

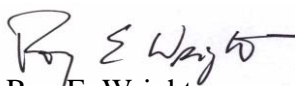


FEMA

W-17029

September 3, 2017

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

FROM: 
Roy E. Wright
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

The Standard Flood Insurance Policy (SFIP) provides that the term of the policy commences on its inception date and ends on its expiration date. In order to avoid a lapse or reduction in coverage, the 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.

Beginning August 24, 2017, the State of Texas has experienced severe and historic flooding related to Hurricane Harvey. This disaster has caused major destruction in communities across the state, displacing thousands of Texans. The extensive damage to homes and businesses, as well as widespread disruption of power, transportation, and communication infrastructure, has caused concerns about delays in receipt of renewal premiums by the NFIP Servicing Agent, WYO Companies, and their vendors. 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.

Accordingly, pursuant to waiver provisions of the SFIP¹, I hereby waive the SFIP renewal² and reformation³ provisions to provide that the 30-day grace period for receipt of the renewal payment after a policy's expiration date, or the due date for receipt of any additional premium resulting from an underpayment, is changed to 120 calendar days. For renewal payments this extension applies to policies with expiration dates on or between July 24, 2017, and September 22, 2017. This extension also applies to policies with underpayment notices for additional premium payment due on or between July 24, 2017, and September 22, 2017.

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

² Article VII.H of the Dwelling Form; Article VII.H of the General Property Form; Article VIII.H of the Residential Condominium Building Association Policy.

³ Article VII.G of the Dwelling Form; Article VII.G of the General Property Form; Article VIII.G of the Residential Condominium Building Association Policy.

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This waiver applies to all NFIP policies, whether issued by the NFIP Servicing Agent or a Write Your Own Company, written for properties in counties in Texas that have a federal disaster declaration.

For example, for a policy insuring a property located in an affected Texas county with a policy expiration date of July 24, 2017, the renewal premium payment would have to be received by the NFIP insurer or sent via certified mail on or before November 21, 2017. For a policy expiring on or after September 23, 2017, the normal 30-day grace period for receipt of the renewal premium will apply.

Affected policyholders should keep in mind that the NFIP cannot pay a claim for flood loss that occurs after the policy expiration date unless the NFIP insurer receives the renewal premium on or before the last day of the grace period as extended by this waiver. This limited waiver of a grace period does not waive any other provision of the SFIP.

If you have any questions about this bulletin, please contact Tony Hake, Director of the Product Delivery Division, at Lloyd.hake@fema.dhs.gov.

Attachment

cc: Vendors, IBHS, FIPNC, Government Technical Representative

Required Routing: Data Processing, Underwriting, Marketing

GRACE PERIOD EXTENSION SUMMARY FOR HURRICANE HARVEY - TEXAS

FEMA is extending the renewal grace period from 30 days to 120 days. This grace period extension applies to all policies in the affected counties with expiration dates on or between July 24, 2017 and September 22, 2017.

An analysis of the number of contracts and policies expiring each day of the grace period shows that a maximum of 92,016 contracts and 97,120 policies could take advantage of this extended grace period, with a maximum deferred income from premiums and fees of \$70,171,705. The analysis by county is below.

Declared Texas County Name	County FIPS	Flood Insurance Cost (premium + fees)	CIF	PIF
Harris	48201	\$37,723,651	54,396	57,427
Galveston	48167	\$14,057,249	11,921	13,045
Brazoria	48039	\$5,270,703	7,021	7,033
Nueces	48355	\$4,304,284	5,403	6,174
Fort Bend	48157	\$3,847,600	7,660	7,660
Aransas	48007	\$1,108,760	1,377	1,532
Matagorda	48321	\$1,051,798	775	775
Calhoun	48057	\$776,790	668	668
San Patricio	48409	\$519,184	744	755
Wharton	48481	\$417,923	389	389
Chambers	48071	\$404,010	695	695
Victoria	48469	\$214,245	285	285
Liberty	48291	\$194,813	282	282
Jackson	48239	\$117,414	141	141
Kleberg	48273	\$86,869	156	156
Bee	48025	\$48,037	56	56
Refugio	48391	\$20,262	36	36
Goliad	48175	\$8,113	11	11
Total		\$70,171,705	92,016	97,120

GRACE PERIOD EXTENSION SUMMARY FOR HURRICANE HARVEY - TEXAS

Here is how the extension of the grace period for payment of premium works:

Renewals

- Policies with an expiration date of July 24, 2017, through September 22, 2017, are eligible for the grace period extension. Payment for those policies must be received within 120 days of the policy expiration date.
- Example: If the policy expiration date is July 24, 2017, the policyholder now has 120 days (until November 21, 2017) for the insurer to receive the renewal payment and still keep the policy in effect without a lapse in coverage.
- Policies with an expiration date of July 23, 2017, or earlier are not eligible for the extension.
- Policies with an expiration date of September 23, 2017, or later are not eligible for the extension.

Underpayments

- Policies with additional premium notices dated July 24, 2017, through September 22, 2017, are eligible for the 120-day extension from the date of notice. The additional premium payment for those policies must be received within 120 days of the additional premium notice date.
- If the insurer does not receive the additional premium within the 120-day extension, the insurer will reduce the coverage amount to match the premium already received. Payment received after the 120-day extension will result in a 30-day waiting period for the additional coverage.
- Policies with additional premium notices dated prior to July 24, 2017 are not eligible for the extension.
- Policies with additional premium notices dated after September 22, 2017, are not eligible for the extension.