



Kansas Insurance Department

Sandy Praeger

COMMISSIONER OF INSURANCE

Bulletin 2006-6
(Revised 12-01-06)

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

FROM: Sandy Praeger, Insurance Commissioner

DATE: December 1, 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

This Bulletin was issued on August 23, 2006. It has been revised on this day, December 1, 2006. The purpose of this Bulletin is to advise insurers and Kansas resident insurance producers of training requirements for selling flood insurance through the National Flood Insurance Program ("NFIP") and to recommend to insurance producers that they advise homeowners of the availability of flood insurance.

IF YOU DO NOT ISSUE FLOOD INSURANCE POLICIES AS AN INSURER OR YOU DO NOT SELL FLOOD INSURANCE TO YOUR CLIENTS AS A PRODUCER, THE BALANCE OF THIS BULLETIN DOES NOT APPLY TO YOU.

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 NFIP are properly trained and educated about the program.

Under these requirements, all Kansas resident insurance producers licensed in property and casualty or personal lines of authority that may sell a flood insurance policy must complete a one-time course related to NFIP which will provide at least three (3) hours of

continuing education credit. These three (3) hours are not required in addition to the normal 12 hours. The NFIP flood insurance course is available through some approved continuing education providers. In the near future an online course will be available at FEMA's website. 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, the Kansas Insurance Department is requiring *all Kansas resident insurance producers* who sell flood insurance through NFIP to comply with the minimum training requirements of Section 207 of the Act, and with basic flood education, as outlined in 70 FR 52117, or such later requirements as are published by FEMA. This will take effect beginning with the resident license renewals January 1, 2007 and run through an agent's renewal cycle. If an agent has taken the NFIP course this 2005 year and submitted it for their renewal, we will count it as having satisfied the federal requirement.

Licensed insurers shall demonstrate to the Kansas Insurance Department, upon request, that their licensed and appointed producers who sell flood insurance through NFIP in Kansas have complied with the minimum flood insurance training requirements, as described above. This can be done by having the producer show the certificate that they have completed the course.

Additionally, the Kansas Insurance Department recommends when an insurance producer is either selling or renewing a homeowners insurance policy, it would be prudent for the insurance producer to advise all applicants of the availability of flood insurance through NFIP. If, after being advised of the availability of flood insurance, an applicant declines the coverage, it would again 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 the coverage, but declined to purchase it. This statement should be maintained by the insurance producer as part of the applicant's file. *The above is a recommendation only and is not meant to establish a standard of care.*

Insurance producers can get more information about the NFIP by visiting FEMA's NFIP website at <http://www.fema.gov/business/nfip/qanda.shtm>. . Questions from insurance producers or insurers regarding this Bulletin should be addressed to the Agents Division at 785-296-6755, 785-296-7858 or 785-296-7859.