



**FEMA**

W-20002

March 28, 2020

MEMORANDUM FOR: Write Your Own (WYO) Companies and the  
National Flood Insurance Program (NFIP) Direct

FROM:

A handwritten signature in blue ink that reads "Paul Huang".

Paul Huang  
Assistant Administrator for Federal Insurance  
Federal Insurance and Mitigation Administration

SUBJECT: Extension of the Grace Period for Payment of National Flood  
Insurance Program (NFIP) Premiums Due to COVID-19 Pandemic

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.

On March 13, 2020, President Trump determined that the ongoing Coronavirus Disease 2019 (COVID-19) pandemic is of sufficient severity and magnitude to warrant an emergency determination under section 501(b) of the Robert T. Stafford Disaster Relief and Emergency Assistance Act, 42 U.S.C. 5121-5207 (the "Stafford Act"). As a result of the COVID-19 pandemic, NFIP policyholders may experience serious changes to their financial situations, including loss of income, along with disruptions to normal business services. 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. This extension will allow additional time for policyholders who may be struggling financially during this unprecedented time to pay insurance premiums by ensuring that their policies are not canceled for nonpayment of premium due to circumstances beyond their control.

#### **I. Extension of Renewal Grace Period**

To decrease the chance of a coverage lapse caused by the COVID-19 pandemic, I am extending the 30-day grace period for receipt of the renewal payment after a policy's expiration date.<sup>1</sup> If a policy

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

has an expiration date between February 13, 2020, and June 15, 2020, then the NFIP insurer must receive the appropriate renewal premium within 120 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 February 13, 2020, the NFIP insurer must receive the renewal premium payment on or before June 11, 2020, to avoid a lapse in coverage. However, if a policy expires after June 15, 2020, 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 the COVID-19 pandemic, I am extending the 30-day deadline to make an additional premium payment after receiving an underpayment notice.<sup>2</sup> If a policyholder receives an underpayment notice dated between February 13, 2020, and June 15, 2020, then the NFIP insurer must receive the additional premium amount requested within 120 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.

## **IV. Administration**

NFIP insurers must track each application of this bulletin and provide FEMA with these records upon request.

## **V. 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

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