

Introduction to the National Flood Insurance Program (NFIP) – and a peek into the future???

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State NFIP Coordinator



MASSACHUSETTS DEPARTMENT OF
CONSERVATION AND RECREATION

What is the NFIP?

- The National Flood Insurance Program:
 - Was established by the National Flood Insurance Act of 1968
 - Is a voluntary program
 - Requires a legal agreement between FEMA and a community
 - Makes flood insurance available to all residents of communities that meet floodplain management requirements



Why is there a NFIP?

(a) Necessity and reasons for flood insurance program

The Congress finds that

- (1) ... flood disasters have created personal hardships and economic distress ... ;
- (2) ... preventive and protective works ... have not been sufficient to protect adequately against ... future flood losses;
- (3) ... a reasonable method of sharing the risk of flood losses is through a program of flood insurance which can complement and encourage preventive and protective measures; and
- (4) ... program ... [can make] flood insurance coverage available on reasonable terms and conditions to persons who have need for such protection.



Elements of the NFIP



- Insurance
- Mapping
- Regulations

Insurance backed by the Federal government is made available to residents of communities that participate in the NFIP

Participating communities must regulate development within mapped flood zones to meet minimum NFIP requirements



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NATIONAL FLOOD INSURANCE PROGRAM

- FEMA produces Flood Insurance Studies (FIS) and Flood Insurance Rate Maps (FIRMs) for the National Flood Insurance Program (NFIP)
- The FIS and FIRMs:
 - identify the areas where communities must regulate development in accordance with the minimum floodplain management requirements of the NFIP
 - are used to determine where flood insurance is required as a condition of a federally insured loan
 - are used to determine flood insurance premiums

Components of Flood Insurance Study

- Hydrologic study

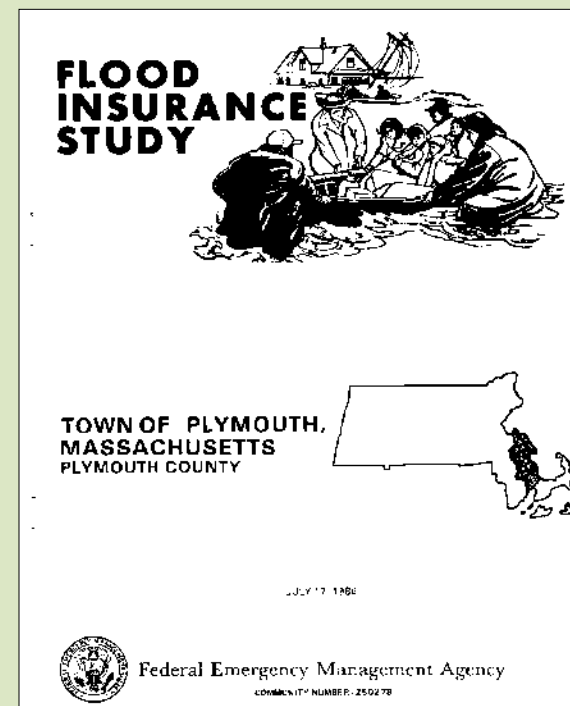
How much water will there be?

- Hydraulic study

How high will the water get?

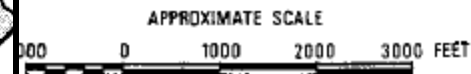
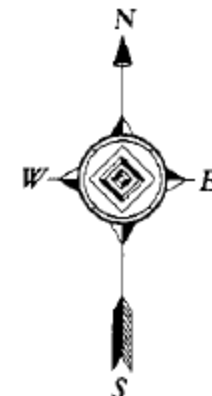
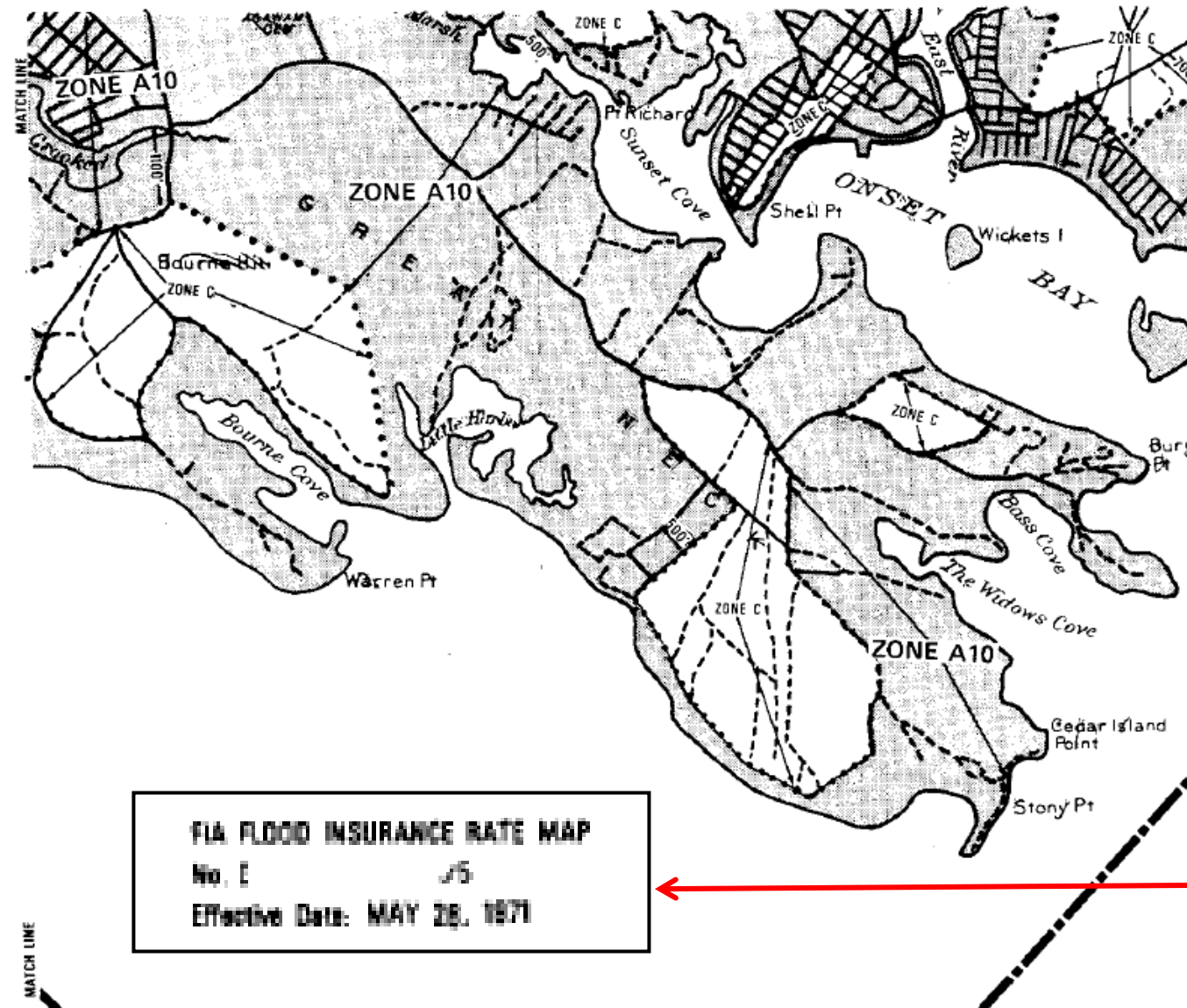
- Topographic analysis

What areas will the water cover?



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Before and After



NOTE: BASE FLOOD ELEVATION IS 15 FEET

FIA FLOOD INSURANCE RATE MAP
 No. E 75
 Effective Date: MAY 28, 1971

DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT
 Federal Insurance Administration
 WAREHAM, MA

FIA FLOOD HAZARD BOUNDARY MAP
 No. H 05
 Effective Date: JULY 11, 1970

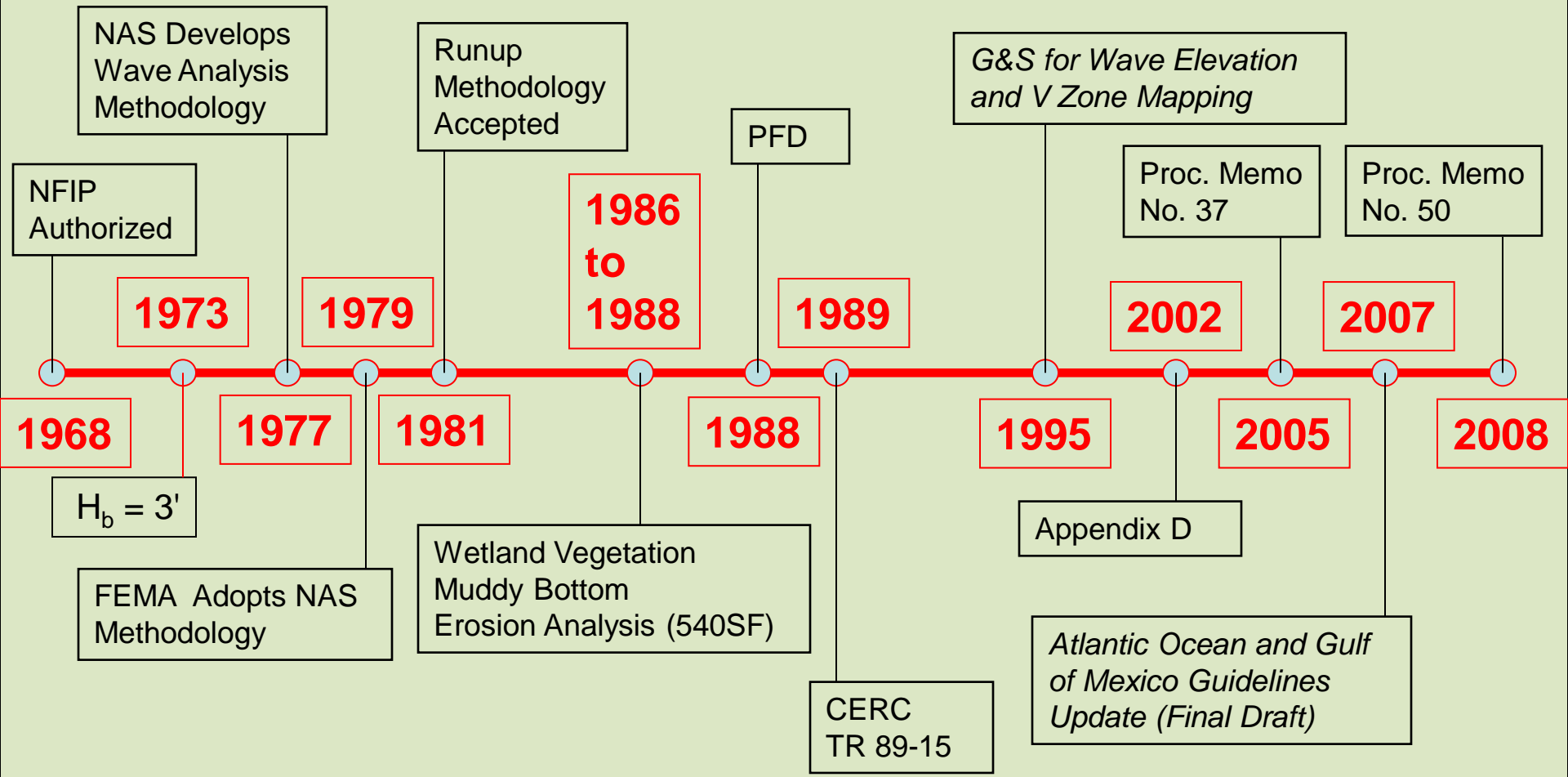
Area having special flood hazards **ZONE A10**

FIA FLOOD INSURANCE RATE MAP
 No. I 75
 Effective Date: MAY 28, 1971

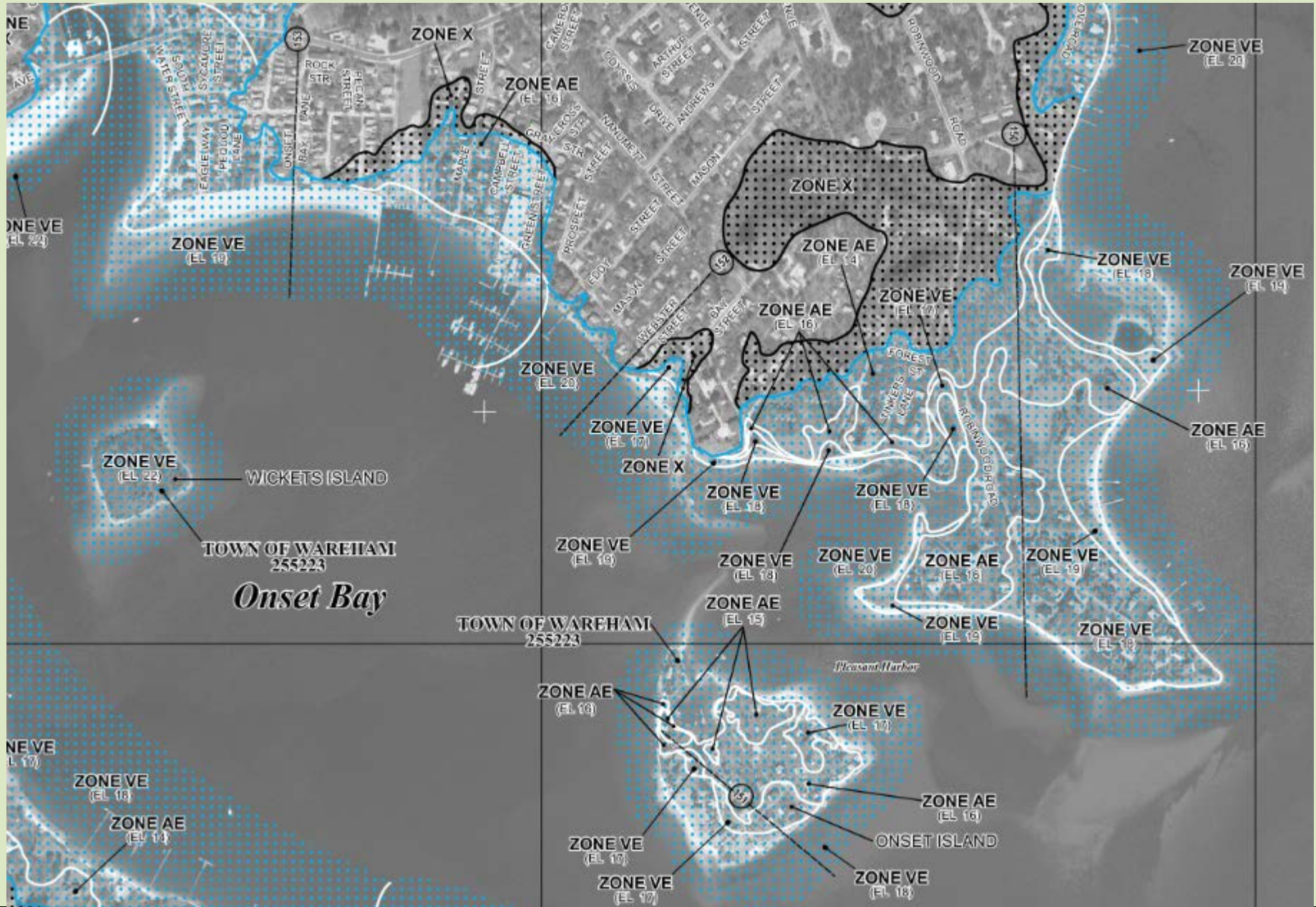
Area eligible for Federally
 assisted flood insurance - CORPORATE LIMITS

MATCH LINE

History of Coastal Floodplain Mapping

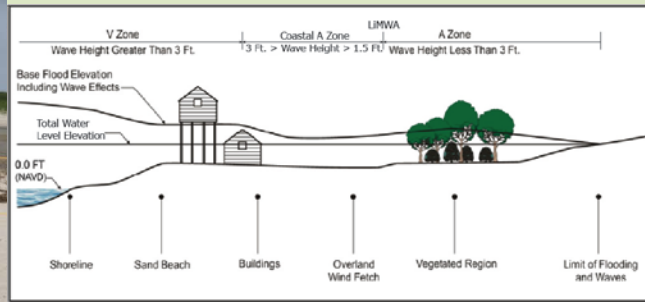


Before and After



Technical Changes to Coastal Studies

- Reanalysis of stillwater elevations
- Inclusion of wave setup to determine total stillwater elevation
- Shifting from average to 2% for identified wave runup
- Mapping landward toe of primary frontal dune
- Considering coastal structures under both intact and failed conditions
- **What is missing??? Why???**



NFIP Flood Insurance

- Insurance available to ALL residents of a participating community (very limited exceptions)
- Building coverage is mandatory within special flood hazard area as condition of Federal-backed loan
- Premiums depend on age of structure, flood zone, and height of lowest floor
- Premiums are not affected by prior claims
- Program is designed to pay all claims and program expenses through premiums collected
- Program may borrow from Treasury and repay with interest if needed to meet claim payments



Biggert-Waters Reform Act of 2012

- Law enacted by Congress and signed by President on July 6, 2012
- Attempts to make the NFIP more financially stable by eliminating some subsidies of pre-FIRM and grandfathered policies
- Pre-FIRM subsidies to be eliminated through annual premium increases of 25%
- New policies are at full actuarial rates
- Grandfathering be phased out in 5 years after map change

We must keep flood insurance affordable

Response to Biggert-Waters



Senator Landrieu

"Lets Fix this, WE MADE A MISTAKE"
(referring to the Biggert-Waters Act)

Stop FEMA Now

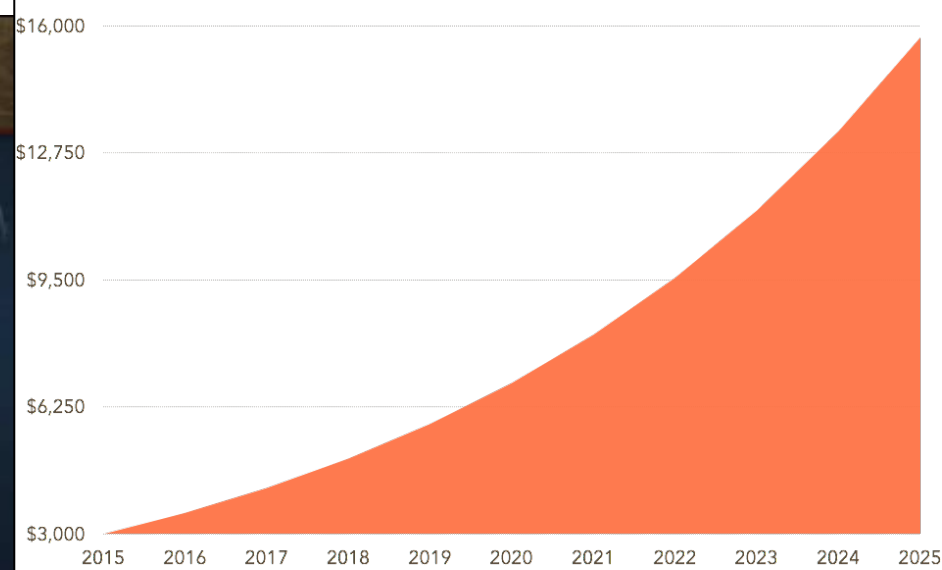
FLOOD SERVICES

Dangerous When Wet: The Biggert-Waters Act's Impact

Designed to ensure NFIP solvency, the 2012 law will create new concerns for homeowners and servicers.

by Phil Hall

PALAZZO'S FLOOD INSURANCE RATES



UNITED STATES SENATE
COMMITTEE CHANNEL

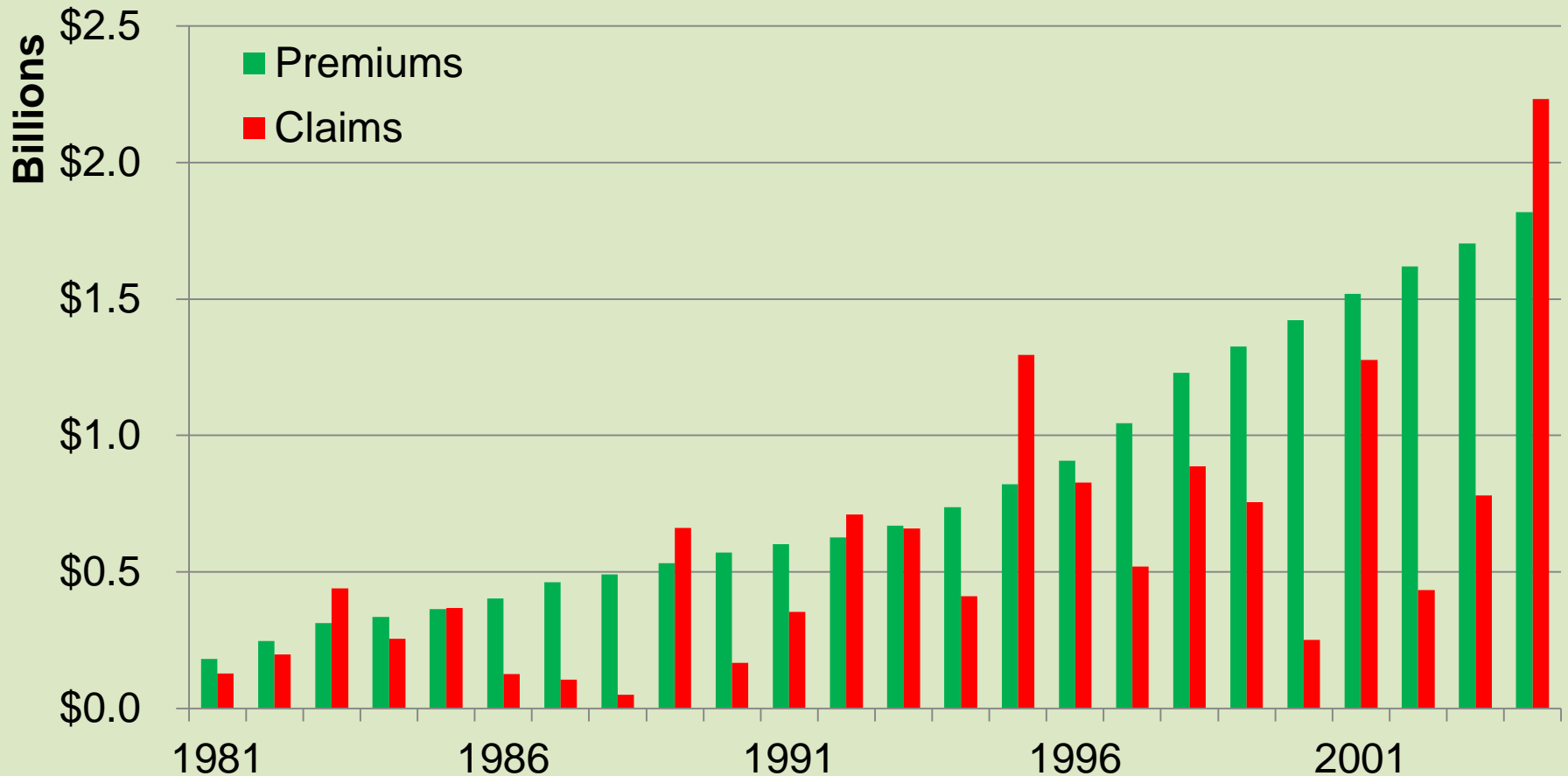
Hearing on Implementation
of the Biggert-Waters
Flood Insurance Act of 2012:
One Year After Enactment.
Coverage begins at 2:30 pm.

COMMITTEE ON BANKING, HOUSING & URBAN AFFAIRS
Subcommittee on Economic Policy

Homeowner Flood Insurance Affordability Act of 2014

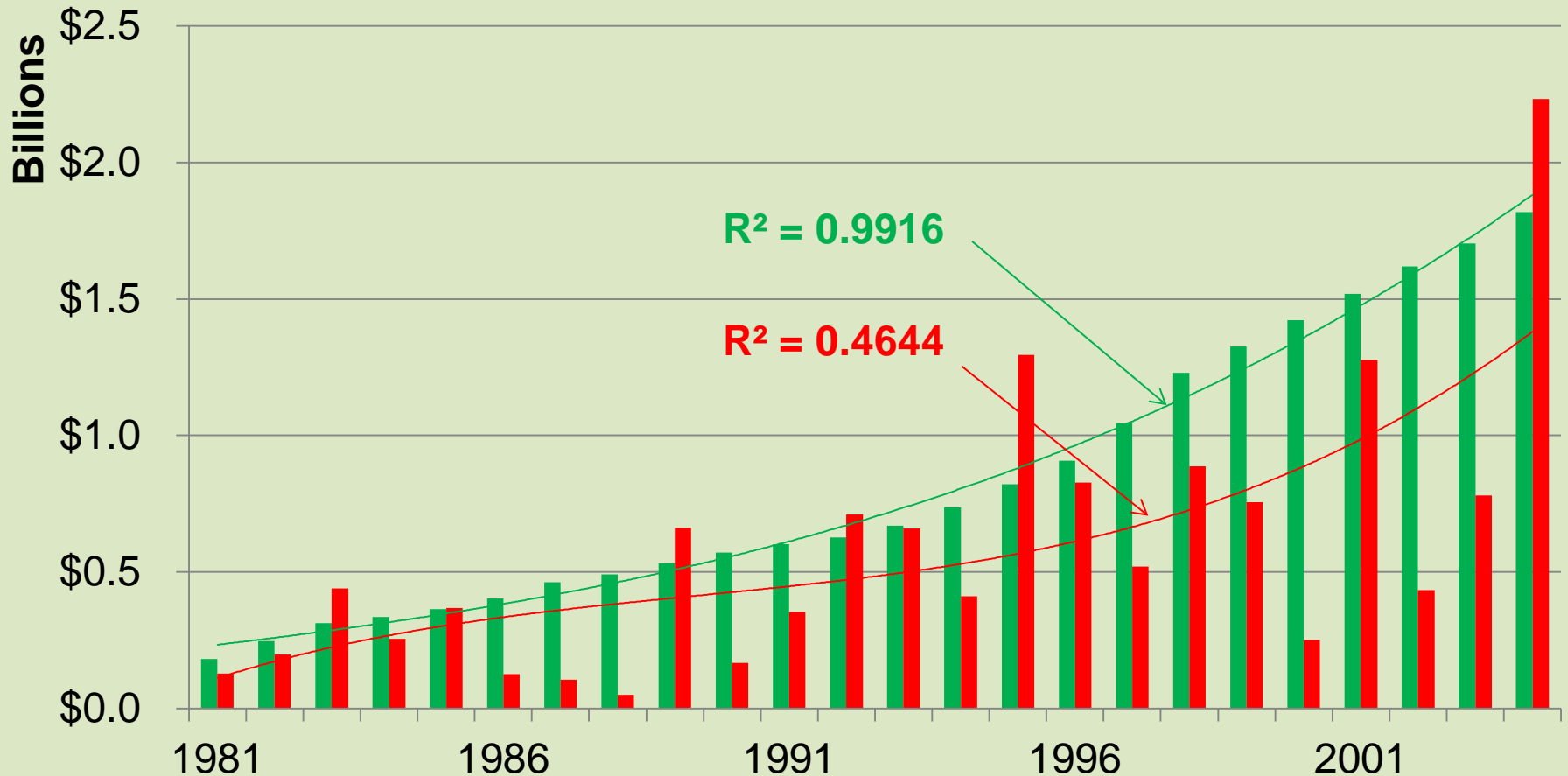
- Law enacted by Congress and signed by President on March 21, 2014
- Response to hardship concerns from realtors and homeowners
- Intent of act and major provisions are understood—but details still being analyzed
- Act eliminates, delays, and/or slows down many provisions of Biggert-Waters
- Timeframes for implementation unclear

What is the future of the NFIP?



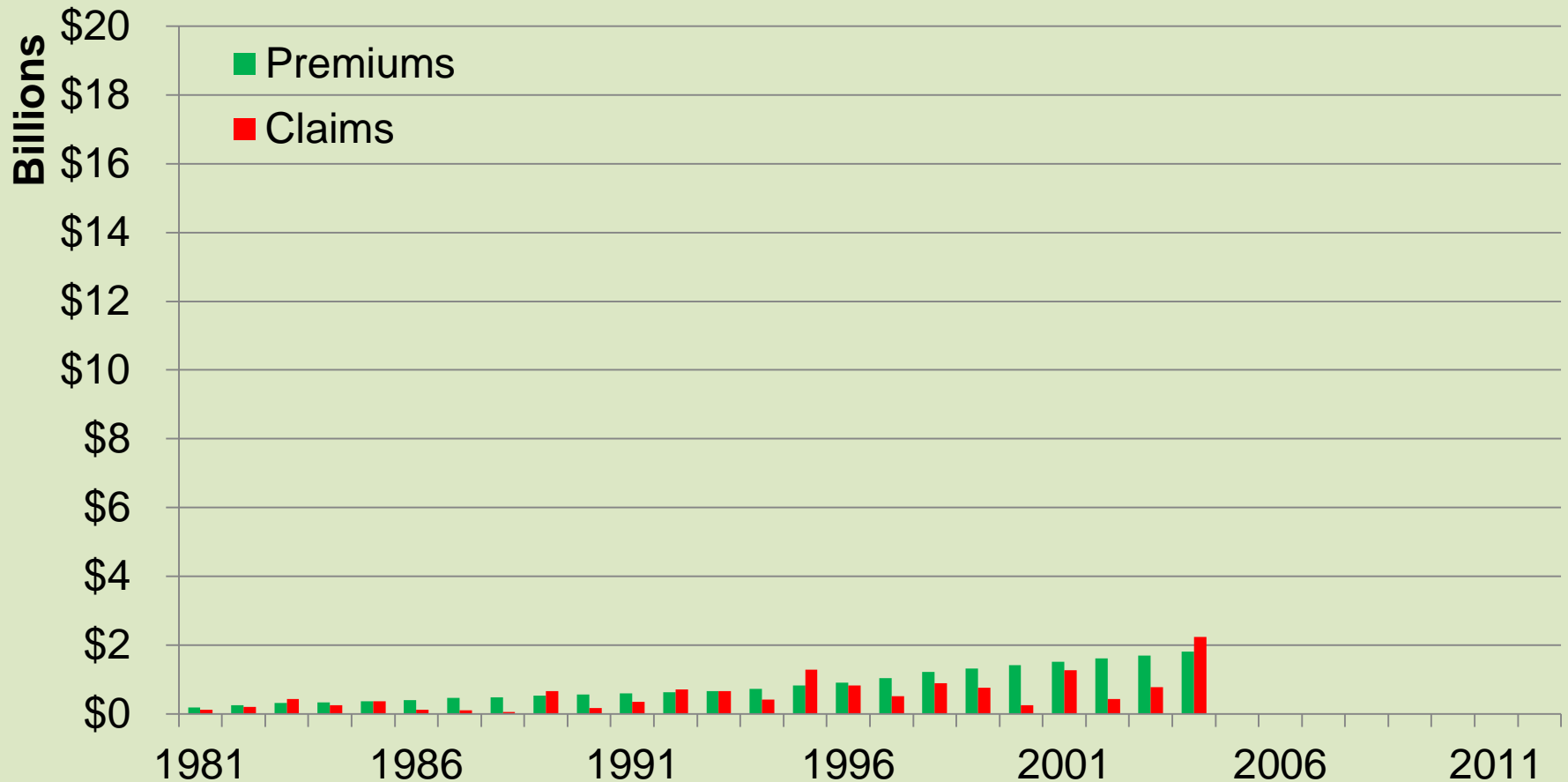
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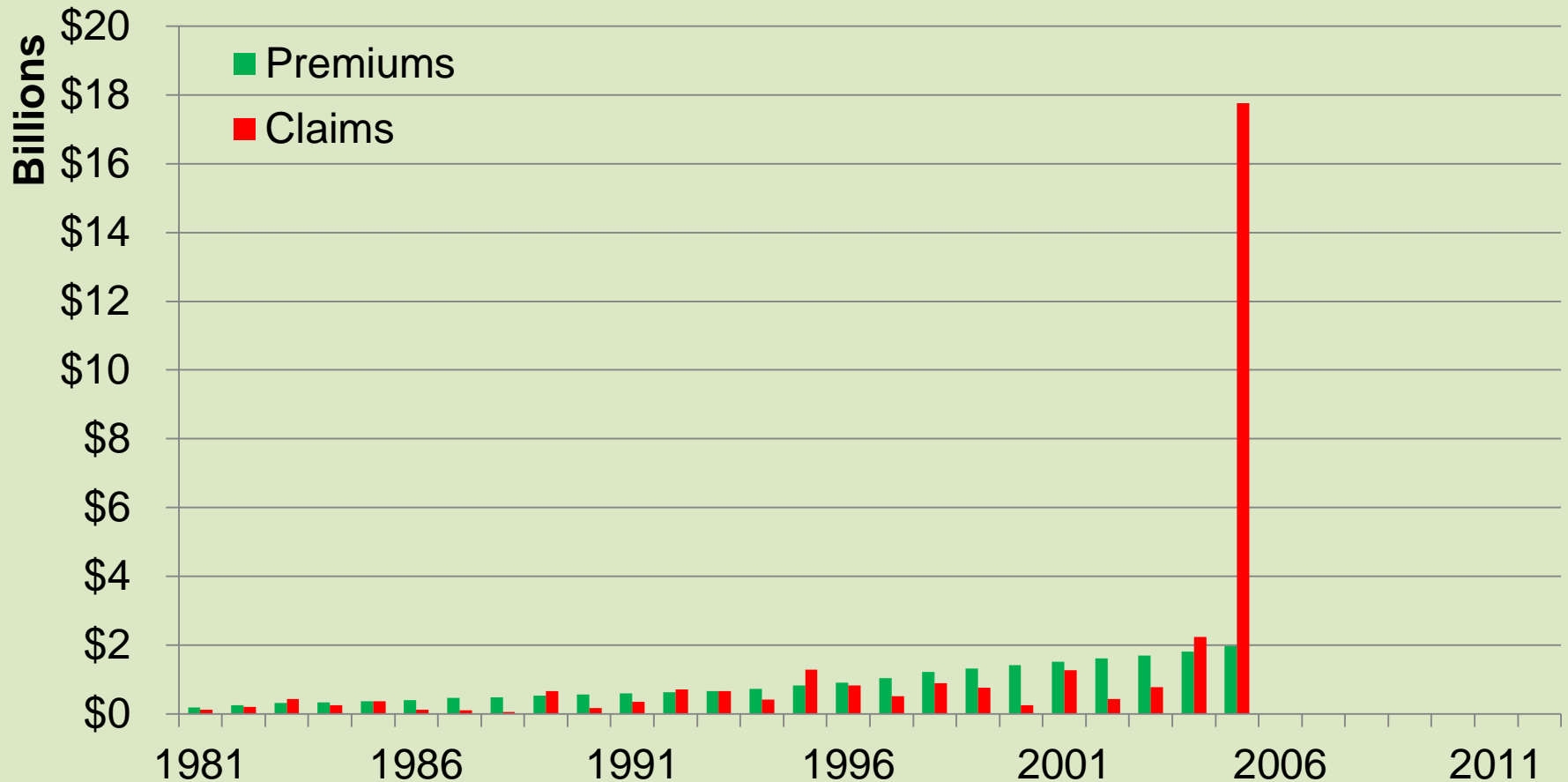
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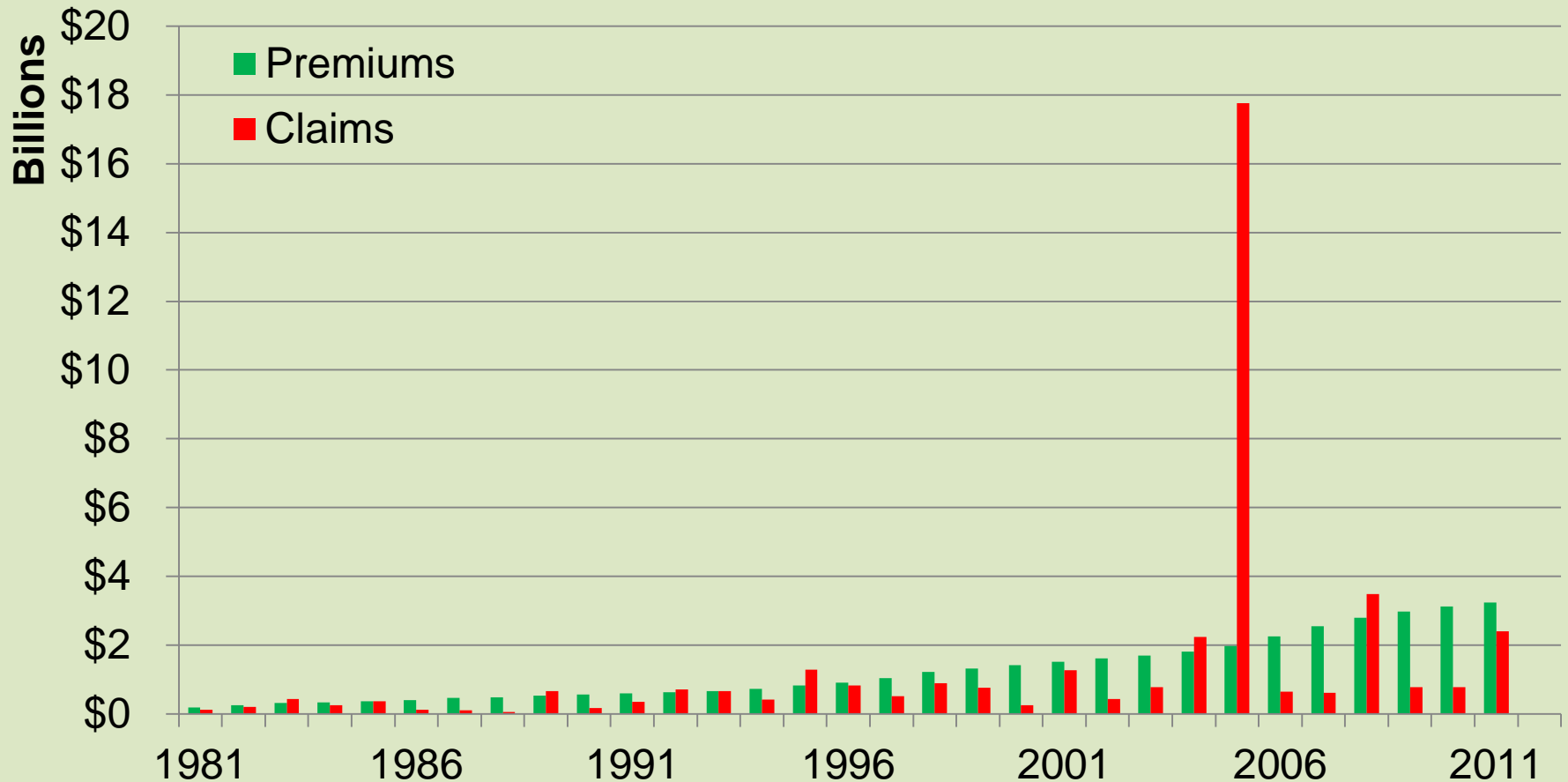


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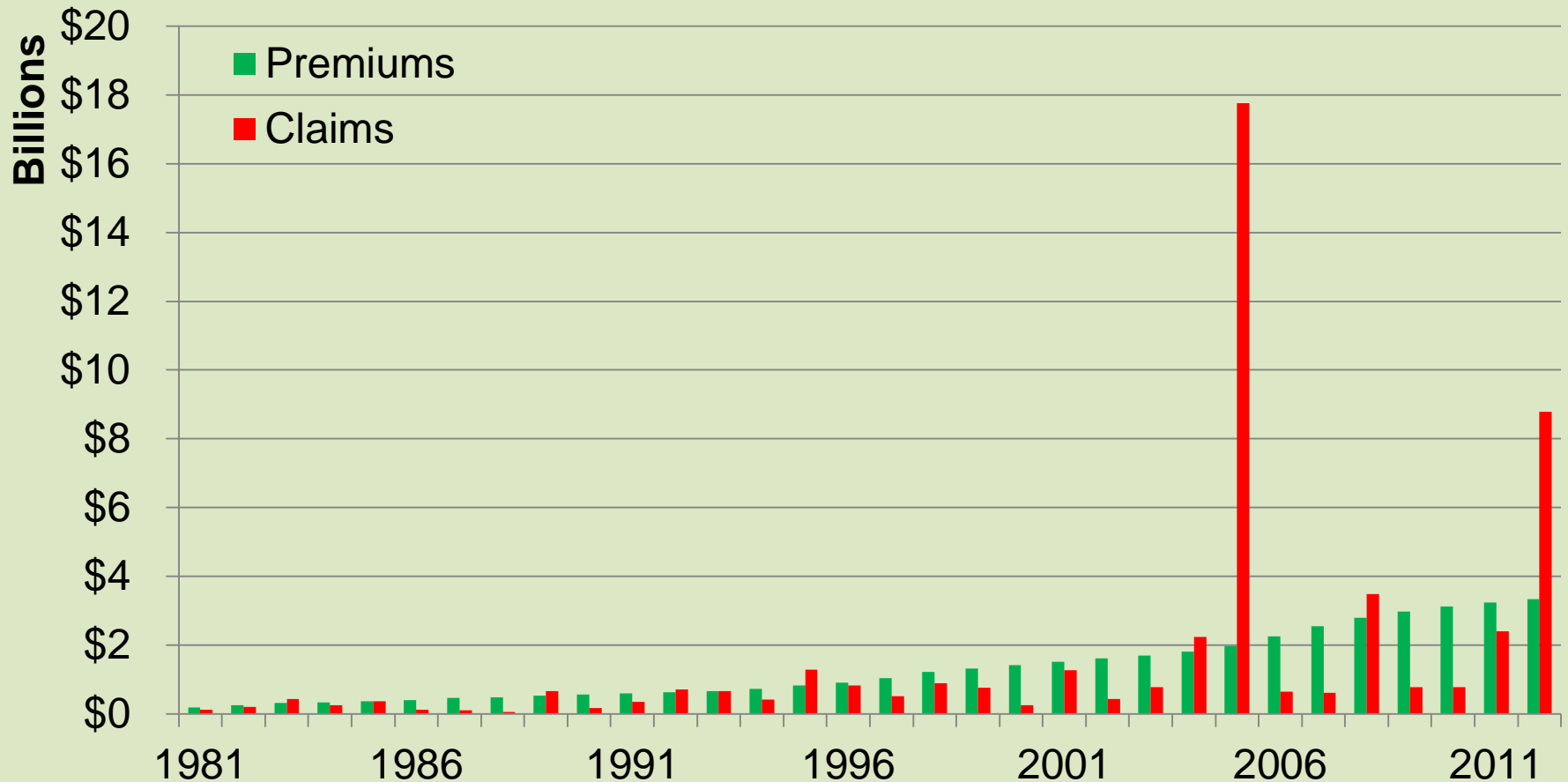


What is the future of the NFIP?



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What is the future of the NFIP?



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What is the future of the NFIP?



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What are the options?



dcr



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What are the options?

- Continue with status quo **[Unsustainable?]**
- Raise all rates to be fully actuarial **[Unaffordable?]**
- Raise rates to make program self-sustaining but subsidize some policies **[Inequitable?]**
- Provide financial assistance for affordability, but outside of NFIP **[Unacceptable?]**
- Eliminate the program entirely – rely on private insurance? **[Unprofitable?]**
- OR...reduce need for insurance by changing how and where we build and rebuild. **[Difficult?]**



For More Information

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