



bankers' compliance group®

## The Private Flood Insurance Compliance Aid Provision: It Does Exist!

As we discussed during the February 2019 BCG Monthly Telephone Briefing and will discuss again during the BCG Webinar on April 30, 2019, starting July 1, 2019, regulated lenders must start accepting private flood insurance (PFI) policies that meet what we refer to as the “Eight Criteria.”

Because the agencies were concerned that many lenders, especially small institutions, lacked the technical expertise to evaluate whether a PFI policy meets the Eight Criteria, the agencies also provided a “compliance aid provision.” Under this provision, a regulated lender may determine that a PFI policy meets the Eight Criteria, without further review of the policy, if the following statement is included within the policy or as an endorsement to the policy: “This policy meets the definition of private flood insurance contained in 42 U.S.C. 4012a(b)(7) and the corresponding regulation.”

At the time of the February 2019 Monthly Telephone Briefing, we did not know whether insurers were going to provide the compliance aid statement or make lenders suffer through reviewing policies for the Eight Criteria. Since then, the law firm has received several reports from BCG members that some insurers are providing this compliance aid statement. (They do exist!) We will have to wait and see if most insurers will fall in line and provide this statement too. Otherwise, we must review these policies for conformance with the Eight Criteria.

For more information on the 2019 Final Rule, contact Stephanie Shea at **SShea@ABLAWYERS.COM** and join us on April 30, 2019 for the BCG webinar, “How to Review a Private Flood Insurance Policy.” For more information on how to register for that webinar, visit: **[https://www.bankerscompliancegroup.com/pdf/webinar-announcements/WEBApril30\\_19.pdf](https://www.bankerscompliancegroup.com/pdf/webinar-announcements/WEBApril30_19.pdf)**.

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