one-year period starts on the date of publication of the notice of the revision and requires that the notice be published not later than 30 days after the effective date of the map revision. Since agents using flood maps automatically get copies of revised maps with the effective date of the revision shown on the map but may not see the new notice that is required, FEMA is interpreting the period for this exception to be the 13-month period beginning on the effective date of the map revision. Due to a technical oversight, this 13-month interpretation was not included in the regulatory text of the proposed rule. This oversight has been corrected and the exception to the waiting period in connection with the purchase of new flood insurance coverage made pursuant to a remapping or redesignation of a flood zone is revised in this final rule to reflect the 13-month period.

A WYO company respondent made reference to the current procedure for allowing for the renewal of policies with the same policy number after the 30-day grace period but within 90 days of the policy expiration. In such an instance, current procedures require that the 5day waiting period be calculated from the date the renewal premium payment is received. In those instances where the policy has lapsed for more than 90 days, a new application is required. This respondent has expressed concern that "using the 30-day waiting period would require a new application on any renewal payments received sixty (60) or more days after expiration, as the addition of the waiting period would extend the lapsed coverage to ninety (90) days or more.

This concern indicates a misunderstanding of one of the FEMA rules regarding policy renewal when the renewal payment is received after the 30-day grace period. The respondent mistakenly believes that the premium has to be received early enough so that the 30-day waiting period is over and the coverage is in force by the 90th day. However, in that situation, in order not to be required to submit a new application, it is sufficient that the premium be received within 90 days after expiration. If the renewal notice and premium are received on day 90, the policy bearing the former policy number may be placed in force 30 days following receipt, without a new application.

That respondent and another WYO company respondent expressed concern as to the impact the 30-day waiting period will have on policies issued through the Mortgage Portfolio Protection Program (MPPP). Both of

these respondents pointed out that, since the MPPP guidelines require a 45day notification letter cycle prior to application for force-place flood insurance coverage, imposing the 30day waiting period for policies issued under the MPPP will result in a minimum of 75 days before coverage could be in effect. The other WYO company respondent further commented that, in accordance with the provisions of the Reform Act, "if the lender and borrower dispute the flood zone in writing to the Director and the Director does not respond for 45 days, the collateral is still listed as being in a flood zone, and the customer does not purchase the required insurance, collateral could potentially be uninsured for an additional 45 days increasing the total to 120 days." Based on their concerns, these respondents urged that the 30-day waiting period *not* be applicable in those instances where the lender is purchasing the flood insurance coverage for the borrower, even though the cost of the policy will be passed on to the borrower.

While FEMA appreciates their concerns, the statute is quite specific concerning the exceptions to the 30-day waiting period and, since the examples cited by these respondents do not fall within those exceptions, FEMA cannot waive the 30-day waiting period for these situations. Therefore, the revisions to the waiting period are incorporated into the final rule as originally proposed, except for the change related to the 13-month period in connection with the remapping or redesignation of a flood zone as discussed above.

As pointed out in the proposed rule, however, the Reform Act requires FEMA to conduct a study to determine the appropriateness of existing requirements regarding the effective date and time of coverage under flood insurance contracts obtained through the national flood insurance program. Congress stipulated that, in conducting the study, the Director shall determine whether any delay between the time of purchase of flood insurance coverage and the time of initial effectiveness of the coverage should differ for various classes of properties or for various circumstances under which such insurance was purchased. The comments received from the respondents will be considered as FEMA conducts this study.

Two of the respondents commented on the proposal to increase the limits of coverage under the NFIP.

A WYO company inquired whether a primary single family residence that is currently insured in the maximum amount of coverage and thus qualifies

for replacement cost coverage would still be entitled to replacement cost should a loss occur between the time the increased limits of coverage take effect and the time the policy is due for renewal. The company questioned whether, in such an instance, the loss would be settled on a replacement cost or actual cash value basis. The company also inquired regarding the same scenario when the insured has a threeyear policy and in the case of a condominium building which is insured under the Residential Condominium Building Association Policy. FEMA will be issuing implementing instructions which will address this issue and will be sent to this WYO company and all other WYO companies. This WYO company also inquired about the effective date should an agent submit a request to increase limits for a residential structure to the new \$250,000 maximum before March 1. In setting forth its understanding, the company correctly concluded that if the endorsement (with appropriate premium, of course) is submitted before March 1, 1995, the endorsement would become effective after five days or on March 1 (whichever is later) and that any endorsement (with appropriate premium) submitted on or after March 1, 1995, would become effective after a 30-day waiting period (unless one of the exceptions applied, of course).

In commenting on the maximum amounts of coverage to be available after March 1, 1995, the national trade association respondent urged FEMA "to work in conjunction with the bank regulatory agencies on a state and federal level to coordinate the obligations of financial institutions." This respondent pointed out that some existing federal regulations require institutions to "maintain coverage for the term of the loan' in an amount 'at least equal to the outstanding principal balance of the loan or the maximum coverage available with respect to the particular type of property under the Act, whichever is less.''' This respondent expressed the belief that compliance with those regulations may require that additional insurance be purchased "in those instances where insurance must be maintained in the amount of the maximum available under the flood insurance program" and thus questioned whether the current loan servicer is obligated to act immediately to increase the amount of coverage or whether a reasonable time period will be available for the purchase of additional insurance. This respondent suggested that, given the complexities of present-day loan