
Joint Release

**Board of Governors of the Federal Reserve System
Farm Credit Administration
Federal Deposit Insurance Corporation
National Credit Union Administration
Office of the Comptroller of the Currency**

For Immediate Release

October 31, 2016

Agencies Request Comment on Proposed Private Flood Insurance Rule

WASHINGTON—Five federal regulatory agencies are requesting comment on a joint notice of proposed rulemaking to implement provisions of the Biggert-Waters Flood Insurance Reform Act (Biggert-Waters Act) that require regulated lending institutions to accept certain private flood insurance policies in addition to policies made available by the Federal Emergency Management Agency.

The federal flood insurance statutes require regulated lending institutions to ensure that flood insurance is purchased in connection with loans secured by improved real property located in areas having special flood hazards. Under the Biggert-Waters Act, regulated lenders must accept, in satisfaction of this mandatory purchase requirement, policies issued by private insurers that satisfy the criteria specified in the Biggert-Waters Act.

The proposed rule includes provisions to assist lending institutions in identifying private flood insurance policies they would be required to accept. The proposal also would clarify that lenders retain their discretion to accept private flood insurance policies that do not meet the criteria for mandatory acceptance, provided certain conditions are met.

Furthermore, the proposed rule would establish criteria to apply in determining that coverage offered by a mutual aid society provides the type of policy or coverage that qualifies as "flood insurance" for purposes of the federal flood insurance laws.

The agencies previously issued a proposal addressing private flood insurance (78 FR 65107). Based on comments received in response to that proposal, the agencies have decided to issue this second proposal for additional public comment.

The proposal is being issued by the Board of Governors of the Federal Reserve System, the Farm Credit Administration, the Federal Deposit Insurance Corporation, the National Credit Union Administration, and the Office of the Comptroller of the Currency.

Comments are due 60 days from date of publication in the *Federal Register*.

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Attachment: Federal Register Notice: Loans in Areas Having Special Flood Hazards – Private Flood Insurance

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