

Congress Fails to Act on Flood Insurance Reauthorization

Congress adjourned on Friday, March 26th without taking action to reauthorize the National Flood Insurance Program (NFIP). As a result the NFIP program expired on Sunday, March 28th 2010. While the program will be reauthorized at some point after Congress reconvenes in April, the immediate effect is that insurance providers will not be able issue new policies, renew current policies or amend existing ones.

The gap in the program created by Congressional inaction will not impact those holding existing policies; they will be eligible for payout even though the program is currently expired. The delay in reauthorization may however, complicate closings scheduled for after April 1, 2010. Mortgage underwriters who require flood insurance on properties located in certain flood zones have prepared a work around to allow closings to continue despite the inability of consumers to purchase NFIP policies. This requires that the purchaser verify that a NFIP policy and payment have been submitted to a qualified insurance provider prior to closing, if this has been completed, the mortgage underwriters should allow the closings to continue.

When Congress returns after Easter, they are expected to renew the program and will likely make the renewal retroactive to the expiration date.

The NFIP has issued [guidance](#) for dealing with issues raised by the program lapse.