A History of Mitigation & Flood Insurance

From large-scale flood events in the early part of the 20th century to devastating tornadoes and hurricanes more recently, nature consistently brings threats to life and property.

These hazards and the damages they cause have served as important triggers for change, heightening our understanding of risk and underscoring the need for mitigation. Legislation and new policies, as well as more informed community planning and safer building practices, have evolved over the decades and show that through investment, expertise, and partnership—between individuals, government, and the private sector—we can significantly strengthen our ability to withstand a range of hazards.

Mitigation is the effort to create stronger, safer, and more resilient communities. It is essential not only to our personal safety and protecting financial investments but also to safeguarding the heritage and defining features of communities across our Nation.

The Federal Emergency Management Agency's (FEMA's) Federal Insurance and Mitigation Administration (FIMA) has a lead role in helping communities address and reduce their disaster risks. It does so through three primary activities that help states and localities achieve the highest level of mitigation: risk analysis, risk reduction, and risk insurance. Through these activities and FIMA's day-to-day work across the country, communities are able to make better decisions before, between, and after disasters.

Resilient communities that are not only able to survive hazards, but come through them safely, quickly, and securely require collaboration and commitment from individuals, businesses, and local leaders. When the Whole Community is engaged and invests their time, energy, and resources in mitigation activities before disasters occur, we increase our resilience.

This timeline showcases some defining events and advancements in the history of mitigation and flood insurance.

1889-1927: Early period
1889: Great Johnstown Flood
1900: Galveston Hurricane
1906: San Francisco Earthquake
1910: Great Fire of 1910
1915: Galveston Hurricane
1917: Flood Control Act (P.L. 64-367)

1920s/30s: Series of Major Floods
1927: Great Mississippi River Flood

1933: Long Beach Earthquake
1935: "Labor Day Hurricane"
1938: Great Hurricane of 1938

The "Long Island Express" makes landfall along the New England Coast. (Source: NOAA/U.S. Dept. of Comm.)

1950: The Disaster Relief Act of 1950 (P.L. 81-875)
1956: Federal Flood Insurance Act of 1956 (P.L. 84-1016)
1959: U.S. Geological Survey Flood Inundation Maps

The aftermath of Hurricane Camille. (Source: NOAA/U.S. Dept. of Comm.)

1960

1964: Great Alaska Earthquake and Tsunami

1965: Flood Control Act of 1965 (P.L. 89-298)

1965: Hurricane Betsy and the Southeast Hurricane Disaster Relief Act (P.L. 89-339)

1966: The Disaster Relief Act of 1966 (P.L. 89-769)

1968: National Flood Insurance Program Hurricane Camille

1969: First NFIP Communities

1970

1971: San Fernando Earthquake

1972: Hurricane Agnes

1973: Flood Disaster Protection Act of 1973

1977: 1.2 million NFIP Active Policies

1977: Executive Orders (E.O.) 11988 Floodplain Management and 11990 Protection of Wetlands

1979: Federal Emergency Management Agency (FEMA) created

1980

1980: More than 2 million NFIP Active Policies

1980: Eruption of Mount St. Helens

1983: NFIP Write Your Own (WYO) Program Created

1985: Peoria County floods and lessons learned from 1970s flooding

1988: Robert T. Stafford Disaster Relief and Emergency Assistance Act (Stafford Act)

1989: Hurricane Hugo

1989: Loma Prieta Earthquake (World Series Earthquake)

1990

1990: E.O. 12699 Seismic Safety for New Construction

1990: NFIP Community Rating System (CRS) Established

1992: Hurricane Andrew

1993: Great Midwest Flood of 1993

1994: More than three million NFIP Active Policies

1994: National Flood Insurance Reform Act (NFIRA)

1994: Northridge Earthquake

1995: Oklahoma City Bombing

1996: National Dam Safety Program Act of 1996

1997: More than four million NFIP Active Policies

1997: Project Impact

1998: Iowa State Fair Community SafeRoom

2000

2000: Disaster Mitigation Act of 2000 (P.L. 106-390)

2001: Tropical Storm Allison

2001: September 11 Terrorist Attacks

2003: U.S. Department of Homeland Security (DHS)

2003: FloodSmart Program

2003: Map Modernization Program Established

2004: Bunning, Bereuter, Blumenauer Flood Insurance Reform Act

2005: Hurricane Katrina

2006: First NFIP CRS Class 1 Community

2007: Greensburg, KS, Tornado

2008: Hurricane Ike and Port Naches Wind-Retrofit

2008: QuakeSmart

2009: Risk Mapping, Assessment, and Planning (Risk MAP) Program

2011: Presidential Policy Directive-8 (PPD-8)

2012: Biggert-Waters Flood Insurance Reform Act of 2012 FEMA Mitigation and Insurance Strategic Plan

Before the Flood

What is the National Flood Insurance Program (NFIP)?

The NFIP is a voluntary Federal program enabling property owners in participating communities to purchase insurance against flood losses in exchange for adopting and enforcing regulations that reduce future flood damage. A participating community's floodplain management regulations must meet or exceed the NFIP minimum requirements.

There are nearly 70 private participating insurance companies in the Write-Your-Own (WYO) program that sell and service NFIP policies through insurance agents, where FEMA retains responsibility for the underwriting losses. Flood insurance is also offered directly through the NFIP by the NFIP Direct. There are approximately 5 million policyholders nationwide and the NFIP is the Nation's largest single-line insurance program providing nearly $1.3 trillion in coverage against flood.

The U.S. Congress established the NFIP on August 1, 1968, with the passage of the National Flood Insurance Act (NFIA) of 1968, which has been modified over the years. Congress broadened and modified the NFIP with the passage of the Flood Disaster Protection Act of 1973 and other legislative measures. The National Flood Insurance Reform Act (NFIRA) of 1994 and the Flood Insurance Reform Act (FIRA) of 2004 made additional changes. The Biggert-Waters Flood Insurance Reform Act of 2012 and the Homeowner Flood Insurance Affordability Act of 2014 further refined the program.

FEMA, a component of the U.S. Department of Homeland Security (DHS), administers the NFIP and it is a partnership between the Federal Government, the property and casualty insurance industry, states, local officials, lending institutions, and property owners.

Why Flood Insurance?

Today, many Americans are either unaware their homeowner's insurance policy does not cover flood damage or they choose to not purchase flood insurance. Definitive figures on the potential market for flood insurance are difficult to obtain. For a number of flood disasters in the past few years, only 10 to 20 percent of the survivors in Special Flood Hazard Areas (SFHAs) had flood insurance coverage. The remaining 80 to 90 percent relied on taxpayer-funded assistance, i.e. FEMA disaster assistance, loans that owners must repay, tax write-offs, or savings to help them recover.

There are four key elements of the National Flood Insurance Program:

1. Identifying & Mapping Flood Risk
2. Floodplain Management
3. Incentivizing Risk Reduction through Grants and Premium Discounts
4. Flood Insurance

Links to More Information on Flood Hazard Mapping

National Flood Insurance Program: Flood Hazard Mapping
www.fema.gov/national-flood-insurance-program-flood-hazard-mapping

Coastal Flood Risks: Achieving Resilience Together
www.fema.gov/coastal-flood-risks-achieving-resilience-together

What Goes into a Flood Map: Infographic
www.fema.gov/blog/2014-02-21/what-goes-flood-map-infographic

Flood Fact

You may have heard the term "100-Year Flood Zone" and think "A flood like that only happens once in every one hundred years." Unfortunately, that is an old adage and is untrue. The SFHA is an area that has a one-percent chance, or a one-in-one hundred chance, of a flood happening in any given year. That means a "One Hundred Year Flood" could happen this year, and again next year. It has nothing to do with calendar years.

Identifying & Mapping Flood Risk

Working closely with participating communities, FEMA identifies flood hazards from riverine, coastal, ponding, lakes, and other flood sources including dams and levees through scientific and engineering modeling.

FEMA then maps those hazards on a Flood Insurance Rate Map (FIRM). A FIRM is an official map of a community that displays the flood zones. Communities use the FIRM to adopt and enforce local floodplain management regulations. Lenders use them to assess property-specific flood risk and to determine the requirement for purchasing flood insurance. Insurers use them to calculate the appropriate risk-based premium rates. FEMA and all stakeholders use them to communicate flood risk to property owners and the public.

Communities adopt FIRMs after 12-24 months of consultation with FEMA during their development and public input. Special Flood Hazard Areas (SFHAs) have special flood, mudflow, or flood-related erosion hazards and are displayed on the FIRM, along with the moderate-to-low risk areas known as non-SFHAs, as defined by FEMA.

The SFHA is the area that will be inundated by the flood event having a 1-percent-chance of being equaled or exceeded in any given year. The 1-percent-annual-chance flood is also referred to as the base flood. Elevation related to the flood having a 1-percent-annual-chance is referred to as the Base Flood Elevation.

Did You Know?

You can find the digital Flood Insurance Rate Maps on FEMA's Map Service Center webpage at http://msc.fema.gov. There are also a number of apps available for mobile devices with flood map information.

Areas at a high risk for flooding in SFHAs

www.FEMA.gov/flood-zones

A AH AE AR/A

AO A99 AR/AE

A1–A30 AR/AO

AR AR/A1–A30

Areas at risk from wave action in addition to usual flooding — usually coastal areas

V VE V1–V30

Areas outside the SFHA, but still with a moderate flood risk

B X (shaded)

Areas well outside the SFHA and with a low flood risk

C X (unshaded)

Making a Flood Risk Determination

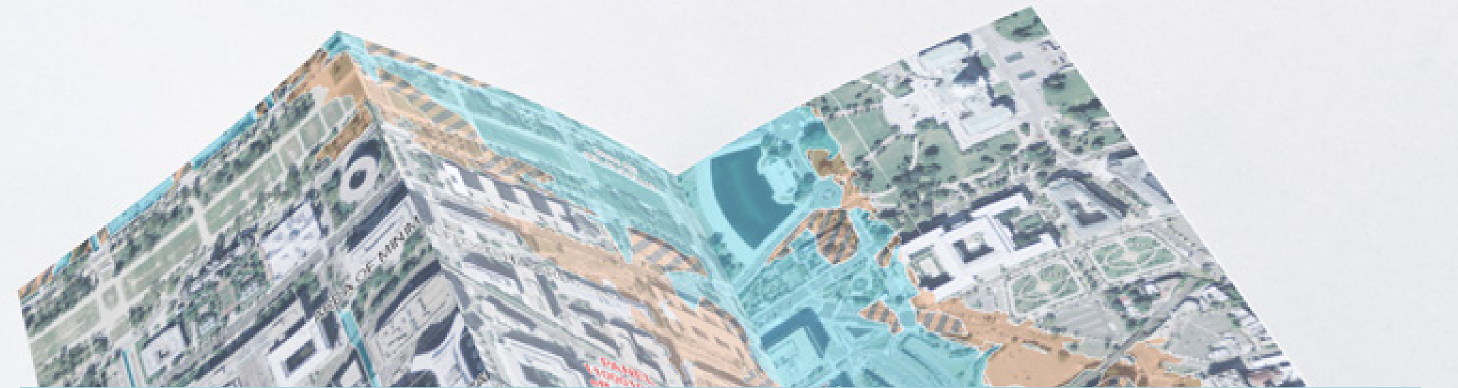
How to Help Policyholders Determine Their Flood Zone and Risk

1 **Visit the FEMA Map Service Center at: *msc.fema.gov***

2 **Type in the physical address**

3 **Speak to a map specialist for your flood map-related questions**

- **877-336-2627 Monday through Friday 8am to 6:30pm ET**
- *FEMAMapSpecialist@riskmapcds.com*



Low to Moderate Risk	Designated on a Flood Insurance Rate Map as a Non-Special Flood Hazard Area	Flood Zones **B, C, D, X**	Low to Moderate does not mean No Risk	Over 20% of all flood insurance claims come from areas outside of mapped high-risk flood zones
High Risk	Designated on a Flood Insurance Rate Map as a Special Flood Hazard Area (SFHA)	Flood Zones **A, AE, AH, AO, V, VE**	If you live in an SFHA and have a Federally-backed mortgage, your lender requires flood insurance	In high-risk areas, there is at least a 1-in-4 chance of flooding during a 30-year mortgage

Floodplain Management

Floodplain management is a community-based effort to prevent or reduce the risk of current and future flooding, resulting in a more resilient community. Multiple stakeholders with a stake in protecting their communities from flooding carry out floodplain management functions including zoning, building codes, enforcement, education and other tasks. While FEMA has minimum floodplain management standards for communities participating in the NFIP, adopting higher standards will lead to safer, stronger, more resilient communities.

FEMA's Floodplain Management Division provides tools and resources to help communities navigate NFIP requirements and implement higher standards of floodplain management.

State and Federal agencies, local communities and property owners have a role in reducing flood risk and helping communities become more resilient. From states providing strong model ordinances, to communities adopting and enforcing higher-standard building practices, to property owners elevating their homes, everyone can play a part in making communities safer and more resistant to flood disasters.

More Information About Floodplain Management on FEMA.gov

Floodplain Management 101
www.fema.gov/floodplain-management

Community Status Book
www.fema.gov/national-flood-insurance-program-community-status-book

Community Rating System
www.fema.gov/national-flood-insurance-program-community-rating-system

Joining the NFIP is an important step toward reducing a community's risk of flooding and making a speedier, more sustained recovery possible should flooding occur. It also allows property owners within a participating community to purchase NFIP flood insurance and receive disaster assistance for flood-related damage. Participation is voluntary and more than 22,000 communities have already agreed to adopt and enforce floodplain management ordinances that provide flood-loss reduction building standards for new and existing development.

Participating counties, municipalities, and tribal nations can become stronger and more resilient by taking the following actions:

- Adopting and enforcing higher floodplain management standards than NFIP minimum requirements (e.g., higher freeboard, lower substantial damage ratios)
- Maintaining rigorous enforcement of those standards
- Promoting open space through property buyouts and community planning
- Encouraging responsible building practices

Communities can adopt higher standards at any time. The map adoption process near the end of a new FIRM study process is a good opportunity to improve those standards. With higher standards, a community can expect faster recovery from flooding events; lower impact to other properties and communities; and reduced financial and physical effects on individual property owners. In addition, if communities build higher and actively participate in the Community Rating System (CRS) their home and business owners can benefit from reduced flood insurance premiums.

The CRS encourages communities to establish sound programs that recognize and promote floodplain management activities that exceed the minimum NFIP requirements. By conducting mitigation and outreach activities that increase safety and resilience, communities can earn credits and discounts (up to 45 percent) on flood insurance premiums for property owners.

Incentivizing Risk Reduction through Grants and Premium Discounts

FEMA manages three programs to help communities and individuals manage their flood risk.

Flood Mitigation Assistance (FMA) grant program, authorized by the National Flood Insurance Act. This program, designed to reduce or eliminate flood insurance claims, provides funding to state, local, tribal, and territorial communities for projects that reduce or eliminate long-term risk of flood damage to structures insured under the NFIP. Typical projects may include acquisition of repetitive loss properties, elevation of buildings, and neighborhood-scale flood defense investment.

Generally, local communities will sponsor applications on behalf of homeowners and then submit the applications to their state. A state, U.S. Territory, or Federally-recognized tribe must submit the grant application to FEMA.

Pre-Disaster Mitigation Grant Program (PDM), authorized by Section 203 of the Robert T. Stafford Disaster Relief and Emergency Assistance Act, assists states, U.S. Territories, Federally-recognized tribes, and local communities in implementing a sustained pre-disaster natural hazard mitigation program. The goal is to reduce overall risk to the population and structures from future hazard events, while also reducing reliance on Federal funding in future disasters. This program awards planning and project grants, and provides opportunities for raising public awareness about reducing future losses before disaster strikes. Mitigation planning is a key process used to break the cycle of disaster damage, reconstruction, and repeated damage. Annual Congressional appropriations fund these grants and FEMA awards them on a nationally competitive basis.

Flood Resource

FEMA Data Visualization Tools
www.fema.gov/data-visualization

FEMA developed the Flood Risk Visualization Tool to help community officials better understand historical flood risk and potential flood related costs. The tool analyzes the cost of flooding by providing a comparison of the average NFIP claims payment to the average Individuals and Households Program (IHP) or FEMA grants, including mitigation grants, for each state.

All 50 States, the District of Columbia, Federally-recognized Native American Tribal governments, American Samoa, Guam, Northern Mariana Islands, Puerto Rico and the U.S. Virgin Islands may apply.

PDM grants fund mitigation plans and eligible projects that reduce or eliminate long-term risk to people and property from natural disasters. Examples of these grants include, but are not limited to, buy-outs of flood-prone homes, elevating flood-prone buildings, earthquake hardening, and tornado and high-wind safe rooms.

Hazard Mitigation Grant Program (HMGP) helps communities implement hazard mitigation measures following a Presidential major disaster declaration. Hazard mitigation is any action taken to reduce or eliminate long-term risk to people and property from natural hazards. Mitigation planning is a key process used to breaking the cycle of disaster damage, reconstruction, and repeated damage. Section 404 of the Robert T. Stafford Disaster Relief and Emergency Assistance Act authorizes these grants.

HMGP funds projects that reduce or eliminate the losses from future disasters. Projects must protect public or private property and provide a long-term solution to a problem. The grants are for projects to protect public or private property or to purchase property that experienced a flood or is in danger of repetitive damage. Examples include acquisition of real property for willing sellers; demolition or relocation of buildings to convert the property to open space use; retrofitting structures and facilities to minimize damages from high winds, earthquake, flood, wildfire, or other natural hazards; elevation of flood prone structures; development and initial implementation of vegetative management programs; minor flood control projects that do not duplicate the flood prevention activities of other Federal agencies; localized flood control projects, such as certain ring levees and floodwall systems that are designed specifically to protect critical facilities; and post-disaster building code related activities that support building code officials during the reconstruction process.

Limited funding is available for the Hazard Mitigation Grant Program (HMGP) under a presidential disaster declaration. The program may provide a state with up to 15 percent of the total disaster grants awarded by FEMA. States that meet higher mitigation planning criteria may qualify for a higher percentage under the Disaster Mitigation Act of 2000. FEMA can fund up to 75 percent of the eligible costs of each project. The state or grantee must provide a 25 percent match, which can be fashioned from a combination of cash and in-kind sources. Recipients may not use funding from other Federal sources for the 25 percent share with one exception. Recipients may use funding provided to states under the Community Development Block Grant program from the Department of Housing and Urban Development to meet the non-federal share requirement.

Flood Facts

1

FEMA studies show that structures built to NFIP standards experience 73 percent less damage than structures not built to these standards; as a result, the standards reduce flood losses nationwide by $1.9 billion per year.

2

An important distinction to remember about PDM is that it is a pre-disaster mitigation program. An annual competitive process awards grants to applicants based on available funding and hazard risk – not on disaster activity.

3

NFIP premiums pay 100 percent of Flood Mitigation Assistance grants. FEMA administers these grants, but the program criteria are different from the other two grant programs.

4

An important distinction to remember about HMGP is that it is a post-disaster mitigation program. Funds only flow following a Presidentially-declared major disaster.

5

To date, the NFIP has paid over $2.3 billion in claims since its creation in 1968.

Flood Insurance

The NFIP makes flood insurance available for homeowners, renters, business owners, and community associations. There are approximately 5 million policyholders in more than 22,000 NFIP-participating communities, including federally-recognized tribes, in all 50 states and six territories. By law, FEMA can only provide flood insurance to those communities that adopt and enforce floodplain management regulations that meet or exceed minimum NFIP requirements.

For decades, the national response to flood disasters was generally limited to constructing flood-control works such as dams, levees, seawalls, and the like, and providing disaster relief to flood victims. This approach, however, did not reduce losses, nor did it discourage unwise development. In some instances, it may have actually encouraged additional development. To compound the problem, due to its high risk and seasonal nature of flooding, insurance companies were not able to provide affordable flood insurance coverage and stopped providing that coverage throughout the middle of the 20th Century.

In light of mounting flood losses and escalating costs of disaster relief to the taxpayers, the U.S. Congress in 1968 created the NFIP. The intent was to reduce future flood damage through community floodplain management and provide protection for property owners against potential losses through an insurance mechanism.

The NFIP collects premiums and uses them to pay for losses and the administrative and operating expenses of the flood insurance program. In addition, the NFIP can borrow from the U.S. Treasury should losses exceed the amount of cash on hand. The NFIP must repay any borrowings and the interest associated with borrowing.

WYO Program (WYO)

A critical partner is the more than 70 private insurance companies that participate in the NFIP's WYO Program. The WYO Program began in 1983. It is a cooperative undertaking between the private insurance industry and FEMA.

The WYO Program allows participating insurance companies to sell and service the Standard Flood Insurance Policy in their own names. The companies receive an expense allowance for policies written and claims processed while the Federal Government retains responsibility for underwriting losses. The WYO Program operates as part of the NFIP and is subject to its rules and requirements.

FEMA

Questions and Answers
National Flood Insurance Program

Flood Resource

Learn more about FEMA's recent efforts to become more financially sustainable through the purchase of Reinsurance on the FEMA website: ***www.fema.gov/nfip-reinsurance-program***

Did you know?

FEMA also writes and services policies outside the WYO program through the NFIP Direct. NFIP flood insurance is sold through independent (non-captive) agents, as well as captive agents, including independent agents who sell flood insurance outside of the NFIP.

If a policyholder did not purchase flood insurance through a WYO, they may have purchased it directly through FEMA. Contact the NFIP Flood Service Center at 1-800-638-6620.

Flood Resource

The NFIP provides FREE online and in-person training to insurance agents, adjusters and others.

For information on online training for claims adjusters available 24/7, click here: ***www.fema.gov/claims-adjuster-presentations-and-online-courses***

Find more information on online training for agents available 24/7 here: ***www.fema.gov/agent-training***

The goals of the WYO Program are to:

- Increase the NFIP policy base and the geographic distribution of policies.
- Improve service to NFIP policyholders through the infusion of insurance industry knowledge.
- Provide the insurance industry with direct operating experience with flood insurance.

Many WYO companies contract with private companies that provide varying degrees of flood insurance operations support.

However, FEMA determines the rates and coverage available under the NFIP, so there is no difference in what is offered by the WYO Companies and NFIP Direct.

State's Role in WYO Oversight

As established by the U.S. Congress, the sale of flood insurance is subject to NFIP rules and requirements. FEMA has elected to have state-licensed insurance companies' agents and brokers sell flood insurance to consumers. State regulators hold the insurance companies' agents and brokers accountable for providing NFIP customers with the same standards and level of service that the states require of them in selling their other lines of insurance. When issues arise with the sale of flood insurance, although the NFIP requirements must be adhered to, the actions of the insurance agents during the procurement of the policy is regulated by the state.

States must license and regulate the private insurance companies participating in the WYO Program to engage in the business of property insurance in those states in which they wish to sell flood insurance.

Flood Resource

The Standard Flood Insurance Policy (SFIP) defines flood as:

- A general and temporary condition of partial or complete inundation of two or more acres of normally dry land area, or
- An overflow of inland or tidal waters, from unusual and rapid accumulation or runoff of surface waters from any source, or from mudflow on two or more properties, at least one of which is the policyholder's property.

Standard Flood Insurance Policy (SFIP)

The Standard Flood Insurance Policy (SFIP), issued by FEMA, specifies the terms and conditions of the agreement of insurance between the insurer and the policyholder.

To be eligible for flood insurance, a structure must:

- Have at least two solid walls and a roof, and
- Be principally above ground, and not entirely over water. This includes manufactured (i.e., mobile) homes that are anchored to permanent foundations and travel trailers without wheels that are anchored to permanent foundations and are regulated under the community's floodplain management and building ordinances or laws.

Contents of eligible walled and roofed buildings are insurable under the policy as separate coverage.

Properties Not Covered

Buildings entirely over water or principally below ground, gas and liquid storage tanks, animals, birds, fish, aircraft, wharves, piers, bulkheads, growing crops, shrubbery, land, livestock, roads, machinery or equipment in the open, and generally motor vehicles are not insurable. Most contents and finishing areas of basements are not covered. Similarly, this coverage limitation applies to enclosures below the lowest elevated floor of an elevated building constructed after the FIRM became effective.

Three Basic Forms

The Standard Flood Insurance Policy Dwelling Form insures one-to-four-family residential buildings and single-family dwelling units in a condominium building. The General Property Form insures five-or-more-family residential buildings and non-residential buildings. The Residential Condominium Building Association Policy (RCBAP) Form insures residential condominium association buildings.

While the three forms are similar, they do contain some important differences. For example, the General Property Form does not provide coverage for contents in any building other than the insured building. The Dwelling Form has a replacement cost provision in it that requires a building to not only be the principal residence of a named insured, but be insured at least 80 percent of its full replacement value. The RCBAP contains a coinsurance clause, which provides for a pro-rata

Flood Resource

Some important distinctions to know about flood insurance:

1. A Standard Flood Insurance Policy is a single-peril (flood) policy that pays for direct physical damage to insured property up to the replacement cost or Actual Cash Value (ACV) of the actual damages or the policy limit of liability, whichever is less.
2. Insureds must purchase contents coverage separately.
3. It is not a valued policy. A valued policy pays the limit of liability in the event of a total loss. For example, a fire destroys a home and it costs $150,000 to rebuild it. If a homeowner's insurance policy is a valued policy with a $200,000 limit of liability on the building, the claimant would receive $200,000. Flood insurance pays the replacement cost or ACV of actual damages, up to the policy limit.
4. It is not a guaranteed replacement cost policy. A guaranteed replacement cost policy pays the cost to rebuild your home regardless of the limit of liability. For example, a fire destroys a home and it costs $200,000 to rebuild it. If a homeowner's insurance policy is a guaranteed replacement cost policy with a $150,000 limit of liability on the building, the claimant would receive $200,000. Flood insurance does not pay more than the policy limit.

reduction in the building claim payment if the owner does not insure the building to 80 percent of its full replacement value.

Two Types of Flood Insurance Coverage

The NFIP SFIP offers coverage for:

- Building Property
- Personal Property (Contents)

The NFIP encourages property owners to purchase both types of coverage. Lenders may require a certain amount of flood insurance coverage.

Coverages and Exclusions

A flood insurance policy covers physical damage to an insured building or personal property "directly" caused by a flood. For example, the policy covers damages caused by a sewer backup if the backup is a direct result of flooding. If some other problem causes the backup, the policy does not cover the damages. For information on flood insurance coverage limitations in areas below the lowest elevated floor and in basements, see page 3 of the Summary of Coverage.

What is insured under* Building Property *coverage

- The insured building and its foundation
- The electrical and plumbing systems
- Central air-conditioning equipment, furnaces, and water heaters
- Refrigerators, cooking stoves, and built-in appliances such as dishwashers
- Permanently installed carpeting over an unfinished floor.
- Permanently installed paneling, wallboard, bookcases, and cabinets
- Window blinds
- Detached garages in the Dwelling Form only (up to 10 percent of Building Property coverage)
- Debris removal
- Other items as stated in the SFIP Sec III.A.7.-8

What is insured under* Personal Property *coverage

- Personal belongings such as clothing, furniture, and electronic equipment
- Curtains
- Portable and window air conditioners
- Portable microwave ovens and portable dishwashers
- Carpets not included in building coverage (see above)
- Clothes washers and dryers
- Food freezers and the food in them
- Certain valuable items such as artwork and furs (up to $2,500)

What is not insured under either Building Property or Personal Property coverage

- Damage caused by moisture, mildew, or mold that the property owner could have avoided
- Currency, precious metals, and valuable papers such as stock certificates
- Property and belongings outside of a building such as trees, plants, wells, septic systems, walks, decks, patios, fences, seawalls, hot tubs, and swimming pools
- Living expenses such as temporary housing
- Financial losses caused by business interruption or loss of use of insured property
- Most self-propelled vehicles such as cars, including their parts

Links to More Information

The National Flood Insurance Program
www.fema.gov/national-flood-insurance-program

Coming Home After A Flood
www.fema.gov/media-library/assets/images/114335

How To File a Flood Insurance Claim
www.fema.gov/nfip-file-your-claim

Buying Flood Insurance

Insurance agents and brokers sell NFIP flood insurance policies. They may place coverage with various WYO Companies or with the NFIP Direct. There is no difference in coverage with whoever the coverage is placed, since the product is regulated by FEMA.

Property owners should contact a licensed property and casualty insurance agent that offers flood insurance through the NFIP to obtain a quote. Independent agents and brokers interested in selling flood insurance should contact the NFIP Direct to complete an application for flood insurance.

Who Must Buy Flood Insurance? (Mandatory Purchase)

Simply speaking, a property owner who has property in the SFHA and has a loan/mortgage from a Federally-regulated or insured lender is required to purchase flood insurance.

The Flood Disaster Protection Act of 1973, as amended, requires Federally-regulated or insured lenders to mandate the purchase of flood insurance as a condition of any loan on a property located in a SFHA. The building owner must maintain insurance for the life of the loan. At minimum, the insurance must cover the:

- Outstanding principle balance of the loan,
- Maximum amount of coverage available under the NFIP for that particular type of building, or
- Full insurable value of the building and its contents.

If during the life of the loan, FEMA revises its flood maps and a building is newly mapped into the SFHA, upon discovery, the lender must notify the property owner of the requirement to purchase flood insurance.

If a borrower fails to purchase flood insurance within 45 days of being notified by the lender, a policy may be purchased by the lender on behalf of the borrower, or force-placed, until the borrower purchases their own policy. Once evidence of flood insurance is presented to the lender, their force-placed policy can be terminated.

FEMA has no statutory authority to mandate the purchase of flood insurance, nor any regulatory authority over lenders. The regulation of lenders is the responsibility of various Federal agencies. If a borrower has tried to resolve an issue directly with their lender and continues to require further assistance, the Federal regulator for the lender can be contacted. Information to assist your constituents in contacting the appropriate Federal regulator is available online at: *www.ffiec.gov/consumercenter/default.aspx*.

Waiting Period

Generally, NFIP flood insurance policies become effective 30 days from purchase. NFIP agents do not have any authority to bind coverage. A 30-day waiting period applies to all new policies, including increases in the amount of coverage. The waiting period prevents people from purchasing flood insurance right before they know flooding is imminent. However, there are several exceptions to the 30-day waiting period.

No Waiting Period:

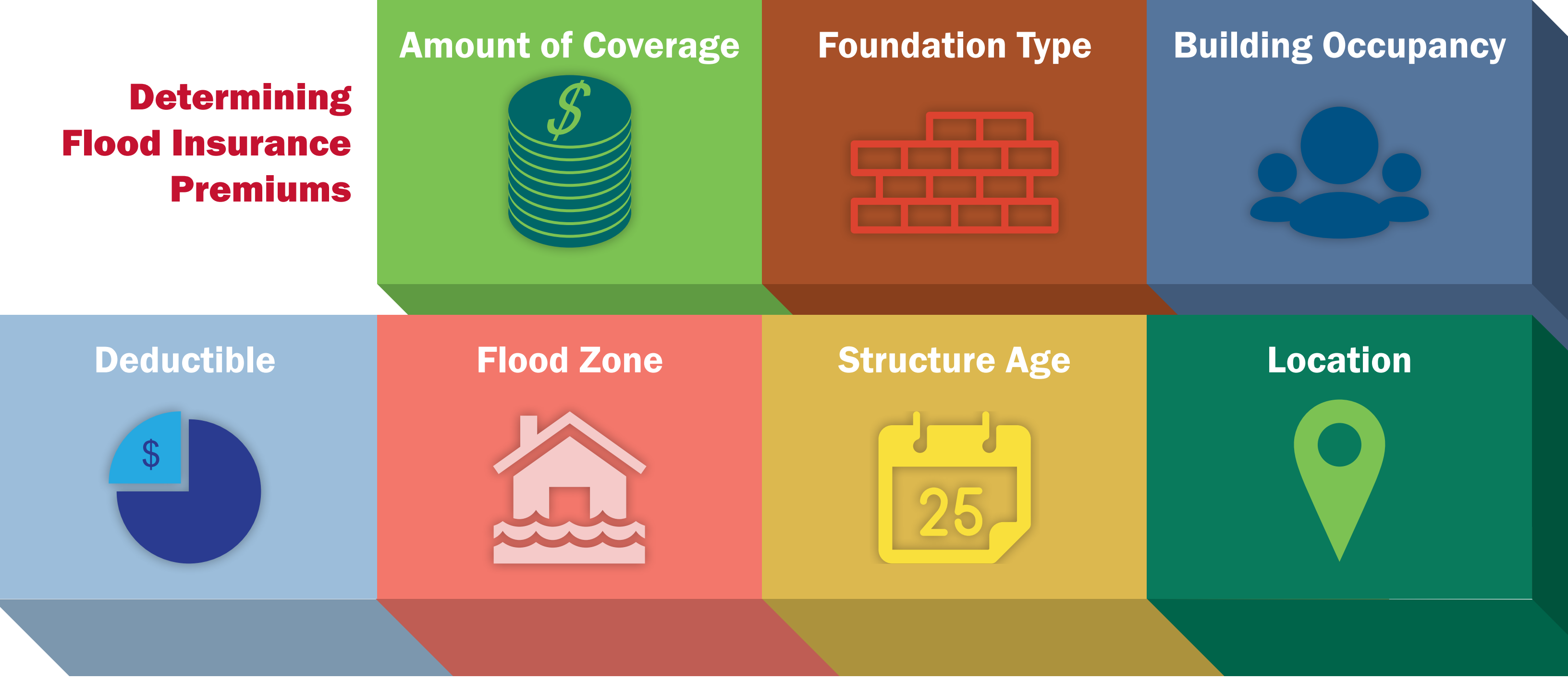
- When the initial purchase of flood insurance is in connection with the making, increasing, extension, or renewal of a mortgage loan.
- When a policy is purchased for a property that has been affected by flooding from Federal land that was caused by post-wildfire conditions.

1-Day Waiting Period:

When the initial purchase of flood insurance for a building newly mapped into a SFHA is done so within the 13-month period from the effective date of a FIRM revision.

Flood Resource

Discover how FEMA calculates risk with the NFIP Actuarial Rate Review, available in the FEMA media library: *www.fema.gov/media-library/assets/documents/23143*.



NFIP Premiums

The Biggert-Waters Flood Insurance Reform Act of 2012 (BW-12) required FEMA to eliminate certain subsides and it set limits on the amount by which rates may increase. The Homeowner Flood Insurance Affordability Act of 2014 repealed some of the provisions in BW-12 and included new provisions that slowed down the phase-outs of subsidies and discounts. The goal of both pieces of legislation was to ensure long-term financial stability of the program by moving toward a more risk-based rating system for premium calculations.

A number of factors are taken into consideration when determining the premium for flood insurance. They include the amount of coverage, deductible, flood zone, location, age of the building, building occupancy type, and foundation type. For buildings in SFHAs built after FEMA issued the first FIRM for the community (Post-FIRM), the elevation of the building in relation to the Base Flood Elevation (BFE) is also a factor in determining the premium.

Discounted Rates and Grandfathering

Congress, in establishing the NFIP, created discounts to help lessen the potential high-cost of flood insurance. FEMA defines a discounted policy as one that does not pay a rate that reflects the true risk of flood to that property. Many homes are rated with discounted flood insurance premiums, including those eligible under the grandfather option. Policyholders can continue to take advantage of the discounted rates by maintaining their flood insurance coverage and complying with the FIRM that was in effect when their building was constructed.

Following catastrophic losses in hurricanes Katrina and Rita, the NFIP borrowed $17 billion from the U.S. Treasury to pay claims from those two events. Further borrowing became necessary following Superstorm Sandy losses in 2012 and the twin flood events in Louisiana and Hurricane Matthew in 2016.

Preferred Risk Policy (PRP)

The Preferred Risk Policy offers low-cost coverage to owners and tenants of eligible buildings located in a B, C, X, AR or A99 flood zones on the effective date of a policy in NFIP Regular Program communities. However, a building's flood loss history determine its eligibility for the PRP. The loss history applies regardless of who owned the building at the time of the losses. At the time of the renewal offer, the effective flood map and loss history will be evaluated.

Increased Cost of Compliance (ICC)

Most NFIP policies include ICC coverage, which provides coverage up to $30,000 for the costs associated to bring a building in compliance with state or local floodplain management regulations. The activities eligible under ICC are floodproofing, relocating, elevating, or demolishing flood-damaged homes, or any combination of activities. If a community declares a home "substantially damaged" (usually 50% or more of the home's value) or "repetitively damaged" by a flood, the local community official will issue a letter of substantial damage to a property owner requiring the building be brought into compliance.

Links to More Information

Homeowner Flood Insurance Affordability Act of 2014
www.fema.gov/tl/media-library/resources-documents/collections/414

Biggert-Waters Flood Insurance Reform Act of 2012
www.fema.gov/media-library/assets/documents/31873?

Preferred Risk Policy for Homeowners and Renters
www.fema.gov/media-library/assets/documents/17576

The total amount of a building claim and ICC claim cannot exceed the maximum limit of building coverage available under the NFIP (such as $250,000 for a single-family home).

FEMA's Flood Insurance Advocate

The Office of the Flood Insurance Advocate (OFIA) is available to the public and staffed with experts in National Flood Insurance Program (NFIP) flood insurance, flood hazard mapping, floodplain management, and Hazard Mitigation Assistance (HMA) grants: the OFIA's four primary focus areas.

Flood Fact

The role of private flood insurance: Although the NFIP is the largest seller of flood insurance in the United States, private flood insurance is also available and market share is expanding. Private companies may sell flood insurance that competes with the NFIP, flood insurance that is above the coverage provided by NFIP polices, flood insurance as a covered peril on policies, or other insurance products. FEMA does not regulate private flood insurance offerings. Unlike the NFIP policy, like most other insurance products, private label flood insurance policies are subject to state regulation.

The Advocate works with existing resources across the organization to assist policyholders. Policyholders should first utilize the following resources:

- FEMA's NFIP webpage (***www.fema.gov/national-flood-insurance-program***) for a broad range of NFIP informational and guidance publications for policyholders and informational materials for Property Owners, Insurance agents, Claims Adjusters, Lenders, etc.
- Contact an insurance agent or NFIP insurer for information related to an existing flood insurance policy, flood insurance premium quotes, or guidance on how to obtain flood insurance.
- Map Information Exchange (1-877-336-2627 or ***https://msc.fema.gov/portal***) for information on Letters of Map Amendment (LOMA), Letters of Map Revision (LOMR), how to view or read a flood map, and understanding zone definitions.
- NFIP Help Center (1-800-427-4661) for general information about the NFIP or advice on how to obtain a property loss history report.
- Local planning, building inspections, or zoning offices for information on building permits and local regulations or ordinances governing development in Special Flood Hazard Areas, to obtain copies of flood maps, or copies of existing elevation certificates and elevation information.

Policyholders and property owners who are unable to get the necessary support they need after utilizing the existing resources above, may contact the OFIA for further assistance. The office works diligently to provide assistance to all inquirers, but must adhere to the applicable statutes and regulations that govern the NFIP. The OFIA staff provides education, guidance, and assistance to policyholders and property owners to develop a better understanding of the NFIP.

Policyholders may visit the OFIA's webpage at ***www.fema.gov/flood-insurance-reform-flood-insurance-advocate***, where questions and inquiries may be submitted via the "Ask A Question" link. An Advocate Representative will respond as soon as possible with additional information on how they will handle the questions or concerns.