

UPDATE: NATIONAL FLOOD INSURANCE PROGRAM (NFIP) RE-AUTHORIZATION

BROWARD COUNTY COMMISSIONER QUENTIN "BEAM" FURR
MEMBER, FAC FEDERAL POLICY COMMITTEE

OCTOBER 25, 2019



South Florida Regional Planning Council

Proudly serving South Florida since 1974



WITH APPRECIATION TO

MONROE COUNTY COMMISSIONER HEATHER CARRUTHERS
MEMBER, FAC FEDERAL POLICY COMMITTEE

FOR HER CONTINUING DEDICATION AND ADVOCACY ON
BEHALF OF THE REGION AND STATE OF FLORIDA ON THE NFIP
REAUTHORIZATION ISSUE





NATIONAL FLOOD INSURANCE PROGRAM

- CREATED BY CONGRESS IN 1968
 - MITIGATE FUTURE FLOOD LOSSES THROUGH ACCESS TO AFFORDABLE FLOOD INSURANCE
 - PROVIDE INSURANCE ALTERNATIVE TO DISASTER ASSISTANCE TO MEETING INCREASING COSTS OF REPAIRING DAMAGE TO BUILDINGS AND CONTENTS
- MUST BE REAUTHORIZED EVERY FIVE YEARS
- CURRENTLY OPERATING UNDER AN EXTENSION UNTIL NOV. 21, 2019



FLORIDA / SE FLORIDA FACTS NATIONAL FLOOD INSURANCE PROGRAM

- STATE OF FLORIDA – HIGHEST NUMBER OF NFIP POLICIES IN THE NATION (35% OR 1.7 MILLION POLICIES), HIGHEST INSURED VALUE (\$442 BILLION), AND HIGHEST ANNUAL PREMIUMS (\$976 MILLION).
- SOUTHEAST FLORIDA (JUNE 2019) MONROE TO INDIAN RIVER COUNTY
 - APPROXIMATELY 760,000 POLICIES (45% OF FLORIDA), \$187 BILLION INSURED VALUE (42%), AND \$352 ANNUAL PREMIUMS (35%)

SOUTHEAST FLORIDA (JUNE 2019)



	Policies in Force	Total Coverage	Total Written Premium + FPF*
Monroe County	30,207	\$7,470,577,400	\$38,415,115
Miami-Dade County	342,574	\$78,312,177,000	153,297,972
Broward County	193,550	\$49,310,481,500	\$77,137,336
Palm Beach County	135,650	\$36,501,630,100	\$53,877,016
Martin County	16,934	\$4,635,570,400	\$8,995,146
St. Lucie County	19,394	\$4,812,367,100	\$7,986,831
Indian River County	21,461	\$5,886,211,300	\$11,467,601
TOTAL	759,770	\$186,929,014,800	\$351,177,017

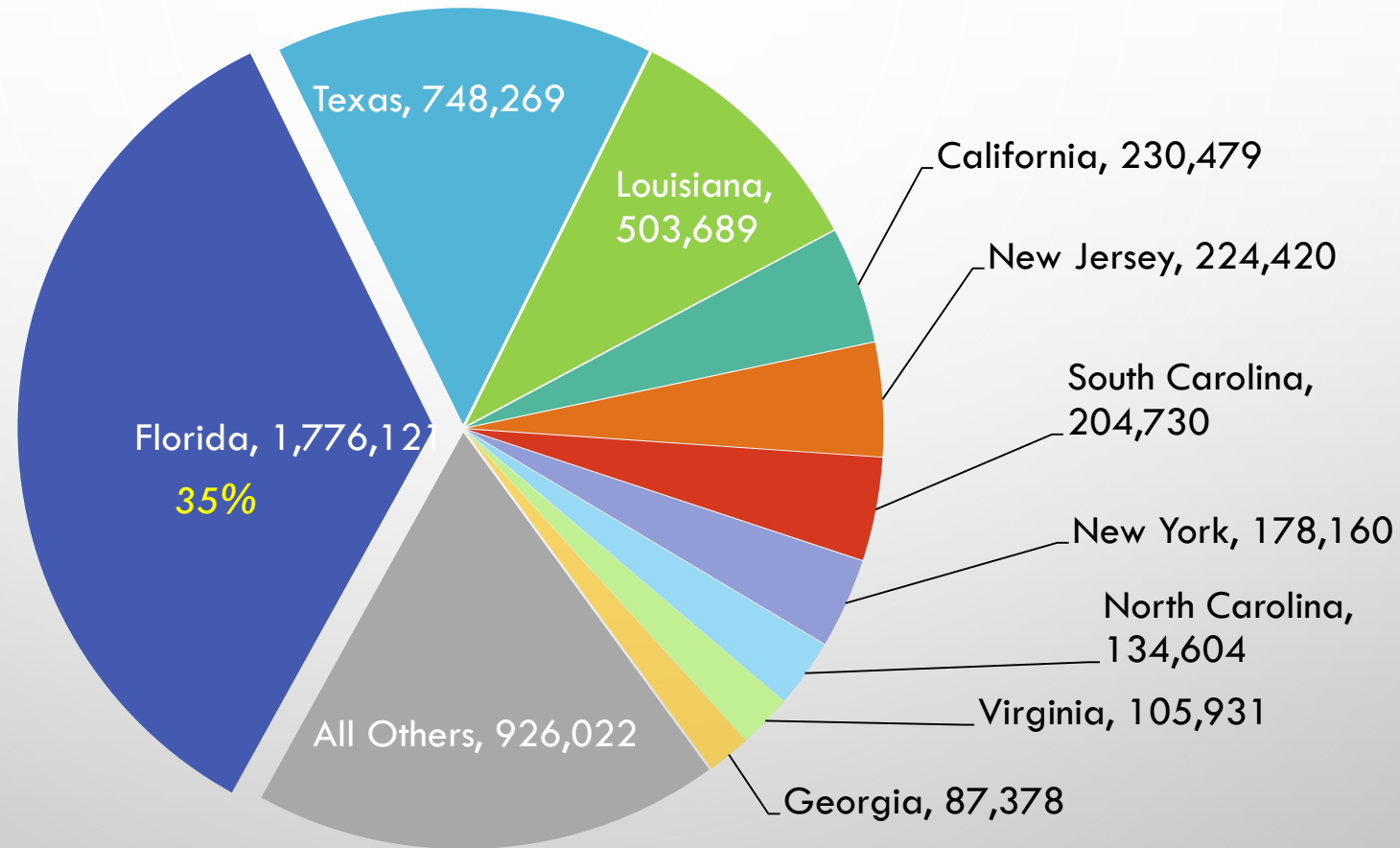
Federal Policy Fee – primary source of funding for flood mapping and flood plan management

Source: <https://www.fema.gov/policy-claim-statistics-flood-insurance>



TOP 10 NFIP STATES BY POLICY COUNT

**Policies
In Force
as of
8/31/18**



Covered properties,
residential and
commercial

SOURCE:
<https://www.fema.gov/policy-claim-statistics-flood-insurance>



NATIONAL FLOOD INSURANCE PROGRAM

LEGISLATION HAS BEEN FILED TO REAUTHORIZE NFIP

- HOUSE FINANCIAL SERVICES COMMITTEE HR 3167 (UNANIMOUSLY PASSED COMMITTEE IN JUNE 2019)
- SB 2187 (SENATOR RUBIO / SENATOR MENENDEZ) / HR 3872 (CO-SPONSORED BY FLORIDA REPRESENTATIVES HASTINGS (D-20), MUCARSEL-POWELL (D-26), CRIST (D-13), MURPHY D-7), AND OTHER MEMBERS OF CONGRESS.



NATIONAL FLOOD INSURANCE PROGRAM

SIMULTANEOUSLY

- THE NFIP IS REDESIGNING ITS RISK RATING PLAN AND UNDERTAKING EXTENSIVE FLOOD MAPPING
- RISK RATING 2.0 WILL “FUNDAMENTALLY CHANGE THE WAY FEMA RATES A PROPERTY’S FLOOD RISK” INCLUDING PRICING FOR POLICIES
- RISK RATING 2.0 WILL PRICE POLICIES WITH CONSIDERATION OF:
 - STRUCTURE’S DISTANCE TO WATER
 - EXPOSURE TO DIFFERENT TYPES OF FLOOD RISK
 - COST TO REBUILD



NATIONAL FLOOD INSURANCE PROGRAM

FEMA PLANS TO ANNOUNCE NEW FLOOD INSURANCE RATES FOR SINGLE FAMILY HOMES APRIL 1, 2020 WITH RATES TO TAKE EFFECT OCTOBER 1, 2020

NEW LEGISLATION + RISK 2.0 = MAY CREATE EXCESSIVE POLICY RATE HIKES AND DAMAGING ECONOMIC IMPACTS TO SOUTHEAST FLORIDA'S COMMUNITIES, BUSINESSES, AND ECONOMY



POLICY RECOMMENDATION

ENSURE THAT ANY REAUTHORIZATION OF THE NATIONAL FLOOD INSURANCE PROGRAM INCLUDES MEANINGFUL AFFORDABILITY PROTECTIONS FOR ALL POLICY HOLDERS, SPECIFICALLY A LOWER CAP ON ANNUAL INCREASES, AND PROTECTS AGAINST UNINTENDED CONSEQUENCES



PREVIOUS NFIP "FIXES"



Premium increased from \$1,989 to \$49,252



Impact of the “sale trigger” to the actuarial rate as a result of the Biggert-Waters Act of 2012



POLICY – KEY PRINCIPLES

- INCLUSION
- MAINTAIN ACCESS TO AFFORDABLE RATES
- MITIGATE RISK
- MAPPING – IMPROVE DATA COLLECTION AND ACCURACY
- SOLVENCY – IMPROVE FINANCIAL MANAGEMENT AND INCREASE THE RISK POOL
- CONSUMER PROTECTION
- PRIVATIZATION
- TRANSPARENCY



MAINTAIN ACCESS TO AFFORDABLE FLOOD INSURANCE

- Use good data to establish accurate rates
- Create a **sustainable** glide path to full risk rates and cap rates at 5% per year
- Ensure private insurers take up a range of risk
- Provide re-entry to NFIP if private options become unaffordable



AFFORDABILITY / SOLVENCY INCREASE THE RISK POOL

- Expand use of Preferred Risk Policy
- Strengthen enforcement
- Prohibit cherry-picking by private insurers

> 20%





- AFFORDABILITY - RATE PROPERTIES BY VULNERABILITIES, NOT USE

Businesses power local economies

Higher premiums on
commercial/rental properties = higher
rents = less affordable housing

Second homes are vital to Florida's
economy

A building is a building is a building...





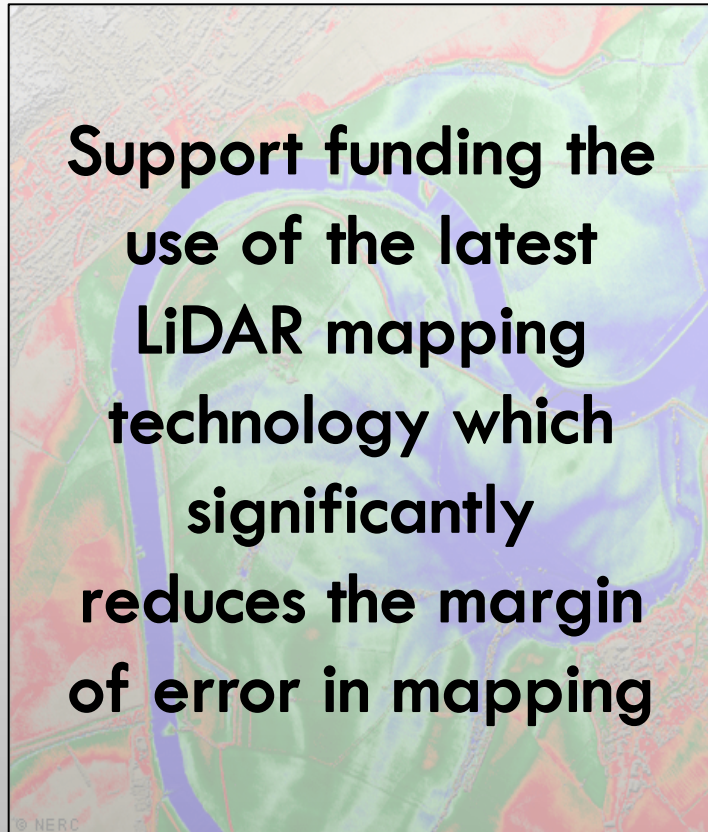
MITIGATE RISK

- Create programs to help homeowners pay for expensive mitigation techniques like elevation
- Provide mitigation credits for homeowners who flood-proof in other proven ways
- Increase funding to retire repetitive loss properties





- MAPPING - IMPROVE DATA COLLECTION AND ACCURACY



Support funding the use of the latest LiDAR mapping technology which significantly reduces the margin of error in mapping



Ensure greater cooperation between FEMA and local governments in the mapping process

U.S. DEPARTMENT OF HOMELAND SECURITY
Federal Emergency Management Agency
National Flood Insurance Program

ELEVATION CERTIFICATE

OMB No. 1660-0008
Expires March 31, 2012

Important: Read the instructions on pages 1-9.

SECTION A - PROPERTY INFORMATION

A1. Building Owner's Name _____ For Insurance Company Use
Policy Number _____

A2. Building Street Address (including Apt., Unit, Suite, and/or Bldg. No.) or P.O. Route and Box No. _____
Company NAIC Number _____

City _____ State _____ ZIP Code _____

A3. Property Description (Lot and Block Numbers, Tax Parcel Number, Legal Description, etc.) _____

A4. Building Use (e.g., Residential, Non-Residential, Addition, Accessory, etc.) _____

A5. Latitude/Longitude: Lat. _____ Long. _____

A6. Attach at least 2 photographs of the building _____

A7. Building Diagram Number _____

A8. For a building with a crawlspace or enclosure(s): _____ a) Square footage of crawlspace or enclosure(s) _____ sq ft

A9. For a building with an attached garage: _____ a) Square footage of attached garage _____ sq ft

b) No. of permanent flood openings in the crawlspace or enclosure(s) within 1.0 foot above adjacent grade _____ b) No. of permanent flood openings in the attached garage within 1.0 foot above adjacent grade _____

c) Total net area of flood openings in A8.5 _____ sq in c) Total net area of flood openings in A9.b) _____ sq in

d) Engineered flood resistance _____ Yes No

B1. NFIP Community Name & Community Number _____ B2. County Name _____ B3. State _____

B4. Map/Panel Number _____ B5. Suffix _____ B6. FIRM Panel Effective/Ret. Date _____ B7. Flood Zone(s) _____ B8. Base Flood Elevation(s) (Zone AO, use base flood depth) _____

B10. Indicate the source of the Base Flood Elevation: FIS Profile FIRM

B11. Indicate elevation datum used for BFE in item B8: NAVD 1989 NAVD 1988 Other (Describe) _____

B12. Is the building located in a Coastal Barrier Resources System (CBRS) area or Otherwise Protected Area (OPA)? Yes No
Designation Date _____ CBRS OPA

SECTION C - ELEVATION MEASUREMENT SURVEY REQUIREMENTS

C1. Building elevations shall be measured to the _____ (check one) _____

C2. Elevations - Zones A1-A30, AE, AH, A (with BFE), VE, V1-V30, V (with BFE), AR, ARA, ARAE, ARA1-A30, ARAH, ARAO. Complete items C2 a-h below according to the building diagram specified in item A7. Use the same datum as the BFE.
Benchmark Utilized _____ Vertical Datum _____

Conversion/Comments _____

a) Top of bottom floor (finished space) _____ feet (Puerto Rico only)

b) Top of the next higher floor (finished space) _____ feet (Puerto Rico only)

c) Bottom of the lowest horizontal structural member (finished) _____ feet (Puerto Rico only)

d) Attached garage (top of slab) _____ feet (Puerto Rico only)

e) Lowest elevation of machinery or equipment servicing the building _____ feet (Puerto Rico only)
(Describe type of equipment and location in Comments)

f) Lowest adjacent (finished) grade next to building (L) _____ feet (Puerto Rico only)

g) Highest adjacent (finished) grade next to building (H) _____ feet (Puerto Rico only)

h) Lowest adjacent grade at lowest elevation of deck or structural support _____ feet (Puerto Rico only)

SECTION D - SURVEYOR, ENGINEER, OR ARCHITECT CERTIFICATION

This certification is to be signed and sealed by a land surveyor, engineer, or architect authorized by law to certify elevation information. I certify that the information on this Certificate represents my best efforts to interpret the data available. I understand that any false statement may be punishable by fine or imprisonment under 18 U.S. Code, Section 1001.

Check here if comments are provided on back of form. Were latitude and longitude in Section A provided by a licensed land surveyor? Yes No

Certifier's Name _____ License Number _____

Title _____ Company Name _____

Address _____ City _____ State _____ ZIP Code _____

Signature _____ Date _____ Telephone _____

PLACE SEAL HERE

FEMA Form 81-31, Mar 09 See reverse side for continuation. Replaces all previous editions

Increase collection of elevation certificates at the property level

IMPROVE FINANCIAL MANAGEMENT AND SOLVENCY

- Reduce administrative costs by cutting payments to WYO firms.
 - They bear no risk.
 - They consume a third of premium.
- Invest reserves as other insurance companies do.





PROTECT THE ECONOMY

- Unavailable and unaffordable flood insurance
 - Has the greatest impact on the most vulnerable
 - Will cause economic collapse
- The glidepath to actuarially sound rates must be sustainable.



CURRENT PREMIUM GLIDEPATH TO FULL RISK ACTUARIAL RATES

Rating Type	HFIAA - 2014
All Primary Homes	5-18% increase/year
Second Homes and Rental Properties	25% increase/year
Commercial Properties	25% increase/year
Lapsed Policies on Non-Primary Homes	Full Risk Rate



TO SUMMARIZE - POLICY RECOMMENDATIONS

INCLUSION – INCLUDE STATE AND LOCAL STAKEHOLDERS TO ENSURE LONG-TERM AFFORDABILITY, EFFICIENCY, FAIRNESS, ACCOUNTABILITY, AND PROGRAM SUSTAINABILITY

AFFORDABILITY – LIMIT RATE INCREASES TO NO MORE THAN 5% PER YEAR ON ANY POLICY, INCLUSIVE OF SURCHARGES AND FEES; PRESERVE GRANDFATHERING; MAINTAIN AFFORDABILITY FOR ALL POLICY HOLDERS

MITIGATION – INCREASE FEDERAL INVESTMENT IN PROPERTY AND COMMUNITY MITIGATION INCLUDING LOANS, MITIGATION CREDITS, OPPOSING UNFUNDED MANDATES ETC.

MAPPING – IMPROVE DATA, TRANSPARENCY, INCLUDE LOCAL GOVERNMENTS



POLICY RECOMMENDATIONS

SOLVENCY – FURTHER ADDRESS REPETITIVE LOSS PROPERTIES; LIMIT NFIP PAYMENTS TO WRITE YOUR OWN (WYO) COMPANIES; INCREASE THE POOL OF POLICYHOLDERS; FORGIVE NFIP DEBT AND REALLOCATE INTEREST PAYMENTS TO MITIGATION AND SOLVENCY

CONSUMER PROTECTION – CREATE A POLICY REVIEW PROCESS, AMEND FORCE-PLACING PROVISIONS TO KEEP POLICYHOLDERS IN NFIP INSTEAD OF SURPLUS LINE

PRIVATIZATION – REQUIRE PRIVATE INSURERS TO COVER ENTIRE SPECTRUM OF RISK (NO CHERRY PICKING); ALLOW CONSUMERS TO RE-ENTER NFIP, DO NOT PERMIT THE PRIVATE INSURANCE MARKET TO UNDERMINE COMMUNITY FLOOD MITIGATION THROUGH THE COMMUNITY RATING SYSTEM



POLICY RECOMMENDATIONS

TRANSPARENCY – FEMA RISK 2.0 WILL HAVE POTENTIALLY SIGNIFICANT IMPACTS TO PREMIUMS FOR PROPERTIES IN COASTAL AND RIVERINE COMMUNITIES. GREATER TRANSPARENCY, INFORMATION SHARING, AND CONSIDERATION OF THESE IMPACTS ON COMMUNITIES IS NEEDED.



QUESTIONS?