

January 5, 2017

Mr. Gerard Poliquin  
Secretary of the Board  
National Credit Union Administration  
1775 Duke Street  
Alexandria, Virginia 22314-3428

Re: Joint Notice of Proposed Rulemaking on Loans in Areas Having Special Flood Hazards – Private Flood Insurance – RIN 3133-AE64

Dear Mr. Poliquin:

Bellco Credit Union (“Bellco”) is pleased to submit this comment letter in response to the joint notice of proposed rulemaking related to Loans in Areas Having Special Flood Hazards – Private Flood Insurance (the “Private Flood Insurance Proposed Rule”)<sup>1</sup>. By way of background information, Bellco Credit Union is a Colorado state-chartered credit union with over 250,000 members, more than \$3.9 billion in assets and 23 branches along the Denver metro area and the Western Slope.

Although Bellco appreciates the fact that the Biggert-Waters Flood Insurance Reform Act of 2012 (the “Act”) mandates that private flood insurance be accepted by financial institutions, Bellco strongly believes that financial institutions are not properly equipped to determine whether or not a flood insurance policy being presented for approval meets the definition of “private flood insurance” under the regulation or the Act. Moreover, since there is no guarantee that insurance companies will standardize their private flood insurance policies, each analysis can be very complicated based on the nuances between policies used to differentiate policies between insurance companies. Therefore, Bellco respectfully requests that the NCUA reconsider its position on the issue of the Compliance Aid for Mandatory Acceptance.

Bellco proposes that the NCUA mandate that all credit unions evidence compliance with this regulation by retaining a copy of a compliance aid similar to the one described in proposed regulation §760.3(c)(2). Bellco also requests that the NCUA prohibit credit unions from accepting a private flood insurance policy, unless the policy (or declaration page) is accompanied by the certification described below. Currently, the regulation allows credit unions to use the compliance aid; Bellco proposes that this compliance aid be a mandatory step in the process of accepting private flood insurance policies.

To that end, Bellco does suggest the following two changes to the requirements of the compliance aid:

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<sup>1</sup> See, 81 F.R. 78063 (November 7, 2016), National Credit Union Administration: “Loans in Areas Having Special Flood Hazards – Private Flood Insurance”

- 1) Under §760.3(c)(2)(i), all flood insurance policies offered to meet the requirements of the Act must be accompanied by a written certification (and not just a summary) as described in §760.3(c)(2)(i) in which the insurance company certifies under penalty of perjury that the insurance policy meets the definition of private flood insurance under the Act; and
- 2) Bellco suggests that the NCUA remove the requirement of §760.3(c)(2)(ii), since this would still require the credit union to make an informed decision on whether or not the flood insurance policy meets the requirements of the Act, which credit unions are not prepared to do for the reasons mentioned above.

By requiring insurance policies to include the certification as a condition of acceptance, insurance companies will have to comply by providing the certification referenced above. By removing the written verification process, credit unions will be permitted to rely on the certification without further investigation. Bellco believes this simple change will satisfy the requirements of the Act without unduly burdening credit unions with additional federal regulations. This will allow credit unions to continue providing loans to its members, while, at the same time, not spending an inordinate amount of time determining whether or not flood insurance policies meet federal requirements, which could slow down the origination process for mortgage loans, and create misunderstandings between the member, the insurance agent and the credit union.

Thank you for the opportunity to comment on the Private Flood Insurance Proposed Rule. Please let us know if you have any questions or comments regarding this letter, or need addition information to clarify Bellco Credit Union's perspective on the Private Flood Insurance Proposed Rule.

Sincerely,



Juan Carlos Campos  
General Counsel and Compliance Officer