

Federal Reserve Bank of San Francisco  
101 Market Street, San Francisco, California 94105

April 5, 2013

To State Member Banks, Bank  
Holding Companies, Financial Holding  
Companies, Savings and Loan Holding Companies,  
and Foreign Banking Offices  
in the Twelfth Federal Reserve District

**CA Letter 13-2 Interagency Statement on the Impact of the Biggert-Waters Flood Insurance Reform Act of 2012 (Biggert-Waters Act) and Rescission of FEMA's *Mandatory Purchase of Flood Insurance Guidelines***

On July 6, 2012, Congress amended the Flood Disaster Protection Act of 1973 when it enacted the Biggert-Waters Act. Certain provisions of the Biggert-Waters Act impact regulations, as well as guidance that the federal financial institution supervisory agencies have provided to lenders to assist them in complying with federal flood insurance statutes. In response, the Board of Governors of the Federal Reserve System, the Federal Deposit Insurance Corporation, the Office of the Comptroller of the Currency, the National Credit Union Administration, and the Farm Credit Administration (the Agencies) developed the attached guidance to inform financial institutions about these provisions of the Biggert-Waters Act.

This guidance identifies and describes several provisions of the Biggert-Waters Act that will become effective when the Agencies publish implementing regulations, including the provisions relating to escrow accounts and private flood insurance policies. The guidance further discusses two other lender-related provisions of the Biggert-Waters Act, those addressing force placement and civil money penalties, which became effective immediately upon enactment. The force placement provisions address the coverage periods for which premiums and fees may be charged, the termination of force placed insurance and the refund of premiums, and the acceptable information/documentation that may serve as evidence of the borrower's existing flood insurance coverage. The Biggert-Waters Act also increases the maximum civil money penalty for a violation of the Flood Disaster Protection Act to \$2,000 per violation. Given that these provisions were effective upon enactment, the Board of Governors may assess civil money penalties up to the revised statutory maximum for flood insurance violations that occurred on or after July 6, 2012. Lastly, the guidance discusses the impact of the Biggert-Waters Act on the *Interagency Questions and Answers Regarding Flood Insurance*.

In light of the changes required by the Biggert-Waters Act, FEMA has identified outdated information and guidance in its *Mandatory Purchase of Flood Insurance Guidelines* booklet (*Guidelines*). As a result, FEMA has rescinded the *Guidelines*.

**Additional Information**

All circulars and documents are available on the Internet through the Federal Reserve Bank of San Francisco's website, at <http://www.frbsf.org/banking/letters>.

For additional information regarding supervisory expectations, please contact:  
Federal Reserve Bank of San Francisco  
Banking Supervision and Regulation  
(801) 322-7853

**Attachment:**

[CA Letter 13-2 Interagency Statement on the Impact of Biggert Waters  
FEMA Rescission of \*Mandatory Purchase of Flood Insurance Guidelines\*](#)