Flood Insurance Changes

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REGIONAL PLANNING & DEVELOPMENT BOARD

National Flood Insurance Program (NFIP)

- Established 1968
- Enables flood insurance for buildings
- Available in any municipality that enforces floodplain development standards
- Available in any flood zone
- Flood hazard zones identified on Flood Insurance Rate Maps (FIRMS)
- Prior to 2005, the program was largely self-supporting

Chemung County Policies

Outside of SFHA (low risk)

- 42% of policies (317)
- Lower risk→ lower cost

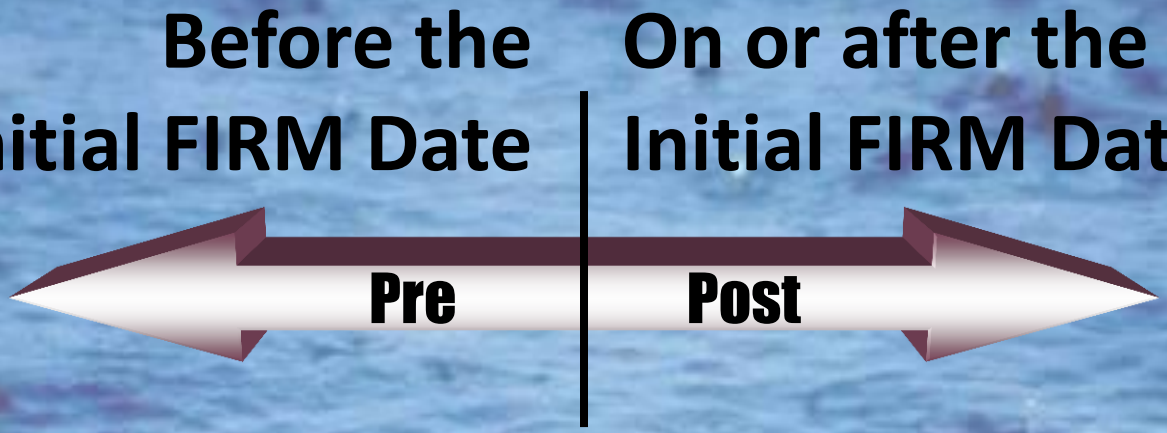
In SFHA (high risk area)

- 58% of policies (431)
- Cost depends on age of building

SFHA = Special Flood Hazard Area
Also called 100-year floodplain

Policy numbers as of 3/25/2014

Chemung County Policies in SFHA



1979 - 1988

Subsidized rates:

Cost depends only on flood zone and building characteristics

Actuarial rates:

Cost depends building elevation relative to modeled flood elevation

50% of policies (380)

FIRM = Flood Insurance Rate Map

Policy numbers as of May 2013

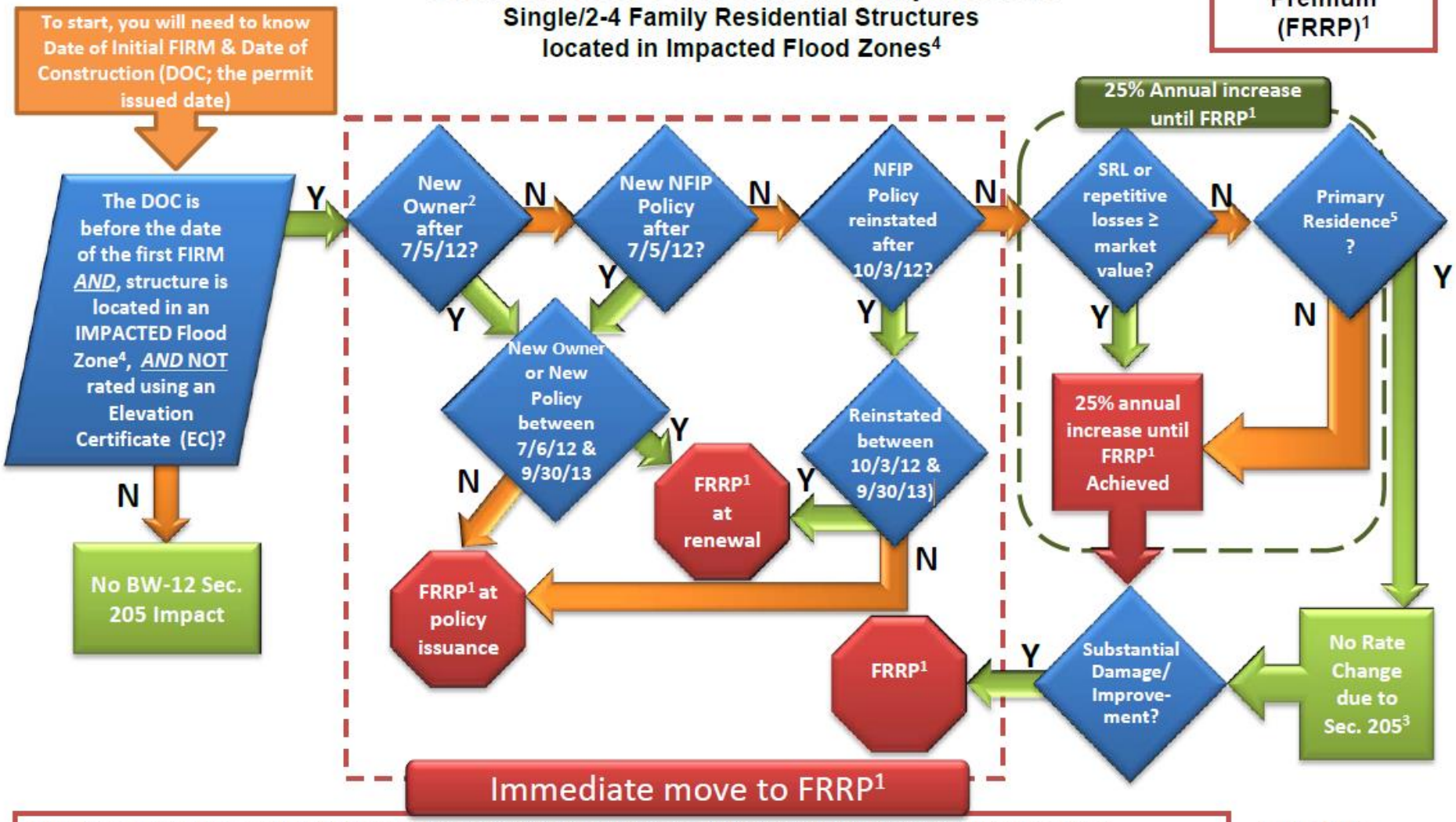
Biggert-Waters Flood Insurance Reform Act of 2012 (BW-12)

NFIP Program Debt:
$18.8 billion before Sandy; $25 billion now

- Attempt to address NFIP debt
- Established triggers for phasing out or eliminating some subsidized rates
- More policies rated using Elevation Certificates
- Significant push-back due to high costs

Biggert-Waters NFIP Reform Act of 2012
Section 205 Pre-FIRM Subsidies Impact Chart
Single/2-4 Family Residential Structures located in Impacted Flood Zones[4]

Full-Risk Rate Premium (FRRP)[1]



[1]To calculate a FRRP, obtain an Elevation Certificate. An Elevation Certificate will be required to calculate the FRRP except in unnumbered V or D flood zones.
[2]Ownership transfer as a result of gift or inheritance is not subject to FRRP and may maintain the subsidized rate.
[3]No rating change for existing, pre-FIRM insured unless: The property is sold; the policy lapses; severe or repeated flood losses occur which are greater than or equal to market value of the structure; the structure is "substantially improved;" or, a new policy is purchased. Subject only to annual rate increases.
[4]IMPACTED FLOOD ZONES : A , AE, A1–A30, AO, AH, V, VE, V1–V30 and D. While A99, AR and AR dual zones are SHFAs, they are not impacted by Section 205.
[5]Primary Residence - single-family dwelling in which the named insured or their spouse lives in either 80% of the 365 days or 80% of the period of ownership, if less than 365 days. Effective 6/1/2014, this percentage will be reduced to 50%. Evidence of primary residency is required.

Based on October 1, 2013 NFIP Manual
2/17/14 Chart Date

The Association of State Floodplain Managers
www.floods.org

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Homeowner Flood Insurance Affordability Act of 2014 (HFIAA)

Reform of the Reform

- Eliminates immediate loss of subsidized rates on sale of property
- All pre-FIRM rates will increase until elevation-based rates are reached
  - 25% per year for 2nd homes and businesses
  - 5-18% per year for other policies
- FEMA to refund excess premiums
- Added a surcharge on all policies

Phase Out of Subsidized Rates

- Obtain an Elevation Certificate
- Ask insurance agent to rate based on Elevation Certificate
- Estimate when elevation-based rate will be reached
- Identify and evaluate mitigation opportunities

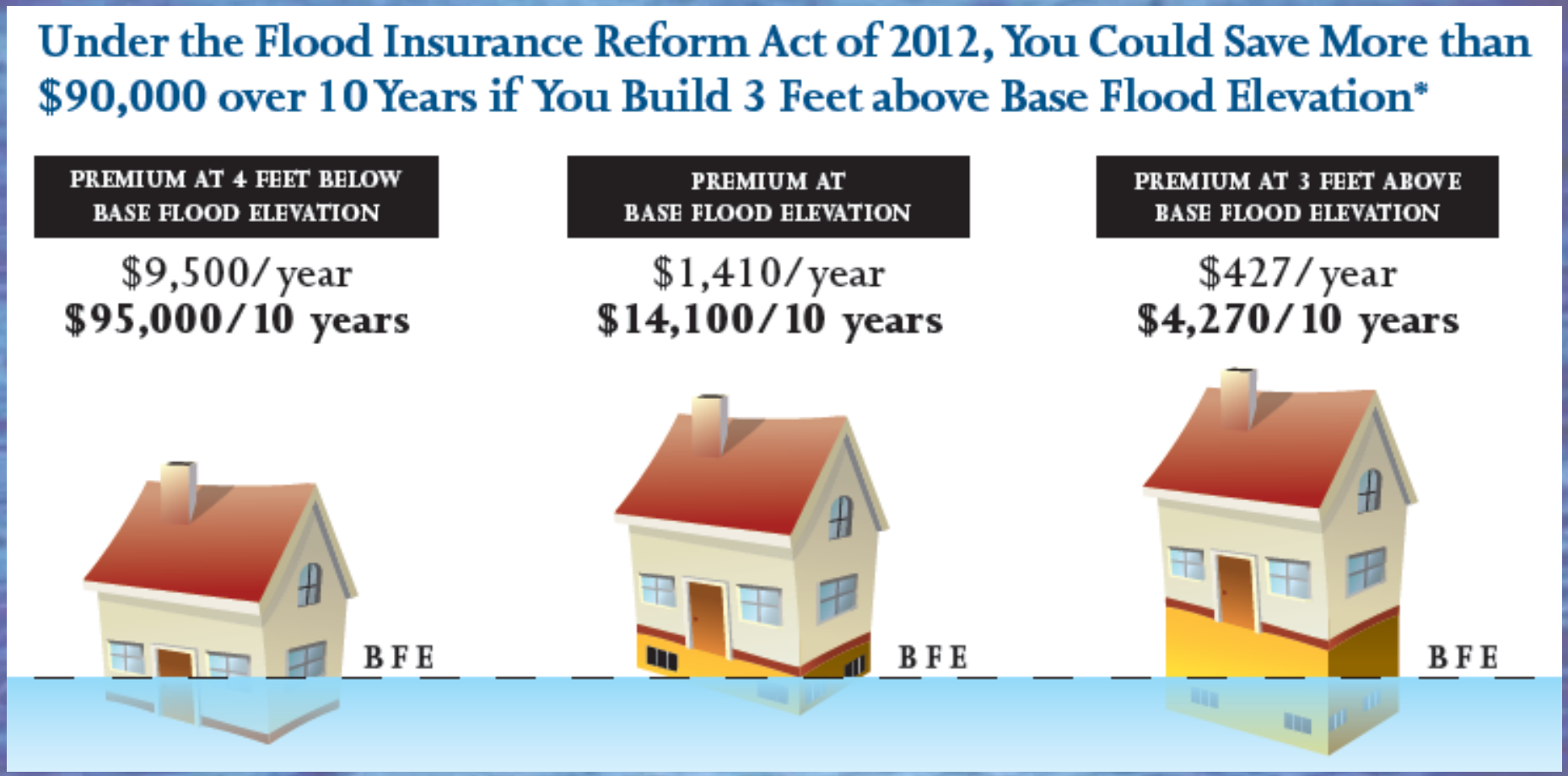
Example 1*: LFE-BFE = -3' Full-Risk Premium = $7,922

Example 2*: LFE-BFE =0' Full-Risk Premium = $1,722

RATE USING FULL-RISK RATES!

*Pre-FIRM Zone AE, Slab, Secondary Home, $200K/$80K (Building/Contents); Oct 2013

Need to Build Higher!



FEMA Graphic, 2013

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