



## RESOLUTION TCSF #19-02

**A JOINT RESOLUTION OF THE SOUTH FLORIDA AND TREASURE COAST REGIONAL PLANNING COUNCILS REPRESENTING THE LOCAL GOVERNMENTS OF MONROE, MIAMI-DADE, BROWARD, PALM BEACH, MARTIN, ST. LUCIE, AND INDIAN RIVER COUNTIES, FLORIDA; URGING THAT ANY REAUTHORIZATION OF THE NATIONAL FLOOD INSURANCE PROGRAM MUST INCLUDE MEANINGFUL AFFORDABILITY PROTECTIONS FOR ALL POLICY HOLDERS, SPECIFICALLY A LOWER CAP ON ANNUAL INCREASES.**

**WHEREAS**, the South Florida and Treasure Coast Regional Planning Councils' seven-county geographical area is comprised of Broward, Indian River, Martin, Miami-Dade, Monroe, Palm Beach, and St. Lucie counties and 122 municipalities, which contain over 6.7 million residents or nearly one-third of the State's population, responsible for generating over one-third of the State's gross domestic product; and

**WHEREAS**, flooding is the number one natural disaster in the United States; and

**WHEREAS**, the National Flood Insurance Program ("NFIP") is a program created by Congress to mitigate future flood losses across the United States, by providing access to affordable flood insurance protection for property owners and to provide an insurance alternative to disaster assistance to meet the increasing costs of repairing damage to buildings and their contents caused by floods; and

**WHEREAS**, the NFIP must be reauthorized by Congress every five years. Congress has authorized numerous short-term extensions of the program, with the current extension set to expire on November 21, 2019; and

**WHEREAS**, the NFIP maintains a significant role in providing financial protection against flood events to Florida's residential and commercial property owners; and

**WHEREAS**, the State of Florida has the highest number of NFIP policies, with over 1.7 million policies and 35% of the national portfolio; the highest insured value at \$442 billion; the highest annual premiums paid at \$976 million; and is a "net donor" to the program; and

**WHEREAS**, Southeast Florida has 760,000 NFIP policy holders, \$187 billion in insured value and pays \$351 million in annual premiums; and

**WHEREAS**, the Councils recognize that the reauthorization of the National Flood Insurance Program must strike a balance between affordability of the program with the need for fiscal solvency; and

**WHEREAS**, key issues must be handled properly during the reauthorization process to avoid the unintended consequences felt in 2013 following the passage of the Biggert-Waters Act; and

**WHEREAS**, unless reauthorized properly, the loss of the NFIP or drastic premium increases will threaten all of coastal and riverine America as new FEMA flood maps are unveiled in coming years; and

**WHEREAS**, the Florida Building Code requires communities to ensure that “new buildings and structures in flood hazard areas are designed and constructed to resist the effects of flood hazards and flood loads” including existing buildings undergoing substantial improvement or repair; and

**WHEREAS**, the Florida Building Code is consistently ranked by the Insurance Institute for Business and Home Safety, a non-profit organization funded by the insurance industry, as the strongest among 18 hurricane prone states; and

**WHEREAS**, FEMA was scheduled to launch a new risk rating system on April 1, 2020 to address the outdated traditional mapping process. Risk Rating 2.0 will determine a customer’s flood risk by incorporating multiple rating characteristics including types of flood risk (storm surge, intense rainfall, etc.), the distance a building is from the coast or other flooding source, and the cost to rebuild a home – all factors that are likely to subject coastal communities to higher premiums; and

**WHEREAS**, the strength of the Florida Building Code should be taken into consideration as a rating characteristic when determining flood risk in Florida; and

**WHEREAS**, robust affordability protections are further warranted by FEMA’s new Risk Rating 2.0 pricing policy, to go into effect in October 2021; and

**WHEREAS**, the National Flood Insurance Program reauthorization legislation should require that the upward pressures on NFIP premiums from Risk Rating 2.0, or FEMA’s remapping efforts be taken into consideration to ensure that NFIP rates are affordable; and

**WHEREAS**, the Councils believe that the caps on current annual increases (18% on primary residences and 25% on rental properties, commercial properties and second homes) are unsustainable for NFIP policy holders and that a lower cap, providing a more gradual and reasonable glide path of increases, provides greater economic stability and fairness; and

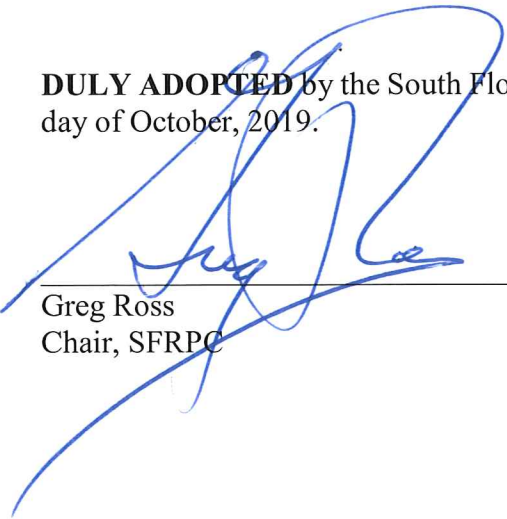
**WHEREAS**, the Councils believe it is imperative that Congress include in any reauthorization legislation a significantly lower cap on annual percentage increase for premiums, and specifically supports a 5% cap on annual increases on any policy, inclusive of surcharges and fees, especially given potential rate increases due to FEMA’s Risk Rating 2.0 initiative.

**NOW, THEREFORE BE IT RESOLVED BY THE SOUTH FLORIDA AND TREASURE COAST REGIONAL PLANNING COUNCILS THAT:**

We urge Congress to provide for a long-term NFIP reauthorization package that provides:

- **Inclusion** – Congressional committees of jurisdiction should include local and state stakeholders to ensure that legislation for NFIP reauthorization provides long-term reauthorization with a focus on affordability, efficiency, fairness, accountability and sustainability of the program.
- **Affordability** – Rate increases should be limited to no more than five percent (5%) per year on any policy, inclusive of any surcharges and fees, especially given potential rate increases due to FEMA’s Risk Rating 2.0 initiative. Preserve grandfathering. Rates should be maintained as affordable for all policy holders.
- **Mitigation** – Increase federal investment in property and community mitigation, not only through loans; provide mitigation credits to residential property owners for proven flood proofing methods, beyond elevation and including enhancements in excess of minimum building code; oppose unfunded mandates on local governments for mitigation efforts; modernize Increased Cost of Compliance to encourage mitigation.
- **Mapping** – Improve transparency, use the most effective technology, and include input from local governments; develop a method to pay for elevation certificates.
- **Solvency** – Further address repetitive loss properties; limit NFIP payments to Write Your Own (WYO) companies; increase the pool of policyholders through enforcement and expansion of the preferred risk policy; forgive the NFIP debt and reallocate interest payments to mitigation and solvency.
- **Consumer Protection** – Create a policy review process; regionalize Flood Insurance Advocates; amend force-placing provisions to keep policyholders in NFIP instead of a surplus line; require prompt payment of claims for losses.
- **Privatization** – Require private insurers to cover the entire spectrum of risk (i.e. no cherry-picking of preferable policies); allow consumers that leave NFIP for the private market to re-enter NFIP; ensure private insurance market development does not undermine community flood mitigation through the Community Rating System.
- **Transparency** - FEMA’s new Risk Rating 2.0 will bring significant changes to NFIP and rates. Require greater transparency including risk rating criteria, information sharing, and consideration of potentially significant impacts to premiums for properties in coastal and riverine communities of this new rating system in any new reauthorization. Require inclusion and take into consideration South Florida’s strong building codes as a factor reducing property risk.

**DULY ADOPTED** by the South Florida and Treasure Coast Regional Planning Councils this 25<sup>th</sup> day of October, 2019.



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Greg Ross  
Chair, SFRPC



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Susan Adams  
Chair, TCRPC