



Independent Insurance Agents & Brokers of Louisiana

9818 Bluebonnet Boulevard • Baton Rouge, Louisiana 70810

phone 225.819.8007 fax 225.819.8027
www.iiabl.com

To: IIABL Members & Associate Members

Fm: Jeff Albright

Re: FEMA Bulleting w-14014

Below and attached is FEMA Bulletin w-14014 providing rating guidance for the recently passed Homeowner Flood Insurance Affordability Act of 2014 (HFIAA).

FEMA's bulletin announces that as of **May 1, 2014 both residential and commercial new business/renewal transactions will use Pre-FIRM rates** published in the October 1, 2013 Flood Insurance Manual, as long as it benefits the policyholder. Guidance pertaining to refunds for those policyholders already affected has yet to be defined.

Please click on the link **HERE** to view the entire FEMA Bulletin w-14014.

We expect FEMA to continue to issue guidance on other portions of the Homeowner Flood Insurance Affordability Act, and we will keep you posted as that information becomes available.

###



FEMA

U.S. Department of Homeland Security
Federal Emergency Management Agency

Intergovernmental Affairs Advisory

April 15, 2014

**Homeowner Flood Insurance Affordability Act (HFIAA)
Implementation of Section 3 –
Repeal of Certain Rate Increases**

On March 21, 2014, President Obama signed the Homeowner Flood Insurance Affordability Act of 2014 into law. This law repeals and amends certain provisions of the Biggert-Waters Flood Insurance Reform Act of 2012 and the National Flood Insurance Act of 1968.

Today, the National Flood Insurance Program (NFIP) is providing a bulletin to its private Write Your Own insurance company partners on steps that are underway to begin implementation of the new legislation and provide relief to qualifying policyholders who received rate increases under Biggert-Waters. This action begins to implement the Federal Emergency Management Agency's (FEMA) first priority to stop policy increases for certain subsidized policyholders as outlined in the Act.

Specifically, the bulletin provides guidance to Write Your Own insurance companies on how to adjust rates for certain Pre-Flood Insurance Rate Map (Pre-FIRM) properties as described by Section three (3) of the Act. Pre-FIRM properties are properties that typically were built before detailed flood maps were developed with a community. Prior to implementation of Biggert-Waters, Pre-FIRM properties were insured using subsidized rates that assist people in affording flood insurance even though their buildings were not built to present standards.

Effective May 1, 2014, the NFIP Direct Servicing Agent and Write Your Own companies will begin to adjust rates for all new applications for Pre-FIRM properties by using the rate tables issued effective October 1, 2013. Policyholders who meet the following requirements will see their rates restored to Pre-FIRM subsidized rates, unless the full-risk rate is more favorable, when they purchase or renew their policy:

- Pre-FIRM properties that were not insured on July 6, 2012 (the date when Biggert Waters was enacted);
- Pre-FIRM properties that were sold on or after July 6, 2012 (the date when Biggert Waters was enacted); and
- Pre-FIRM properties that were rated full-risk under Biggert Waters due to a lapse in policy coverage.

The use of the October 2013 rate tables are an interim step while FEMA develops new rate tables and guidance to process and issue refunds for policyholders who were charged full-risk premiums under Biggert Waters and are now eligible for Pre-FIRM subsidies.

FEMA looks forward to working with Congress, the private Write Your Own insurance companies, and other stakeholders to implement these congressionally mandated reforms and to working toward our shared goals of helping families maintain affordable flood insurance, ensuring the financial stability of the NFIP, and reducing the risks and consequences of flooding nationwide.

FEMA's mission is to support our citizens and first responders to ensure that as a nation we work together to build, sustain, and improve our capability to prepare for, protect against, respond to, recover from, and mitigate all hazards.

###



FEMA

April 15, 2014

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

FROM: David L. Miller
Associate Administrator
Federal Insurance and Mitigation Administration

SUBJECT: Section 3 of the Homeowner Flood Insurance Affordability Act of
2014 (HR 3370)

On March 21, 2014, President Obama signed the Homeowner Flood Insurance Affordability Act of 2014 (HFIAA) into law. Pub. Law No. 113-89 (Mar. 21, 2014). This law repeals and amends certain provisions of the Biggert-Waters Flood Insurance Reform Act, Pub. Law No. 112-141 (Jul. 6, 2012) and the National Flood Insurance Act of 1968, 42 U.S.C. §§ 4001-*et seq.*. FEMA has actively begun analyzing and prioritizing implementation of the HFIAA. FEMA appreciates your cooperation during our continued consultation with you.

The purpose of this bulletin is to stop charging full risk-rates for all types of Pre-Flood Insurance Rate Map (FIRM) properties covered by section 3 of the HFIAA which includes primary residences and businesses. Section 3 of the HFIAA requires FEMA and WYO companies to restore Pre-FIRM subsidized rates for the following properties: (a) Pre-FIRM properties that were not insured when Biggert Waters was enacted; (b) Pre-FIRM properties that were sold after Biggert Waters was enacted; and (c) policies for Pre-FIRM properties that were rated full-risk under Biggert Waters due to a lapse in coverage.

Effective May 1, 2014, FEMA is requiring the WYO Companies and the Direct Servicing Agent to use the appropriate October 1, 2013 Pre-FIRM Rate Tables when more favorable than full-risk rates for the following types of scenarios:

- New application for Pre-FIRM buildings rated in zones Unnumbered A, AE, A1-A30, AH, AO, V, VE, V1-V30 and D effective on or after October 1, 2013, and processed on or after May 1, 2014 (previously impacted by Section 100205 (g)(1) of BW-12);

- Pre-FIRM subsidized policies assigned to a new building owner upon a purchase occurring on or after July 6, 2012, where the endorsement is effective on or after October 1, 2013. and processed on or after May 1, 2014 (previously impacted by Section 100205 (g)(2) of Biggert-Waters);
- Reinstatement on or after October 4, 2012, of a lapsed Pre-FIRM subsidized policy processed on or after May 1, 2014 (previously impacted by Section 100205 (g)(3) Biggert-Waters);
- Renewal of all policies for Pre-FIRM buildings that were not insured when Biggert Waters was enacted in zones Unnumbered A, AE, A1-A30, AH, AO, V, VE, V1-V30 and D processed on or after May 1, 2014 (previously impacted by Section 100205 (g)(1) of Biggert-Waters); and
- Renewal of all policies for Pre-FIRM buildings that were purchased after Biggert Waters was enacted in zones Unnumbered A, AE, A1-A30, AH, AO, V, VE, V1-V30 and D processed on or after May 1, 2014 (previously impacted by Section 100205 (g)(2) of Biggert-Waters).

As required by the HFIAA, FEMA will continue to consult and coordinate with WYO insurers and other stakeholders as we implement other provisions of the law, including premium refunds. Thank you for your patience. For questions, please contact Joe Cecil at (202) 212-2067.

cc: Vendors, IBHS, FIPNC, Government Technical Representative

Required Routing: Accounting, Data Processing, Underwriting, Marketing