



**BOARD OF GOVERNORS  
OF THE  
FEDERAL RESERVE SYSTEM**

WASHINGTON, D.C. 20551

DIVISION OF CONSUMER AND  
COMMUNITY AFFAIRS

**CA 19-10**

**August 22, 2019**

**TO THE OFFICERS AND MANAGERS IN CHARGE OF CONSUMER AFFAIRS  
SECTIONS:**

**Applicability to Community Banking Organizations:** This guidance applies to institutions supervised by the Federal Reserve with total consolidated assets of \$10 billion or less.

**SUBJECT: Revised Interagency Examination Procedures for the Flood Disaster Protection Act**

The Task Force on Consumer Compliance of the Federal Financial Institutions Examination Council recently updated the attached interagency examination procedures for the Flood Disaster Protection Act (FDPA). These revised procedures supersede the FDPA interagency examination procedures transmitted with CA 16-1.

The attached procedures reflect a February 2019 final interagency rule that addresses the private flood insurance provisions of the Biggert-Waters Flood Insurance Reform Act of 2012. These procedures incorporate new sections that discuss the following aspects of the final private flood insurance rule:

- mandatory acceptance of a private insurance policy to satisfy the flood insurance purchase requirement if the policy meets the statutory and regulatory definition of “private flood insurance;”
- discretionary acceptance of a flood insurance policy issued by a private insurer, even if the policy does not meet the statutory and regulatory definition of “private flood insurance;” and
- discretionary acceptance of a plan issued by a mutual aid society in satisfaction of the flood insurance purchase requirement, if certain criteria are met.

## Board Consideration of Mutual Aid Society Plans

The February 2019 revision to the flood insurance regulations provides a definition of a “mutual aid society” and describes the conditions under which a regulated lending institution may accept a flood protection plan issued by a mutual aid society. Within the Board’s Regulation H, 12 CFR 208.25(c)(3)(iv) enumerates those conditions. The first of the conditions for acceptability of a mutual aid plan requires that “the Board has determined that such plans qualify as flood insurance for purposes of the [National Flood Insurance] Act.” Under the Board’s interpretation of the National Flood Insurance Act, if the mutual aid society issuing the mutual aid plan is recognized as an “insurer” or the mutual aid plan is recognized as “insurance” by the State in which the property is located, then the plan would qualify as flood insurance for purposes of the Act.

The Board recognizes that state member banks may not typically analyze mutual aid society plans in the course of their lending activities. Therefore, Federal Reserve staff will assist state member banks in determining whether a mutual aid plan meets the Federal Reserve’s conditions for acceptance. In order to request review of a mutual aid society plan, a state member bank should provide the plan, along with any supporting State-specific regulatory information pertaining to the State in which the property is located, to its responsible Reserve Bank prior to accepting the plan. The Reserve Bank may coordinate with Board staff to obtain a determination regarding the acceptability of that plan in satisfaction of the flood insurance purchase requirement.

Importantly, because the Board’s determination is based upon the laws and regulations of the State in which the property is located, acceptance of a mutual aid society plan in one State will not apply to the acceptability of that plan in other States. Any mutual aid society plan submitted for consideration will be reviewed within the context of the applicable State’s laws and regulations.

If you have any questions, please contact Lanette Meister, Senior Supervisory Consumer Financial Services Analyst, at (202) 452-2705, or Jeremy Hochberg, Managing Counsel, at (202) 452-6496. In addition, questions may be sent via the Board’s public website.<sup>1</sup>

Sincerely,

Suzanne Killian  
Senior Associate Director

Attachment: Interagency Examination Procedures for the Flood Disaster Protection Act

Supersedes: CA 16-1 “Revised Interagency Examination Procedures for the Flood Disaster Protection Act” (April 7, 2016)

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<sup>1</sup> See <http://www.federalreserve.gov/apps/contactus/feedback.aspx>.