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December 11, 2006

MEMORANDUM 2006-04A

TO: All Insurers and Insurance Producers with A Property Line of Authority

FROM: J. P. Schmidt
Insurance Commissioner 

RE: Flood Insurance Training Requirements for Insurance Producers with a Property Line of Authority Selling Through the National Flood Insurance Program ("NFIP")

Section 207 of the Flood Insurance Reform Act of 2004 requires all producers selling flood insurance policies under the NFIP to be properly trained and educated about the NFIP to ensure producers may best serve their clients.

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

The Act¹ directs the Director of the Federal Emergency Management Agency

¹ SUPPLEMENTARY INFORMATION: On June 30, 2004 the President signed the Bunning-Bereuter-Blumenauer Flood Insurance Reform Act of 2004 (Flood Insurance Reform Act of 2004), Pub. L. 108-264. Section 207 of the Flood Insurance Reform Act of 2004 states:

The Director of the Federal Emergency Management Agency shall, in cooperation with the insurance industry, State insurance regulators, and other interested parties: (1) Establish minimum training and education requirements for all insurance agents who sell flood insurance policies; and (2) Not later than 6 months after the date of enactment of this Act, publish these requirements in the Federal Register, and inform insurance companies and agents of the requirements.

("FEMA"), in cooperation with the insurance industry, State insurance regulators, and other interested parties to establish minimum training and education requirements for all insurance agents who sell flood insurance policies. FEMA and state approved continuing education providers are developing courses related to the NFIP. An insurance producer who sells flood insurance may satisfy the minimum training and education requirements referenced in this Memorandum by completing or showing pending completion of a course related to the NFIP by July 1, 2007. The course may be approved for three hours of continuing education credit by the Hawai`i Insurance Division. The failure to comply with this continuing education requirement may jeopardize the producer's authority to write insurance through the NFIP.

All Hawai`i licensed resident insurance producers who sell federal flood insurance policies must comply with the minimum training requirements of section 207 of the flood insurance reform act of 2004, and basic flood education as outlined at 70 Fed. Reg., 52117 (Sept. 1, 2005)², or such later requirements as are published by FEMA.

Licensed insurers shall demonstrate to the Commissioner, upon request, that their licensed and appointed producers who sell federal flood insurance policies have complied with the minimum federal flood insurance training requirements.

Additionally, the Division suggests insurance producers selling or renewing homeowners' insurance policies advise their clients of the availability of flood insurance coverage. Insurance producers seeking more information about the NFIP can visit FEMA's NFIP Web site at <http://www.fema.gov/business/nfip/>.

This Commissioner's Memorandum is intended to give insurers and producers proper notice of FEMA flood insurance training requirements. Insurers are charged with notifying their appointed producers of this program.

² This notice describes FEMA's implementation of section 207 of the Flood Insurance Reform Act of 2004. As required by the Act, FEMA has coordinated with the State insurance regulators, the insurance industry, and other Licensed insurers shall demonstrate to the commissioner, upon request, that their licensed and appointed producers who sell federal flood insurance policies have complied with the minimum federal flood insurance training requirements.