

National Flood Insurance Program Expires September 30, 2022

September 7, 2022

What is the issue? NFIP's authority to provide flood insurance is currently set to expire at midnight on Friday, September 30, 2022. NAR is making every effort to secure a long-term reauthorization of the program. Here are answers to frequently asked questions about what this means for upcoming closings and several proactive steps your clients can take in the meantime.

What is the latest? Congress is expected to attach a longer NFIP extension to a broader fiscal-year spending package being negotiated over the next several weeks. NAR is urging the longest extension possible while Congress continues working toward a 5-year NFIP reauthorization and reform measure.

What is NAR doing?

- NAR is in regular communication with Congressional leaders and the White House about the NFIP.
- NAR is coordinating with a broad coalition of industry groups to support a long-term reauthorization.
- Flood insurance has been a talking point for meetings with members of Congress over the past year.
- Hundreds of members of Congress were contacted about [NFIP's importance to every state in the U.S.](#)
- NAR has raised the issue's profile with multiple calls for action, talking points, op-eds and state letters.

What happens if there is a lapse?

- NFIP cannot sell new or renew flood insurance policies after 11:59 pm Eastern time on September 30, 2022.
- Existing NFIP policies will remain in effect until their expiration date (i.e., the renewal date plus a 30-day grace period), and claims will continue to be paid as long as FEMA has the funds on hand.
- Renewal policies are generally issued as long as the application is received prior to a lapse and the premium is received within the 30-day grace period. Other renewals must wait for reauthorization.
- During a lapse, property buyers can assume existing/renewal policies. "Assignment of policies" ([page 3](#)) allows insurers to substitute the buyer's name for the seller's without having to reissue the policy.
- Private flood insurance backed by a source other than NFIP (e.g., Lloyd's of London) are not affected. Visit the [Pennsylvania Insurance Department page](#) and the [Florida Office of Insurance Regulation page](#) for options. Please remind your clients to read the fine print of any insurance policy.
- The federal requirement to purchase flood insurance is suspended, which means it is up to lenders to decide whether to make loans in special flood hazard areas while NFIP insurance is not available.

Federal Agency Guidelines (suspending flood insurance requirements during an NFIP lapse):

FEMA (administers the NFIP): <https://nfipservices.floodsmart.gov/sites/default/files/w-17069.pdf>

Federal Reserve: <http://www.federalreserve.gov/boarddocs/caletters/2010/1003/caltr1003.htm>

FDIC: <https://www.fdic.gov/news/news/financial/2010/fil10023.html#body>

OCC: <https://www.occ.gov/news-issuances/bulletins/2010/bulletin-2010-20.html>

FCA: https://ww3.fca.gov/readingrm/infomemo/Lists/InformationMemorandums/Attachments/54/IM-FEMA_Authority_Extension_re_Flood_Insurance_060310.pdf

NCUA: <https://www.ncua.gov/Resources/Documents/LCU2010-08Encl.pdf>

Fannie Mae: <https://www.efanniemae.com/sf/guides/ssg/annltrs/pdf/2010/111005.pdf>

Freddie Mac: http://www.freddiemac.com/singlefamily/news/2018/0122_nfip_lapse.html

