APPLYING FOR A NEW POLICY (DUE TO A CLOSING)

Mr. Flood is looking to close on a loan on December 29th. Mr. Flood applies for and purchases the policy on December 20th, before the closing date. The flood program expires on December 23rd and Congress does not reauthorize the program until late January. However, because Mr. Flood applied for the flood insurance policy before the flood program expiration, the flood policy goes effective December 29th.

APPLYING FOR A NEW POLICY THAT DOES NOT GO EFFECTIVE

Mr. Flood is interested in purchasing a flood policy for his existing home. The flood program expires on December 23rd and Congress does not reauthorize the program until late January. Mr. Flood applies for coverage on December 30th. The application and payment is taken by the insurance company, but it is held and no policy is issued. When Congress finally reauthorizes the program in late January, the payment is applied and the flood policy is issued. **In the meantime, Mr. Flood may or may not be able to find a private flood policy which his lender may or may not accept for coverage during the program expiration. The private flood policy may be more or less expensive than the NFIP flood policy. If the lender will not accept the private flood policy, the lender may force place flood insurance or choose not to lend during a flood program expiration.**

EXPERIENCE A CLAIM

Mr. Flood has a flood policy in force before the flood program expires on December 23rd. A massive flood happens and Mr. Flood has a claim. Because his policy was in force before and during the flood program expiration, the loss is paid as usual.

NOTE: This document is to be used as a general consumer guidance. This is not the full guidance! For the full guidance, refer to **WYO Program Bulletin w-17069**