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COMMISSIONER OF INSURANCE

BULLETIN 2006-07

TO: All Insurers and Insurance Producers with Property, Casualty or Personal Lines of Authority

FROM: Julianne M. Bowler, Commissioner of Insurance

DATE: August 9, 2006

RE: Federal Emergency Management Agency Flood Insurance Training Requirements for Insurance Producers Selling Through the National Flood Insurance Program and Recommendations Regarding the Sale of Flood Insurance

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This Bulletin is being issued to clarify who must meet the training requirements for selling flood insurance through the National Flood Insurance Program ("NFIP") and when those training requirements must be met, as well as to recommend to insurance producers that they advise homeowners of the availability of flood insurance through the NFIP. This Bulletin shall supersede Bulletin 2006-05.

Federally-backed flood insurance is available through the NFIP, which is administered by the Federal Emergency Management Agency ("FEMA"). FEMA has implemented the minimum flood insurance training requirements for insurance producers, as set forth in Section 207 of the Flood Insurance Reform Act of 2004, Pub. L. 108-264, (the "Act"). Under the Act, FEMA, in cooperation with state insurance regulators, has developed flood insurance training requirements which are designed to ensure that insurance producers selling flood insurance under the NFIP are properly trained and educated about the program.

Under these requirements, all insurance producers licensed in property, casualty or personal lines of authority who sell flood insurance through the NFIP must complete a one-time course related to the NFIP which will provide three (3) hours of continuing education credit. The NFIP flood insurance course is available through approved continuing education providers. The failure to comply with this continuing education requirement may jeopardize the insurance producer's authority to write flood insurance through the NFIP.

Pursuant to the Act and the Commissioner of Insurance's authority under M.G.L. c. 175, § 177E, the Division is requiring all Massachusetts resident insurance producers licensed in property, casualty or personal lines of authority who sell flood insurance through the NFIP, and who are not "grandfathered" [1] from continuing education requirements in the Commonwealth, to comply with the minimum training requirements of Section 207 of the Act, and with basic flood education, as outlined at 70 FR 52117, or such later requirements as are published by FEMA, by *no later than December 31, 2006.*

For those Massachusetts resident insurance producers licensed in property, casualty or personal lines of authority who do not currently sell flood insurance through the NFIP, but who intend to do so in the future, and who are not "grandfathered" from continuing education requirements in the Commonwealth, the Division is requiring those producers to complete the one-time, three (3) credit continuing education course related to the NFIP *prior* to selling flood insurance through the NFIP.

For those Massachusetts resident insurance producers licensed in property, casualty or personal lines of authority who currently sell flood insurance through the NFIP, or who intend to do so in the future, but who are "grandfathered" from continuing education requirements in Massachusetts, the Division strongly recommends those producers also complete the one-time, three (3) credit continuing education course related to the NFIP to ensure they are similarly trained and educated about the NFIP program.

Licensed resident producers, who sell flood insurance through the NFIP in Massachusetts, shall demonstrate to the Division, upon request, that they have complied with the minimum flood insurance training requirements, as set forth above.

Additionally, the Division recommends when any insurance producer is either selling or renewing a home insurance policy, it would be prudent for the insurance producer to advise all applicants of the availability of flood insurance through the NFIP.

If, after being advised of the availability of flood insurance through the NFIP, an applicant declines NFIP coverage, it would be prudent for the insurance producer to have the applicant sign or initial a statement indicating that the applicant was advised of the availability of NFIP coverage, but declined to purchase it. This statement should be maintained by the insurance producer as part of the applicant's file.

Insurance producers can get more information about the NFIP by visiting FEMA's NFIP website at http://www.fema.gov/business/nfip/.

Questions from insurance producers regarding this Bulletin should be addressed to Diane Silverman Black, Director of Producer Licensing, at (617) 521-7450. Questions from insurers should be addressed to Kevin Beagan, Deputy Commissioner and Director of the State Rating Bureau, at (617) 521-7323.

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[1] See Section 2 of Chapter 665 of the Acts of 1982; 211 CMR 50.04(2)(b).