



January 6, 2017

Office of the Comptroller of the Currency
Legislative and Regulatory
Activities Division
400 7th Street SW, Ste 3E-18,
Mail Stop 9W-11
Washington, DC
20219
Docket ID OCC-2016-0005; RIN 1557-
AD67

Robert deV. Frierson, Secretary
Board of Governors of the Federal
Reserve System
20th Street and Constitution Avenue,
NW Washington, DC 20551
Docket No. R-1549; RIN 7100 AE-60

Federal Deposit Insurance Corporation
Robert E. Feldman, Executive Secretary
Attention: Comments/Legal ESS
550 17th Street, NW
Washington, DC
20429
12 CFR Part 339; RIN
3064-AE50

Farm Credit Administration
Barry F. Mardock, Deputy Director
Office of Regulatory Policy
1501 Farm Credit Drive
McLean, VA 22102-5090
12 CFR Part 614; RIN 3052-AD11

National Credit Union Administration
Gerard Poliquin, Secretary of the Board
1775 Duke Street
Alexandria, VA 22314-3428
12 CFR Part 760; RIN 3133-AE64

**Re: Joint Notice of Proposed Rulemaking on Loans in Areas Having Special
Flood Hazards – Private Flood Insurance**

Dear Sir or Madam:

Proctor Financial, Inc. (Proctor), a subsidiary of Brown & Brown, Inc., is a provider of lender-placed insurance and hazard insurance tracking services to lenders and mortgage servicers. Proctor appreciates the opportunity to comment on the joint proposed rulemaking of the Office of the Comptroller of the Currency, Board of Governors of the Federal Reserve System, Federal Deposit Insurance Corporation, and the National Credit Union Administration (collectively, the Agencies) to implement private flood insurance provisions of the Biggert-Waters Flood Insurance Reform Act of 2012 (the Act).

COMMENTS

Proctor appreciates the Agencies' continued efforts to provide clarity for regulated lending institutions (Lenders) in determining whether a private flood policy (PFP) will be acceptable under the statutory requirements for "private flood insurance." However, Proctor is concerned with the revised proposed regulations, as they would still pose a significant burden for Lenders in making such a determination and do not offer a course of action when a PFP cannot be obtained by a Lender to perform its due diligence.

1. Evidence of Private Flood Insurance

Because of the limited documentation received by a Lender, both at origination and during the servicing of a loan, a Lender or its service provider will face substantial challenges in determining whether a PFP meets the requirements of the proposed regulations. At origination, a Lender usually only receives an application and proof of payment. No other documentation is typically available. During the servicing of a loan, the only documentation received by a Lender is a renewal or a declarations page. Even if requested, it is atypical for Lenders to receive copies of flood policies. In the rare instance when a PFP is received, insurance policies are complex legal documents that require insurance expertise and legal knowledge. In essence, the proposed regulations require a detailed and time consuming comparison of two insurance contracts. A typical loan servicing operation does not include personnel with a skillset to perform this function.

Proctor urges the Agencies to consider modifying the requirements for the acceptability of PFPs to be limited to information available on a PFP declaration page on its own or in combination with an attestation provided by an insurance agent or carrier. This would alleviate the requirement for a Lender to obtain and review a full PFP. It would also put the burden of confirming that the policy meets the definition of "private flood insurance" on the insurance agent or carrier, who is uniquely qualified to make that determination.

2. Compliance Aid

The Agencies proposed a compliance aid provision, which Proctor strongly supports and believes to be a step in the right direction. However, in its proposed form, the compliance aid provision continues to present a significant burden for Lenders, because it would still require a review and comparison of the PFP with an NFIP policy. As noted above, this is either impossible because of the lack of access to the PFP or very difficult because of the complexity of the insurance contract.

The compliance aid provision could be a significant aid for Lenders if they were able to rely on the written summary provided by insurance agents or carriers, without the requirement for an independent review. The insurance carrier or agent is in the best position and has the appropriate expertise to determine whether the PFP meets the regulatory standards. The Agencies could go even further and provide that a Lender is required to reject the PFP if it is not accompanied by such certification or endorsement.

3. Discretionary Acceptance of Private Flood Insurance

Proctor strongly supports the Agencies' proposal to give Lenders discretion to accept PFPs that do not meet the definition of "private flood insurance." While the Act provides an express requirement for Lenders to accept PFPs if they meet the definition of "private flood insurance," the Act is silent on the Lender's ability to accept policies that may not meet the definition. Proctor supports giving Lenders discretion to accept these types of policies as it would further the Congressional intent of encouraging the growth of the private flood insurance market.

However, the requirements proposed by the Agencies to evaluate PFPs are very restrictive and do not give Lenders any meaningful discretion. The criteria between the policies Lenders *must* accept and the policies Lenders *may* accept is nearly identical and the evaluation process would need to be the same. As noted above, one of the greatest obstacles for Lenders is the inability to obtain copies of PFP to perform the evaluation.

Proctor encourages the Agencies to permit Lenders to make the decision to accept PFPs based upon the information the Lender is able to obtain from the PFP declaration page, including the coverage amount, policy term, mortgagee clause, and insurer information.

4. Guidance Regarding Inability to Obtain Private Flood Policies

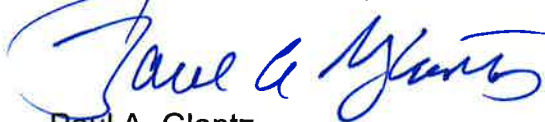
As proposed, the regulations assume that Lenders will have access to and the expertise to review PFPs. However, the regulations do not provide guidance on what Lenders must do when they are unable to obtain copies of PFPs. Proctor welcomes guidance from the Agencies to clarify what Lenders are required to do in such circumstances, including the necessity of lender placement and sufficiency of demonstration for purposes of cancelling and refunding lender-placed insurance.

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Proctor appreciates the opportunity to comment on the proposed regulations and welcomes any questions you may have in order to clarify its positions.

Sincerely,

PROCTOR FINANCIAL, INC.



Paul A. Glantz
President