

March 1, 2024

David I. Maurstad
Assistant Administrator, Federal Insurance Directorate
Senior Executive of the National Flood Insurance Program
Federal Emergency Management Agency

via Electronic Submission to david.maurstad@fema.dhs.gov

Re: NFIP Lapse – New Appendix L Presents Problems for Consumers & WYO Insurers

Dear Assistant Administrator Maurstad:

On behalf of the members of the American Property and Casualty Insurance Association (APCIA), the National Association of Mutual Insurance Companies (NAMIC), and the Flood Insurance Producers National Committee (FIPNC), who together partner with the National Flood Insurance Program to sell and write the majority of National Flood Insurance Program (NFIP) business, respectfully submit this letter regarding the pending implementation of Appendix L that is part of the “NFIP Program Changes and Updated Guidance Effective April 1, 2024” ([FEMA Bulletin W-23014](#)) (hereinafter “Appendix L”).¹ In this letter we briefly highlight two general sets of impacts: (1) implications for consumers and the broader public; and (2) operational challenges for industry partners.

From across the country, the critically important NFIP program impacts “nearly 4.7 million” policyholders by providing primary flood insurance.² We recognize that you and the NFIP are dedicated to increasing public awareness of flood risk and of the importance of flood insurance to help protect from that risk. Regardless, the Appendix L approach to lapse may threaten confusion on the part of the public in terms of understanding the program, its stability, and the protection it provides.

Respectfully and importantly, when consumers have paid for flood insurance protection through the NFIP, to the greatest extent possible, they must be able to trust that the coverage is in place. The new approach to handling renewals in the face of a program lapse, as set forth in Appendix L, risks undermining that trust in the commitment made to those policyholders who repeatedly recognize the need to protect themselves from flood by purchasing and relying on an NFIP policy. Loss of coverage for a period of time (and hopefully one during which there is no flood event) is not the only potential impact to policyholders. Once the lapse concludes, it is unclear how such a break in coverage could impact rates for someone who would otherwise have had continuous coverage.

We have reviewed the letters sent to you from the National Flood Association (NFA) dated December 21, 2023, and February 16, 2024. Not only does NFA present important concerns, the lists of questions they outline offer strong evidence of the many unresolved aspects to implementing a new approach to handling a lapse. The above-named organizations largely support the comments made in these letters and we would be happy to discuss them, along with the NFA, or separately, as you determine best, so that we can hopefully resolve these issues related to a government shutdown or lack of “extension” that would create a “lapse” in the program, after April 1, 2024 (especially since the program is now on its 28th “short-term extension that ends on March 8, 2024).

We are concerned the confusion caused by the treatment of renewal business with regard to a lapse, as well as the potential issues with regard to effective dates coverage, and the financial responsibilities these changes will impose on private sector insurers, agents, and lenders. Such confusion could lead to uncovered flood losses and may potentially create liability issues for insurers, agents, but most importantly, could leave some of the 4.7 million flood insurance policyholders who rely on the continuation and ongoing protection of the NFIP without the coverage at a critical moment when a loss occurs.

¹ [FEMA Bulletin W-23014 \(October 2, 2023\)](#).

² [Congressional Research Service: “A Brief Introduction to the National Flood Insurance Program” \(January 31, 2024\)](#).

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While we know that there have been lapses in the past, Congress has always made the continuation of the program retroactive to the expiration of the reauthorization or extension date. We all hope that trend continues, but in the meantime, these concerns need to be resolved and as outlined in HFIAA, final regulations and significant changes in the program need to be provided to industry at least six (6) months prior to the effective date to allow for all the stakeholders to appropriately communicate and provide the best service to NFIP policyholders or potential policyholders.

Your leadership has been instrumental in efforts to modernize the NFIP as well as work through legislative and regulatory issues and compliance with existing federal law. As we conclude, we ask respectfully for your consideration of several steps. First, on substance, we seek a revision to the approach taken in Appendix L – to a more historic approach and interpretation – in order to minimize the scope and seriousness of confusion and disruption in the event of a lapse on those who depend on the Program. Second, with respect to timing, we seek a longer time before Bulletin W-23014 would take effect, given the systems and other operational changes that would need to be made behind the scenes. Third, the additional time could also allow for a stakeholder meeting to discuss concerns as well as practical implementation questions. Thank you for your consideration of the concerns shared by members of our organizations who partner with the government to provide essential flood risk protection.

Respectfully,



Donald L. Griffin, APCIA



Cate Paolino, NAMIC



Joe "Flood" Rossi, FIPNC