




FEMA

W-18024

October 11, 2018

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

FROM: 
David I. Maurstad
Deputy Associate Administrator for Insurance and Mitigation
Federal Insurance and Mitigation Administration

SUBJECT: Extension of the Grace Period for Payment of National Flood Insurance Program (NFIP) Premiums for Hurricane Florence

The Standard Flood Insurance Policy (SFIP) provides that the term of the policy commences on its inception date and ends on its expiration date. To avoid a lapse or reduction in coverage, a National Flood Insurance Program (NFIP) insurer must receive a policyholder's renewal premium payment within thirty (30) days of the expiration date of the policy or by the premium due date for any additional premium requested due to underpayment.

North Carolina and South Carolina experienced severe and historic flooding related to Hurricane Florence. The extensive damage to homes and businesses, as well as widespread disruption of power, transportation, and communication infrastructure, may delay receipt of renewal premiums by NFIP insurers. The concern about the possible lapses or reduction in coverage and the subsequent denials of claims occurring during a gap in coverage compels me to extend the 30-day grace period for receipt by the NFIP of flood insurance renewal premiums and of any additional premium due as required by an underpayment notice.

I. Extension of Renewal Grace Period

To decrease the chance of a coverage lapse caused by Hurricane Florence, I am extending the 30-day grace period for receipt of the renewal payment after a policy's expiration date.¹ If a policy has an expiration date between August 10, 2018, and October 10, 2018, then the NFIP insurer must receive the appropriate renewal premium within 90 days of the expiration date to avoid a lapse in coverage.

For example, for a policy insuring a property with a policy expiration date of August 15, 2018, the NFIP insurer must receive the renewal premium payment on or before November 12, 2018.

¹ See SFIP Dwelling Form, Article VII.H; SFIP General Property Form, Article VII.H; SFIP Residential Condominium Building Association Policy, Article VIII.H.

However, if a policy expires on or after October 11, 2018, the normal 30-day grace period for receipt of the renewal premium will apply.

II. Extension of Underpayment Grace Period

To decrease the chance of a lapse or decrease in coverage caused by Hurricane Florence, I am extending the 30-day deadline to make an additional premium payment after receiving an underpayment notice.² If a policyholder receives an underpayment notice dated between August 10, 2018, and October 10, 2018, then the NFIP insurer must receive the additional premium amount requested within 90 days of the date of the notice.

III. Applicability

This bulletin applies for all NFIP policies, whether issued by NFIP Direct or a Write Your Own Company, written for properties in North Carolina and South Carolina that have received a Major Disaster Declaration for Individual Assistance (IA) for DR 4393 and 4394. A current list of declared IA counties is available on the FEMA website at:

<https://www.fema.gov/disaster/4393/designated-areas> (North Carolina) and
<https://www.fema.gov/disaster/4394/designated-areas> (South Carolina).

IV. Authority

This bulletin is authorized under Article VII.D of the SFIP Dwelling Form (Appendix A(1) to 44 CFR Part 61); Article VII.D of the SFIP General Property Form (Appendix A(2) to 44 CFR Part 61); and Article VIII.D of the SFIP Residential Condominium Building Association Policy (Appendix A(3) to 44 CFR Part 61).

cc: Vendors, IBHS, FIPNC, Government Technical Representative

Required Routing: Data Processing, Underwriting, Marketing

² See SFIP Dwelling Form, Article VII.G; SFIP General Property Form, Article VII.G; SFIP Residential Condominium Building Association Policy, Article VIII.G.