

**From:** Evan Hecht [mailto:ehocht@thefloodinsuranceagency.com]  
**Sent:** Monday, September 21, 2009 1:19 PM  
**To:** Comments  
**Cc:** Marshall, Mira N.  
**Subject:** Agency Information Collection - 3064-ZA00

First, I would like to extend my appreciation to all the regulatory staff for their extensive efforts at clarifying some of the more complex issues regarding flood insurance compliance. In my opinion much has been accomplished.

I would like to comment on the subject of force placement of insurance, specifically regarding the lender's interest in an individual condominium unit covered by a Residential Condominium Building Association Policy (RCBAP).

Referencing **Federal Register** / Vol. 74, No. 138 / Tuesday, July 21, 2009 / Notices **35927**, it states

*"The Agencies also received questions from commenters regarding coverage during the 45-day notice period. Two commenters asked how to ensure that collateral property is protected against flood damage during the 45-day notice period prior to actual force placement. Another commenter asked for more explanation about the coverage that continues in effect for 30 days after the date that a Standard Flood Insurance Policy (SFIP) expires under the NFIP.*

*Coverage under FEMA's SFIP continues in effect for 30 days from the date that the SFIP lapses. An SFIP specifically provides that, if the insurer decides to cancel or not renew a policy, it will continue in effect for the benefit of only the mortgagee for 30 days after the insurer notifies the mortgagee of the cancellation or nonrenewal. No coverage will be provided for a borrower under the SFIP during this 30-day period. If a lender monitors a mortgage loan with respect to the need for flood insurance coverage, the lender can time the 45-day period to start with the lapse of insurance coverage. Assuming notification is made immediately upon policy cancellation or nonrenewal, coverage will continue in place for the lender/mortgagee's benefit for 30 days of the 45-day notice period. To cover the risk during the remaining 15-day "gap," lenders may purchase private flood insurance to cover the collateral property,"*

FEMA's National Flood Insurance Program Flood Insurance Manual, on page POL 1, describes the SFIP as follows:

*The Standard Flood Insurance Policy (SFIP), issued by the Federal Emergency Management Agency (FEMA), specifies the terms and conditions of the agreement of insurance between FEMA as the Insurer and the Named Insureds. Named Insureds in participating communities include owners, renters, builders of buildings that are in the course of construction, condominium associations, owners of residential condominium units, and mortgagees/trustees (applicable for building coverage only). Certain terms and conditions of flood insurance (e.g., Mortgage Clause, Reformation of Coverage) are unique to this policy.*

*There are three policy forms—the Dwelling Form, the General Property Form, and the Residential Condominium Building Association Policy Form. Selection of the applicable form to be used is dependent on the type of insurable property to be covered. Please refer to the SFIP contracts for detailed information on the contractual rights and duties of the Insurer and Insured(s).*

Based on the above, it might be helpful to specify that all SFIP policies are not the same. The mortgagee of an individual condominium unit who has accepted evidence of coverage under an RCBAP policy has no interest in an RCBAP policy, and that mortgagee does not receive the same protection if the insurer decides to cancel or not renew an RCBAP policy. Coverage will not continue in effect for the benefit of only the mortgagee( of the individual condo unit) for 30 days after the insurer notifies the mortgagee of the cancellation or nonrenewal. Therefore, *the language quoted above.....*Assuming notification is made immediately upon policy cancellation or nonrenewal, coverage will continue in place for the lender/mortgagee's benefit for 30 days of the 45-day notice period. To cover the risk during the remaining 15-day "gap," would not apply to all SFIP's, specifically it would not apply to the RCBAP.

I appreciate the opportunity to comment.

Respectfully,

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