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FEMA Region IV
National Flood Insurance Program

- NFIP was created by Congress in 1968
- Coverage underwritten by the Federal Government, administered by FEMA
- NFIP policies are sold through any State-licensed Property and Casualty Insurance Agent
- Congress sets coverage limits and maximum annual rate increases
- More than 22,000 participating communities nationwide
- Community adopts and enforces local floodplain management program
- NFIP policies available in any participating community
NFIP Participation in Region IV

- 3,260 communities participate
  - 3,250 Regular Phase
  - 10 Emergency Phase
  - 389 Non-participating

- R4 - 2,687,442 – NFIP policies in force
- $625.4 billion in property coverage

- Florida – 2,054,777 NFIP policies in force
- Florida - $478,549,019,700 in property coverage
- Florida – $3,709,490,971 claims paid since 1978
# NFIP Participation in Region IV

<table>
<thead>
<tr>
<th>NFIP Participating</th>
<th></th>
<th>NFIP Non-Participating</th>
</tr>
</thead>
<tbody>
<tr>
<td>Alabama –</td>
<td>428</td>
<td>Alabama –</td>
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<tr>
<td>Florida –</td>
<td>460</td>
<td>Florida –</td>
</tr>
<tr>
<td>Georgia –</td>
<td>541</td>
<td>Georgia –</td>
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<tr>
<td>Kentucky –</td>
<td>351</td>
<td>Kentucky –</td>
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<tr>
<td>Mississippi –</td>
<td>330</td>
<td>Mississippi –</td>
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<tr>
<td>North Carolina –</td>
<td>570</td>
<td>North Carolina –</td>
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<tr>
<td>South Carolina –</td>
<td>227</td>
<td>South Carolina –</td>
</tr>
<tr>
<td>Tennessee –</td>
<td>395</td>
<td>Tennessee –</td>
</tr>
<tr>
<td><strong>TOTAL –</strong></td>
<td>3,302</td>
<td><strong>TOTAL –</strong></td>
</tr>
</tbody>
</table>
NFIP Participation in Florida

- 460 communities participate
  - 457 Regular Phase
  - 3 Emergency Phase
  - 15 Non-participating

- 2,054,777 flood insurance policies in force

- $478.5 billion in property coverage

- Florida has >38% of policies and coverage nationwide

- $3.709 billion in NFIP claims paid since 1978
What Everyone Needs to Know

- **Flood rates are changing**
  - Risks may have changed since the last maps

- **Flood insurance rates will reflect these changes**
  - With new maps, rates on many properties will rise

- **You can no longer rely on subsidized rates**
  - Most subsidized rates for older properties will be eliminated

- **Building or rebuilding higher decreases your risk and could save you money on flood insurance**
  - Consider the costs of flood insurance when making construction decisions
Biggert Waters 2012 (BW-12)

- Signed into law by President Obama on July 6, 2012

- Reauthorized the National Flood Insurance Program for 5 years
These policies are not Pre-FIRM subsidized (already actuarially rated), 4,480,669 policies. They are not affected by 205 but may see routine annual rate increases.

These pre-FIRM non-primary residences, business properties, and Severe Repetitive Loss (SRL) properties (252,851 policies) will see 25% increases until the true risk premium is reached.

These pre-FIRM primary residences (578,312 policies) will retain their subsidies until sold to new owner, policy lapse, etc.

These properties, which include pre-FIRM condos and multifamily properties (244,085 policies) will not see immediate subsidy removal.

NFIP Policyholders under Section 205
(data as of 12/31/2012)

Policyholder Subsidies

81%

5%

10%

4%
Changes for Non-Primary Residences

- Rates will increase 25 percent per year until they reflect the full-risk rate
- Changes effective January 1, 2013, at policy renewal

Pre-FIRM:
Built before 12-31-1974 or the community’s first Flood Insurance Rate Map became effective and has not been substantially damaged or improved

Non-primary residence:
A building that will be lived in by the insured or their spouse for less than 80 percent of the year
Changes to Other Subsidized Rates

- Rates on pre-FIRM commercial buildings
  Increase by 25% a year until they reach full-risk rates

- Rates for repetitively flooded buildings
  (known as Severe Repetitive Loss properties) of one to four residences
  increase 25% a year until they reach full-risk rates

  Includes buildings with cumulative flood insurance payments that meet or exceed fair market value

- These changes started October 1, 2013
For Pre-FIRM Residences - Direct Move to Full-Risk Rates

- After the sale/purchase of a property
  Subsidized rates can no longer be assigned to the new owner

- After a policy lapse
  Policyholders should know that allowing a policy to lapse could be costly

- When a new policy is issued
  Policies for buildings uninsured as of the date BW-12 was enacted

- These changes started October 1, 2013

*Changes May 1, 2014
Historic Structures and BW-12

- **Historical structure that is primary residence:**
  - Retain pre-FIRM subsidized rates until it is sold, policy lapses, new policy is issued, or it becomes a severe repetitive loss
  - Subject to annual rate adjustments and fee for Reserve Fund
  - Must maintain continuous coverage

- **Historical structure that is non-residential, phase-in of actuarial rates started October 1, 2013**

- **Substantial improvement/substantial damage – subject to full actuarial rates**
PRP Eligibility Extension Changes

- Premiums will increase for properties insured by the Preferred Risk Policy (PRP) Eligibility Extension, which allows structures mapped into a high-risk area to remain insured at lower PRP rates.

- Premiums for properties mapped into Special Flood Hazard Areas (SFHAs) on or after Oct. 1, 2008, and receiving the PRP Eligibility Extension will see average annual increases of 20 percent.

- Became effective October 1, 2013.
Impact on NFIP Policies

- New and renewal policies will have to complete a new policy application to capture “Is this Insured’s Primary Residence – Y/N”
- Supporting documentation will be required – FIRM, EC, LOMC
- Waiver of 30-day waiting per due to flooding on Federal Lands as a result of Wildfire – does not apply to policy inception, but at time of loss - eligibility determined by adjuster
- Will be required to submit documentation to confirm continued eligibility for PRP policy (may require community sign-off)
- Will be required to submit documentation to confirm continued eligibility for floodproofing credit on non-residential structures.
What About Grandfathering?

- Grandfathering will be phased out
  BW-12 calls for a phase-out of discounts, including grandfathering provisions, and a move to full actuarial rates

  - The Biggert-Waters Act Section 100207 calls for phase-out of grandfathering discounts for properties shown on Flood Insurance Rate Maps that are updated
  - New rates will be gradually phased in at 20% per year for five years

- Section 100207 implementation on hold due to Omnibus
Homeowners Flood Insurance Affordability Act 2014 (Affordability Act)

- Signed into law by President Obama March 21, 2014
- Repeals some portions of BW-12
- Modifies certain provisions of BW-12
- Makes additional program changes to other aspects of the NFIP
- Many provisions of BW-12 remain and are still to be implemented
- It is not possible for changes to happen immediately.
FEMA has actively begun analyzing and prioritizing implementation of the new law.

- Working to develop updated risk tables based on changes in the law.
- Working to develop guidance for WYO on changes and how to implement
- Further information will be released as the review process proceeds to implementation.
Affordability Act -

- **Refunds for certain Pre-FIRM subsidized policies** -
  
  - Apply to policies in high-risk areas required to pay full-risk rate after purchasing a new flood policy on or after July 6, 2012.
  
  - MAY APPLY TO – policies that renewed after the Affordability Act was enacted on March 21, 2014, and saw a premium increase of more than 18%
  
  - DO NO APPLY TO –
    - Non-Primary home policies
    - Severe Repetitive Loss Property, buildings substantially damage or improved
    - Policies whose full-risk premium is less than the Pre-FIRM subsidized premium, or who were not overcharged according to any retroactive revisions to the Pre-FIRM subsidized rates required by the new law.
Affordability Act

- Grandfathering

  - Repeals Section 207 of BW-12 which called for phasing out by 20% per year over a 5 year period until the policy reached the new risk rate, grandfathering on properties moved from a low-risk to high-risk zone by the issues of a new FIRM.

  - Established new requirements for which FEMA is developing guidance.
Effective May 1, 2014, FEMA is requiring the WYO Companies and the Direct Servicing Agent to use the appropriate October 1, 2013 Pre-FIRM Rate Tables when more favorable than full-risk rates for the following types of scenarios:

- **New application** for Pre-FIRM buildings rated in zones Unnumbered A, AE, A1-A30, AH, AO, V, VE, V1-V30 and D effective on or after October 1, 2013, and processed on or after May 1, 2014 (*previously impacted by Section 100205 (g)(1) of BW-12*);.....
Effective May 1, 2014

- Pre-FIRM subsidized policies **assigned to a new building owner** upon a purchase occurring on or after July 6, 2012, where the endorsement is effective on or after October 1, 2013, and processed on or after May 1, 2014 (*previously impacted by Section 100205 (g)(2) of Biggert-Waters*);.....

- **Reinstatement** on or after October 4, 2012, of a *lapsed* Pre-FIRM subsidized policy processed on or after May 1, 2014 (*previously impacted by Section 100205 (g)(3) Biggert-Waters*); ....

- **Renewal** of all policies for Pre-FIRM buildings that were *not insured* when Biggert Waters was enacted in zones Unnumbered A, AE, A1-A30, AH, AO, V, VE, V1-V30 and D processed on or after May 1, 2014 (*previously impacted by Section 100205 (g)(1) of Biggert-Waters*); and .....  

- **Renewal** of all policies for Pre-FIRM buildings that were *purchased after Biggert Waters* was enacted in zones Unnumbered A, AE, A1-A30, AH, AO, V, VE, V1-V30 and D processed on or after May 1, 2014 (*previously impacted by Section 100205 (g)(2) of Biggert-Waters*).
What About Today’s New Policies?

- FEMA will clearly communicate when these subsidies or discounts are no longer available, as BW-12 and Affordability Act implementation moves forward.
Impact of Retrofitting and Elevation in Rebuilding

Under the Flood Insurance Reform Act of 2012, You Could Save More than $90,000 over 10 Years if You Build 3 Feet above Base Flood Elevation*

<table>
<thead>
<tr>
<th>Premium at 4 Feet Below Base Flood Elevation</th>
<th>Premium at Base Flood Elevation</th>
<th>Premium at 3 Feet Above Base Flood Elevation</th>
</tr>
</thead>
<tbody>
<tr>
<td>$9,500/year</td>
<td>$1,410/year</td>
<td>$427/year</td>
</tr>
<tr>
<td>$95,000/10 years</td>
<td>$14,100/10 years</td>
<td>$4,270/10 years</td>
</tr>
</tbody>
</table>

*$250,000 building coverage only (does not include contents), AE (high to moderate risk) zone, single-family, one-story structure without a basement at: 4 feet below Base Flood Elevation (BFE); at BFE; and at 3 feet above BFE. (Rating per FEMA flood insurance manual, October 1, 2012). The illustration above is based on a standard National Flood Insurance Program (NFIP) deductible.
FEMA has programs to help owners reduce their risk and save money on flood insurance

- Community-wide discounts through the Community Rating System (CRS)
- FEMA grant programs support rebuilding and relocating
- Use of higher deductibles to lower premium costs

But the smartest way to save may be to build higher
Key Takeaway

- If property owners in your community are rebuilding or building new:
  - Let them know that flood risk changes over time
  - Help inform them that their building or rebuilding decisions now can affect their long-term flood insurance premiums
  - Help inform them that elevating their buildings and ensuring the right type of construction helps decrease their risk and reduce future flood insurance premiums
## CRS Participation in Region IV

<table>
<thead>
<tr>
<th>State</th>
<th>2012 Participation</th>
<th>Best CRS Class</th>
</tr>
</thead>
<tbody>
<tr>
<td>Alabama -</td>
<td>12</td>
<td>Alabama - 6 (2)</td>
</tr>
<tr>
<td>Florida -</td>
<td>216</td>
<td>Florida - 5 (18)</td>
</tr>
<tr>
<td>Georgia -</td>
<td>45</td>
<td>Georgia - 5 (1)</td>
</tr>
<tr>
<td>Kentucky -</td>
<td>19</td>
<td>Kentucky - 4 (1)</td>
</tr>
<tr>
<td>Mississippi -</td>
<td>31</td>
<td>Mississippi - 5 (3)</td>
</tr>
<tr>
<td>North Carolina -</td>
<td>80</td>
<td>North Carolina - 5 (3)</td>
</tr>
<tr>
<td>South Carolina -</td>
<td>41</td>
<td>South Carolina - 4 (1)</td>
</tr>
<tr>
<td>Tennessee -</td>
<td>11</td>
<td>Tennessee - 8 (6)</td>
</tr>
<tr>
<td><strong>TOTAL</strong></td>
<td><strong>455</strong></td>
<td></td>
</tr>
</tbody>
</table>
- All communities start at a CRS Class 10
- Communities that join CRS may earn points for certain activities identified in the program
- For each 500 points earned, the community drops a CRS class which earns a 5% discount on every flood policy in the SFHA
- A CRS Class 1 receives a 45% premium discount
Existing Post-FIRM structures (built after 12-31-1974 or the date of the communities first Flood Insurance Rate Map (FIRM)) -

- Verify if structure has adequate flood openings in any Zone A for areas below the base flood elevation (including enclosures or garage areas)
- Elevate machinery and equipment servicing the structure – water heater, HVAC, furnace, etc.
- Areas below lowest floor are unfinished and flood resistant and used only for storage, parking of vehicles, and building access
How to reduce flood insurance premiums

- **V-Zone (coastal)** – limit enclosures to 299 square feet or less
- **V-Zone building** receive the best rates when the area below the elevated floor is free of obstruction
- **V-Zone** – enclosures below base flood elevation must have certified breakaway walls or be free from obstruction
- **V-Zone** – used *only* for storage, parking, and building access
How to reduce flood insurance premiums

- Pre-FIRM structures (built before 12-31-1974 or the date of the communities first FIRM)
  - Obtain an elevation certificate
  - If owner is doing any type of improvement, consider elevating the structure
  - Add flood openings in A Zones to crawlspace, garage, or enclosure
  - Elevate utility equipment
How to reduce flood insurance premiums

New and improved buildings –

- Consider adding freeboard (additional height above the BFE) – every foot above the BFE lowers the insurance premium
- Consider limiting the size of enclosures below the BFE by updating the ordinance
- Consider lowering the substantial improvement or substantial damage threshold from 50% to 30% in the ordinance; or adopt a cumulative substantial improvement provision
How to reduce flood insurance premiums

- Select a higher deductible on the flood insurance policy
  - Reduces the premium
  - Requires approval of mortgage lender
  - Requires more out-of-pocket expense when a flood loss occurs
ADDRESS YOUR RISK

LEARN YOUR RISK
Get an Elevation Certificate for your home (risk can change)

GET INSURED
Be proactive: don’t risk the consequences of a flood

REDUCE YOUR RISK
Building or Rebuilding? Build Higher Than current standards

STAY INSURED
Letting your flood insurance policy lapse could be costly

RESILIENT
Elevation Certificate
AND
INSTRUCTIONS
Insurance Agent Training & Info

- Sign up for WYO Alerts – [http://www.nfipiservice.com/mailing_list.html](http://www.nfipiservice.com/mailing_list.html)
- Training is available through FEMA for insurance agents, adjusters and lenders [www.fema.gov/business/nfip/trainagt.shtm](http://www.fema.gov/business/nfip/trainagt.shtm)
- NFIP Training offers workshops and webinars [http://www.nfipiservice.com/training/schedule_agents.html](http://www.nfipiservice.com/training/schedule_agents.html)
- FEMA Flood Map Changes Course [http://www.h2opartnersusa.com/nfiptraining/mapping_changes.html](http://www.h2opartnersusa.com/nfiptraining/mapping_changes.html)
Resources

- FloodSmart for Consumers - [www.FloodSmart.gov](http://www.FloodSmart.gov)
Contacts – FEMA, Region 4

- Janice Mitchell, Insurance Specialist, 770-220-5441,
  janice.mitchell@fema.dhs.gov

  Susan Wilson, Floodplain Management & Insurance, 770-220-5414,
  susan.wilson@fema.dhs.gov