

Frequently Asked Questions (FAQs)

Implementation Guidance on the Expiration in National Flood Insurance Program (NFIP) Authority



FEMA

1. How does the National Flood Insurance Program (NFIP's) expiration in authority to enter into new contracts for flood insurance affect me and how long will it last?

After the NFIP expires, you will not be able to purchase or renew an NFIP flood policy. In addition, the ability to pay claims on an existing policy would be limited to available funds in the National Flood Insurance Fund and the Reserve Fund. FEMA does not know how long an NFIP expiration will last. Congressional action is required to authorize the NFIP.

2. Has this expiration in Congressional authority for the NFIP ever happened before? Did Congress make the reauthorization retroactive before?

Yes, there have been several expirations in authority for the NFIP in the past. In most of those cases, Congress reauthorized the NFIP retroactively.

3. If I purchased flood insurance coverage as part of a mortgage loan closing that occurs prior to an expiration, will my policy be issued?

Your insurance company will issue your policy, becoming effective on the date of your loan closing, so long as your insurance company receives your application and full amount due either:

- (1) Within 30 days from the closing, if the premium payment was made from an escrow account (lender's check), title company, or settlement attorney.
- (2) Within 10 days from the closing, if the premium payment was not made from an escrow account (lender's check), title company, or settlement attorney.

4. If I purchased flood insurance coverage before an expiration in authority, but not in connection with a mortgage loan closing, will my policy be issued?

Yes, your insurance company will issue the policy if you applied for coverage prior to an expiration in authority AND your flood insurance company receives application and full amount due within 10 days from the application date.

If your application was in a pending status prior to the expiration and required documents are received during the expiration period, your policy will be issued by the insurance company IF all documents received satisfy FEMA's underwriting requirements and full amount due is received per the required timelines.

5. My flood insurance policy is set to expire on the day after the expiration in authority. I received my renewal notice already from my insurance company and sent my payment to my insurance company before the expiration in authority. Will my insurance policy be renewed?

Yes. As long as your insurance company sent the renewal notice before expiration in authority and the insurance company received your payment before the end of the 30-day renewal grace period or extension of time to pay the renewal premium, the company may renew your policy. However, NFIP insurers may not issue new renewal notices during an expiration in authority.

6. I have a loan closing schedule after the expiration in authority and my lender told me to purchase flood insurance before my closing date. Will I be able to purchase a new flood insurance policy?

Insurance companies may not issue new NFIP insurance policies for loans closing during an expiration in authority, unless the application was made prior to the expiration in authority AND full amount due is received within 10 days (if payment made by policyholder) or 30 days (if payment made through escrow, title company, etc.) of the closing date.

FEMA does not prevent insurance companies from receiving and holding new applications and premium payments during an expiration, but insurance companies may not act upon those new applications during an expiration.

7. Will my insurance company pay a claim for a loss that occurs during an expiration in authority?

An expiration in authority will not affect the handling of a claim made against an NFIP flood insurance policy issued or renewed prior to an expiration. Your insurance company will adjust and pay your claim in accordance with the terms of your insurance policy. However, funding available to pay claims may be limited.

8. What happens if my flood insurance company receives the premium for a new policy or an endorsement for added coverage during an expiration of authority and I suffer a flood loss before Congress reauthorizes the NFIP?

If you make the application for a new policy or endorsement request adding coverage prior to an expiration in authority and your flood insurance company receives the application and full amount due within 10 days of the date of application, the policy or coverage increase will be effective on the applicable date, based on the NFIP waiting period rules.

If you were to experience a claim during the expiration, the insurance company may process your claim based upon the new application or endorsement request received during the expiration as long as payment is received per the timeline noted above.

9. My policy is up for renewal days before the expiration in authority. Was my policy renewed?

If your renewal premium payment was received by your insurance company prior to or within the 30-day renewal grace period or extension of time to pay the renewal premium, your policy should be renewed. Check with your insurance agent or carrier to make certain your policy was renewed.

10. How will I know when the NFIP has been reauthorized?

FEMA will notify NFIP stakeholders so they can pass the information on to their customers.