

September 30, 2026

Christopher Page, Chief, Product Development and Guidance Branch
Federal Insurance Directorate, Federal Emergency Management Agency
Via electronic submission to christopher.page4@fema.dhs.gov

RE: National Flood Insurance Program Installment Payment Plan Draft Guidance

Dear Mr. Page,

The National Flood Association (NFA), a national, non-profit trade organization representing a broad group of NFIP and flood risk management stakeholders, is submitting this letter to you as a request for clarification and discussion relative to FEMA's proposed operational guidance for the implementation of installment plans as a payment method for NFIP policies (hereinafter, "NFIP Installment Payment Plan"), which was shared with industry partners via email on September 8, 2026. While we understand that that NFA and many of its members may not be FEMA's direct partners in administering the NFIP program, the NFIP Installment Payment Plan has further-reaching impacts for flood vendors, mortgage lenders and servicers, realtors, insurance agents, and claims adjusting firms; as such, we recommend that this draft guidance be shared with the broader flood stakeholder community for review and comment.

The NFA supports FEMA's efforts to provide NFIP policyholders with options that help make flood insurance more affordable and accessible. During NFA's discussions with a diverse group of flood stakeholders, the following questions, concerns, and recommendations related to the draft guidance for managing the NFIP Installment Payment Plan were raised. As the NFA values our long-standing, productive relationship with FEMA, we want to take this opportunity to present our collective questions, concerns and recommendations here for consideration:

1. *Installment Payment Administration, Collections and Deficiencies:*

The guidance indicates that "NFIP insurers" are responsible for establishing processes and procedures for collecting, depositing, administering, and reporting premium payments, although prior guidance¹ indicated that the policyholder will be required to enroll and make payments directly in the Pay.gov system. Does this new guidance change where the responsibility for these processes lies?

The guidance also indicates that the "NFIP insurer will not accept partial payments or insufficient payments" (*Section 3. Payment Processing*). If a partial or insufficient payment is received by the NFIP insurer, what is the expected action that they should take? Are they to hold the funds for the balance due or return them?

¹ Federal Register notice [89 Fed. Reg. 87299](#), November 1, 2024

Concerns were also raised regarding the challenges that the very tight 14-day default cure period presents. Considering the effort required to manage the collections process, the NFA recommends that the default cure be no less than 30 days. We also want to ensure that the mortgagee named on the policy will be billed for the balance due, in accordance with the Insufficient Premium provision within the Standard Flood Insurance Policy (SFIP) (Under “General Conditions”).

2. *Timely Notifications to Policyholders and Mortgagees:*

Industry shared concern that the draft guidance does not outline notification procedures to policyholders and mortgagees regarding payment, non-payment, reformation, cancellation, eligibility, etc. Notification methods (electronic, standard mail) and timelines should be clarified. It is important to note that mortgage servicers must be promptly notified of their delinquent borrowers and subsequent policy reformation and/or cancellation, as these have significant implications on their regulatory compliance requirements for designated loans. Since many mortgage servicers rely on flood vendors for compliance monitoring, FEMA should also clarify whether servicing agents, flood vendors, and tracking companies will have access to status information regarding installment payments.

Additionally, what are the legal implications for communicating payment deficiencies and impending policy reformation or cancellation via electronic means only and for potential delivery failure in cases where email addresses become defunct over time?

3. *Implications for Escrow:*

FEMA’s draft guidance clarifies that the NFIP Installment Payment Plan will be available to policyholders who are not currently paying flood insurance premiums through escrow (*Section 2.1 Eligibility*). Federal law mandates the use of escrow, with limited exceptions. If a new policyholder that will be subject to this requirement at closing opts for the NFIP Installment Payment Plan and then their lender informs them that the law requires escrowing, how will the payment of the balance and cancellation of the payment plan be accommodated?

4. *Policy Reformation:*

If a policy is required to be reformed due to failure to pay installments, will the reduced coverage apply to the full 12-month policy period or just to the portion of the term that was paid, and then the remainder of the term is cancelled? FEMA should also clarify the effective date of any coverage reformation and whether such reformation is prospective or retroactive. Regulated institutions need certainty regarding when a coverage deficiency exists and when force-placement requirements are triggered.

Also, the guidance does not address whether mortgagees can cure payment deficiencies, as previously noted in item 1 above. We recommend FEMA expressly permit mortgage lenders and servicers to cure borrower payment deficiencies or pay the remaining policy balance necessary to maintain sufficient coverage on designated loans, in accordance with the Insufficient Premium provision within the SFIP, and ensure that NFIP insurer guidance incorporates this into NFIP Installment Payment Plan procedures.

5. *Determining Policyholder Eligibility:*

The guidance indicates that if a policy is reformed or cancelled due to failure to pay installments, the policyholder will not be eligible for the NFIP Installment Payment Plan for the next policy term, whether renewal or rewritten policy following cancellation (*Section 2.1 Eligibility*). Can this policyholder become eligible again for a future policy term? If FEMA’s system flags the policyholder name and property address as being ineligible but the agent or customer disagrees with the finding, what is the process for appealing and remedying the situation?

Additionally, as renewal bills must be sent out at least 45 days prior to expiration of the current term and the draft guidance indicates that the NFIP insurer will determine eligibility for the NFIP Installment Payment Plan prior to generating the renewal bill, how will eligibility be impacted if the policyholder fails to make the last installment payment for the active term? As many NFIP insurers issue renewal bills in advance of this 45-day requirement, as far ahead as 90 days prior to policy expiration, there is even more opportunity for default that would affect payment plan eligibility for the renewal term.

6. *Implications for Claims:*

FEMA's guidance clarifies that policyholders on payment plans will be required to pay the balance of the policy premium in order for a claim to be settled, or the balance of premium will be taken out of the claim payment (*Section 7. Claims*). FEMA should ensure that the mortgagee is given the opportunity to pay the balance in accordance with the Insufficient Premium provision in the SFIP.

For cases in which a policyholder on the NFIP Installment Payment Plan is in the path of an incoming storm and anticipates the possibility of their home sustaining damage from flooding, will they be able to proactively pay the balance of their NFIP policy premium to help avoid delays in a potential claim settlement?

7. *Implications for Transferred NFIP Policies:*

The guidance indicates that the current policyholder must pay the premium balance before the policy can be transferred to a new property owner (*Section 2.II. Basic Concepts of Installment Plans*). Because the policyholder opted for the installment payment plan, likely due to financial constraints, paying the balance in full in order to transfer could pose a significant financial burden. Agents and realtors must have a clear understanding of this process in order to manage transactions associated with property sales as well as seller and buyer expectations. Additionally, the guidance does not specify how the transfer of policies and, therefore, payment responsibility, should be handled upon the death of the named insured.

8. *Coordination with Prudential Regulators and Mandatory Purchase Requirement:*

FEMA should proactively engage with the prudential regulators (Federal Reserve Board (FED), Office of the Comptroller of Currency (OCC), Federal Deposit Insurance Corporation (FDIC), National Credit Union Administration (NCUA), and Farm Credit Administration (FCA)) to ensure that the implementation of the NFIP Installment Payment Plan is incorporated into, or otherwise does not conflict with, existing interagency flood insurance requirements and guidance. FEMA and the prudential regulators should address documentation that lenders may rely on to evidence coverage, ensure force placement timing and requirements if a policyholder enters FEMA's resolution period (when a policy is reformed or cancelled), and determine how institutions should assess compliance while coverage amounts are being recalculated.

9. *Implications of NFIP Lapse in Authority or Broader Government Shutdown:*

Considering the above implications and challenges, how will the NFIP Installment Payment Plan be managed in the event of a lapse in NFIP authority or government shutdown that would limit policy transactions as well as access to Pay.gov?

10. *Implementation Timelines and Further Guidance:*

While the draft guidance does not specify a planned implementation timeline, the significant amount of effort to develop processes and procedures, program, test and deploy system enhancements, and educate stakeholders, NFA recommends an implementation period of no fewer than 18 months. This would also allow time for guidance to be enhanced and clarified, as needed.

NFA Recommendations

In summary, NFA offers the following recommendations:

- Draft guidance should be shared with the broader flood stakeholder community for review and comment prior to finalizing.
- Default cure period of no fewer than 30 days, and coordination with the Insufficient Premium provision in the SFIP.
- Implementation timeline of no fewer than 18 months.
- Clear guidance regarding notification procedures, methods and timelines to all interested parties.
- Joint training sessions provided by FEMA and Pay.gov for all Write Your Own (WYO) companies and their vendors to ensure adequate planning, programming and testing of WYO system enhancements and procedures that will be necessary to support the NFIP Installment Payment Plan.
- Consistency between WYO and NFIP Direct Servicing Agent in managing the NFIP Installment Payment Plan.
- FEMA-initiated, proactive outreach to the Prudential Regulators (FED, OCC, FDIC, NCUA, FCA) in order to ensure that implementation of the NFIP Installment Payment Plan can be incorporated into (or does not conflict with) interagency guidance relative to regulated lenders' mandatory purchase, force placement, notice, escrow, and other compliance obligations.
- Conference call between NFA and FEMA to review and discuss these items in more detail.

The NFA appreciates your consideration of these questions and recommendations, and for the opportunity to achieve clarity and to offer support through constructive dialogue ahead of FEMA's planned implementation of the NFIP Installment Payment Plan. We look forward to your response, which you may direct to me at leila.taha@nfaflood.com.

Sincerely,



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