



Flood Insurance and Mitigation

background

Joe Rossi, ANFI, CFM

- Flood Specialist- RogersGray Insurance
- Chair- Mass. Coastal Coalition
- Chair- Marshfield CRS Committee
- Chair- National Flood Association Legislative Committee
- Board Member- IIABA Flood Insurance Task Force
- Certified Floodplain Manager
- Associate in National Flood Insurance
- Degree in Architecture from Wentworth Institute of Technology



outline

- A national perspective
 - Legislative Landscape
 - Risk Rating 2.0
- Mitigation and insurance in our community
 - Rate increases
 - community resiliency
 - Solutions
- Elevation Certificates and Zone Determinations

MCC Overview

Who we are

- Formed in 2012 as a local stakeholder group.
- BW-12 and a local remapping in 2013 greatly changed mission and scope
- Board of Directors is made up of nine different areas of focus: Insurance, legal, lending, real estate and more
- Expanded to include membership, services, and other education and information related missions
- Milestones: Flood summit in 2016; Advisory Council of national members; State wide CRS implementation; H.E.L.P. program, and more!

Our Mission

The mission of the MCC is to educate, advocate, and inform professionals and stakeholders regionally and nationally, on flood hazards.

Our Goals

- Keep stakeholders informed of flood hazard issues that may affect their community, industry or organization
- To keep clear communication and form partnerships with committees, organizations and government entities to carry out our mission
- Represent our Coalition members at local/regional/national events, meetings, and other stakeholder events
- Present and distribute educational material relevant to our mission and goals to our stakeholders
- Provide educational opportunities and other benefits for our members



A National Perspective

legislative Landscape

Status as of today

- NFIP Recently extended to November 21st (11th short term extension)
- House and Senate have introduced conflicting bills.
- With two conflicting bills, there has not been a full vote of the US House or Senate on either bill. With a continuation of short term extensions, there appears to be a stalemate with no clear path forward.

House Bill

- 5 year reauthorization of the NFIP
- State revolving mitigation loan program
- Increase mapping and NFIP data available to the public
- Funds mitigation funding at \$2B annually
- Access to claims information for NFIP and private flood policies
- Repeal of HFIAA policy surcharges

Senate Bill

- Capping annual increases on flood policies at 9%
- Sets aside 10% of disaster assistance allocated to FEMA's Disaster Relief Fund (DRF) for mitigating the highest risk properties
- Temporarily freezes interest payments on the NFIP debt
- Caps Write Your Own (WYO) compensation at 22.46%.
- The Senate bill does not include private flood parity act language.

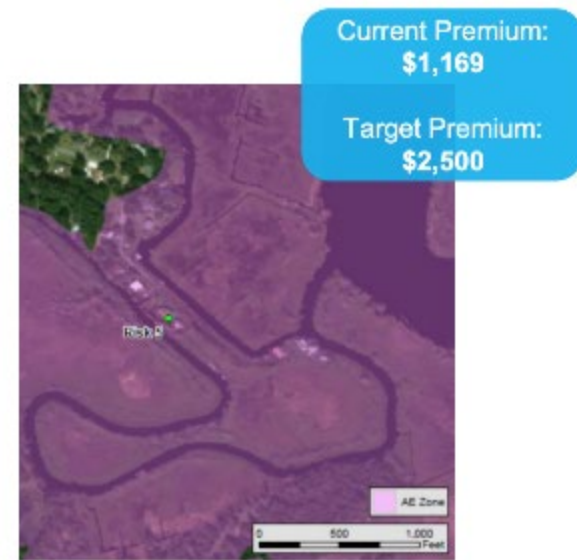
Risk Rating 2.0

Administrative Changes

- A total redesign of our rating structure- with a lot of uncertainty
- Delivering rates that are: Fair, clear and meet current industry standards
- No longer binary: graduated system that correlate with real world conditions
- Replacement costs. commercial catastrophe models. easily collected data



Low storm surge and inland flood risk



High storm surge and inland flood risk



Mitigation and Insurance in Our Community



community challenges

Status as of today

- How do I make myself and community more resilient?
- What financial resources are available to recover?
- Why is my flood insurance increasing/so expensive?

| TYPE OF BUILDING | PAYING IN AE (NFIP) | PAYING IN VE (NFIP) |
|----------------------------|---------------------|---------------------|
| Pre-FIRM primary residence | \$3,030 | \$6,697 |
| Pre-FIRM second home | \$8,173 | \$18,598 |
| Pre-FIRM SRL | \$8,650 | \$16,346 |

| TYPE OF BUILDING | PAYING IN AE (Private) | PAYING IN VE (Private) |
|----------------------------|------------------------|------------------------|
| Pre-FIRM primary residence | \$1,772 | \$4,560 |
| Pre-FIRM second home | \$1,772 | \$4,560 |
| Pre-FIRM SRL | No option | No option |

community resiliency

Flood City

- Flood City has a total of 10,000 buildings
- Flood City has a total of 1764 flood policies
- The total premium in force is \$2,130,979
- The total insurance in force is \$446,060,800
- Flood City has a population of about 20,000 citizens

Recovery



Resiliency

community resiliency

Disaster Assistance? (IA)

Average payout in Harvey: \$6,000

HMGP?

Limited funding after a storm

SBA?

Up to \$200,000 for primary home owners

Traditional Lending?

Traditional LTV requirements apply. 203K more flexible but still has lending restrictions

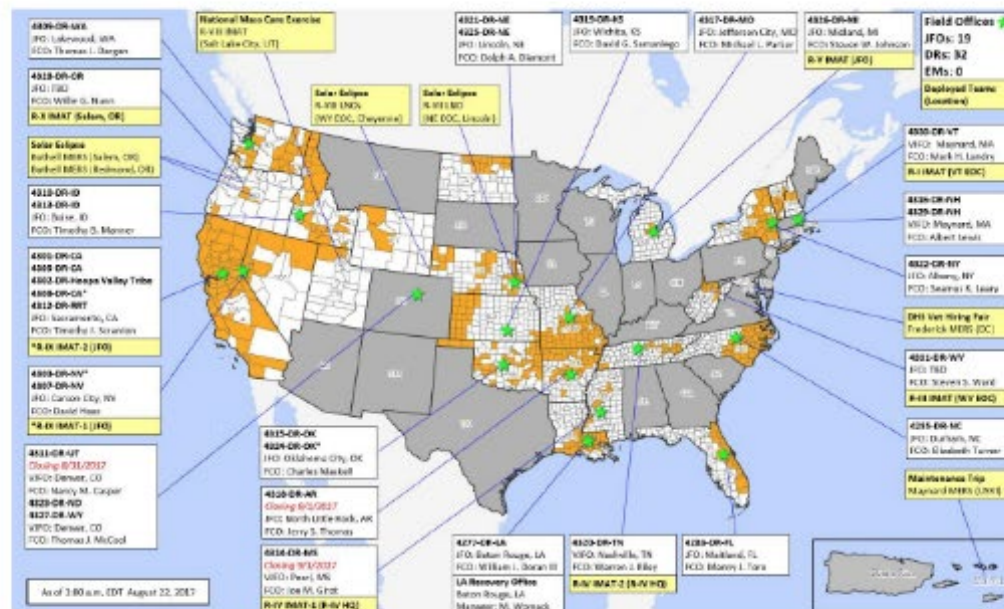
Flood Insurance

\$446,060,800 in force of insurance-guarantee to be available

community resiliency

Federally Supported, State Managed, and Locally Executed Readiness for Target States Moving Forward

Disasters costing \$41 M or less constitute **80% of declared disasters**



FEMA National Situational Report, Pre-Harvey (August 22, 2017)



Challenges, innovations, and "setting the course"

39,266 declared disasters- 54% did not include IA

community resiliency

Flood Insurance Affordability

- 26% of policyholders inside the SFHA are low income.
- 21% of policyholders outside the SFHA are low income.
- 51% of non-policyholders in the SFHA are low income.
- 41% of non-policyholders outside the SFHA are low income.

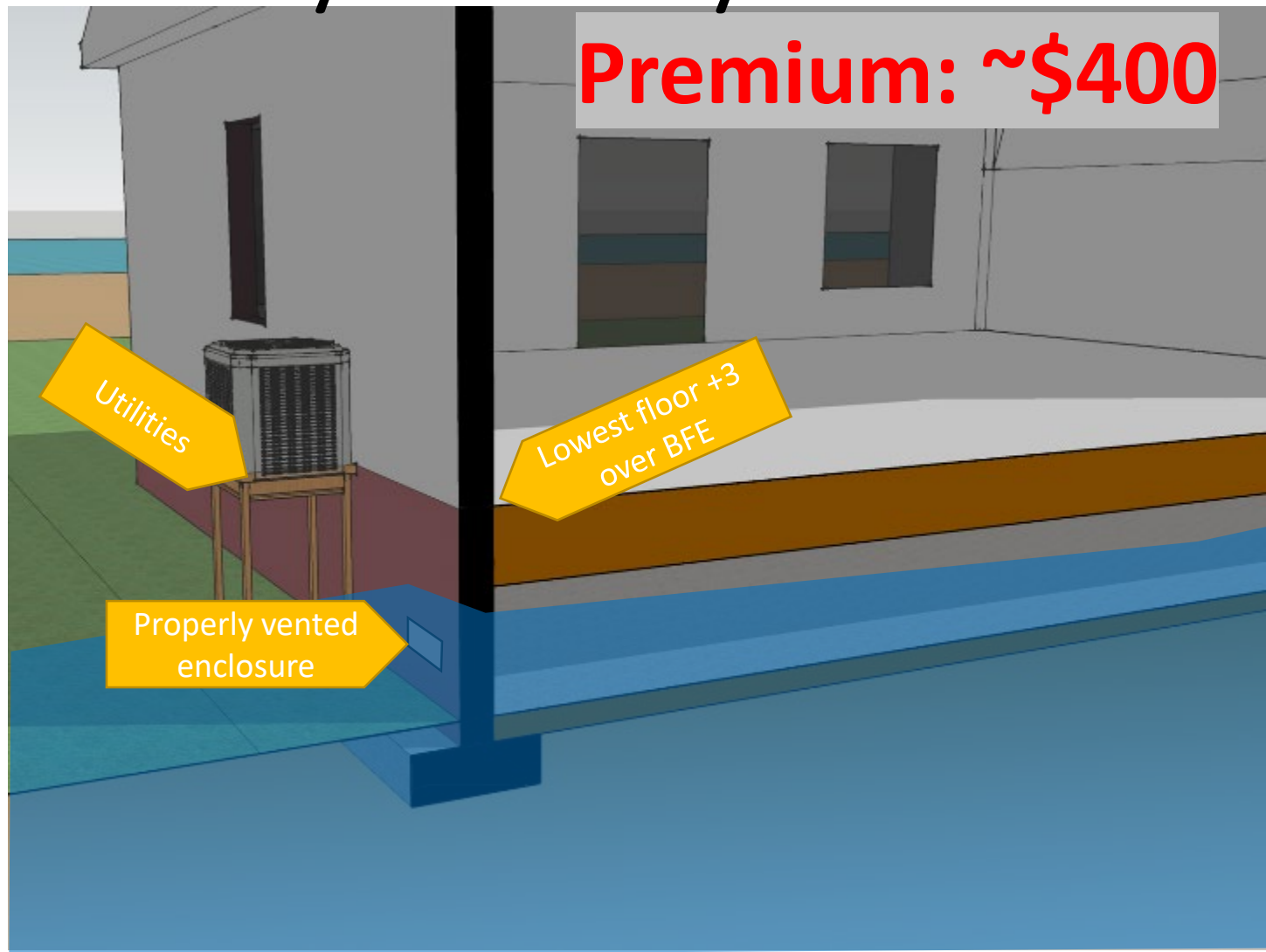
Annual Increases

- Pre-FIRM second homes, Pre-FIRM businesses and Pre-FIRM SRLs increase at 25% a year
- All Pre-FIRM structures have a mandatory annual increase of at least 5%
- All rate increases occur on April 1st
- Rate increases do not include fees and surcharges

community resiliency



community resiliency



community resiliency

Most Vulnerable Structures

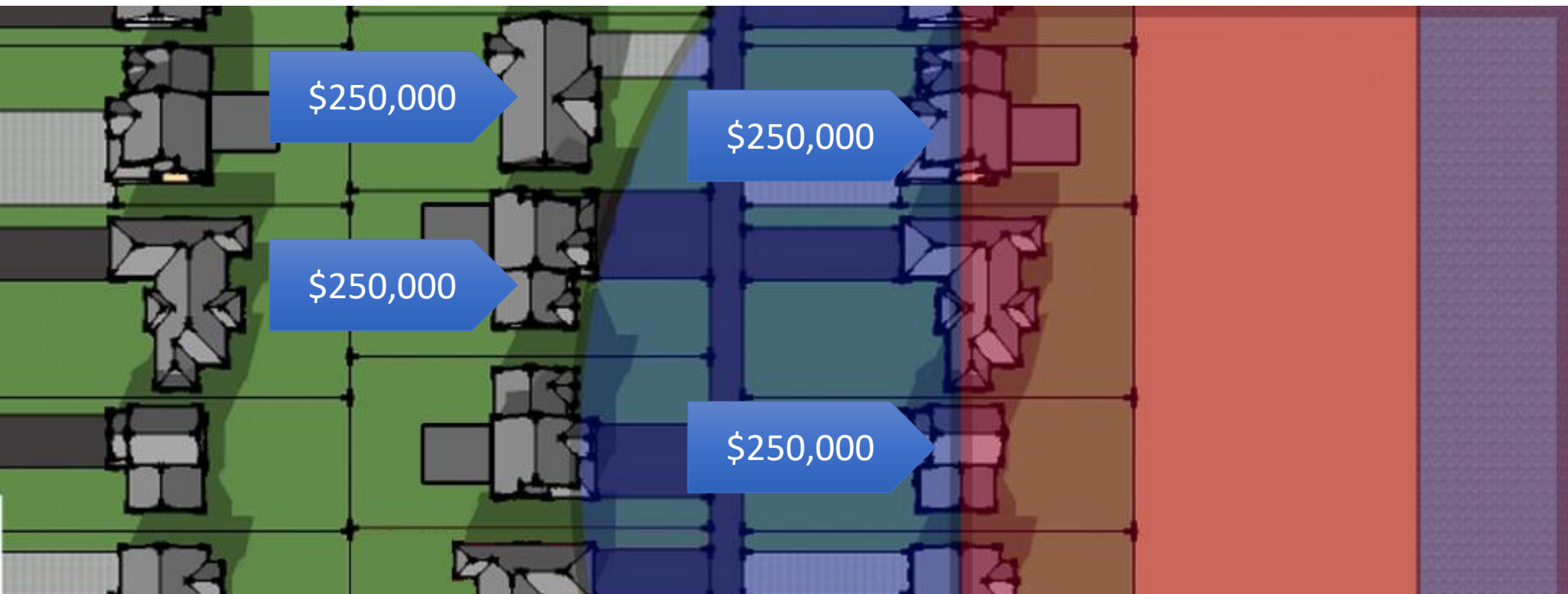
- 4.1 Million NFIP policies are single family dwellings (affordability study)
- Average flood insurance paid claim: \$43,000 (FEMA)
- FEMA estimates that 90% of all RLPs were built prior to December 31, 1974 (CRS)
- **What does this mean? Most vulnerable buildings are Pre-FIRM single family dwellings with small to medium size losses**
- Insurance Affordability = Better financial resiliency
- Mitigation that leads to affordability = Better financial resiliency
- Communication = Better financial resiliency

Flood Insurance = Better financial resiliency

community resiliency

Why Insurance Matters

- Why worry about 1 or 2 policies being sold?
- Single family building fully insured at \$250,000
- Every 4 policies sold = \$1,000,000 in more coverage for the community



finding solutions

Eder Case

- Severe Repetitive Loss building in a VE with Basement
- Grandfathered in the wrong zone- Rated in AE – always in VE
- \$4,600 premium → \$26,000 premium
- Old EC- agent said it wouldn't help
- Insured was unclear of why he was moving to the direct facility
- Elevation certificate shows -4 elevation
- \$26,000 premium → \$12,000 premium



Provide the following from the proper FIRM (See Instructions):

| 1. COMMUNITY NUMBER | 2. PANEL NUMBER | 3. SUFFIX | 4. DATE OF FIRM INDEX | 5. FIRM ZONE | 6. BASE FLOOD ELEVATION (in AO Zones, use depth) |
|---------------------|-----------------|-----------|-----------------------|--------------|--|
| 250 273 | 0003 | C | R 7/8/1986 | V2 & AO | 16' & 2' (4.4') |


7. Indicate the elevation datum system used on the FIRM for Base Flood Elevations (BFE): NGVD '29 Other (describe on back)
8. For Zones A or V, where no BFE is provided on the FIRM, and the community has established a BFE for this building site, indicate the community's BFE: feet NGVD (or other FIRM datum—see Section B, item 7).

SECTION C BUILDING ELEVATION INFORMATION

1. Using the Elevation Certificate Instructions, indicate the diagram number from the diagrams found on Pages 5 and 6 that best describes the subject building's reference level.
- 2(a). FIRM Zones A1-A30, AE, AH, and A (with BFE). The top of the reference level floor from the selected diagram is at an elevation of _____ feet NGVD (or other FIRM datum—see Section B, item 7).
- 2(b). FIRM Zones V1-V30, VE, and V (with BFE). The bottom of the lowest horizontal structural member of the reference level from the selected diagram, is at an elevation of 12.3 feet NGVD (or other FIRM datum—see Section B, item 7).

finding solutions

Yacht Club Case

- Yacht club right on the water on Cape Cod
- Rated in AE zone, but was always in a VE zone
- Rated with a basement- building has a walk out
- AE premium \$22,000  VE premium \$70,000
- Lender involved, Pre-FIRM penalty applies
- Benefit was too great (for insured) = private policy was put in place
- Waivers, disclosures and email confirming were all required

| | |
|---------------------------------------|-------------|
| ANNUAL SUBTOTAL: | \$18,978.00 |
| INCREASED COST OF COMPLIANCE: | \$65.00 |
| COMMUNITY RATING DISCOUNT: 0% | \$0.00 |
| RESERVE FUND ASSESSMENT: 15.0% | \$2,856.00 |
| PROBATION SURCHARGE: | \$0.00 |
| ANNUAL PREMIUM: | \$21,899.00 |
| HFIAA SURCHARGE: | \$250.00 |
| FEDERAL POLICY SERVICE FEE: | \$50.00 |
| TOTAL: | \$22,199.00 |



Policy Period Cost of Coverage:

| | |
|--------------------------------|-------------|
| Premium | \$13,203.00 |
| Policy Fee | \$150.00 |
| Broker Policy Fee | \$0.00 |
| Massachusetts State Tax | \$528.12 |
| Total | \$13,881.12 |



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KNOW FLOOD SUITE OF SERVICES

The Massachusetts Coastal Coalition's Know Flood suite of services brings flood risk information to your fingertips. These services are designed to meet the needs of realtors, lenders, policy holders and residential and commercial applications where flood information can affect everyday life.

Note: By clicking on one of our services below, you will be taken away from the MCC website and to a MCC/MassiveCert website.

"KNOW FLOOD INSURANCE" INFORMATION

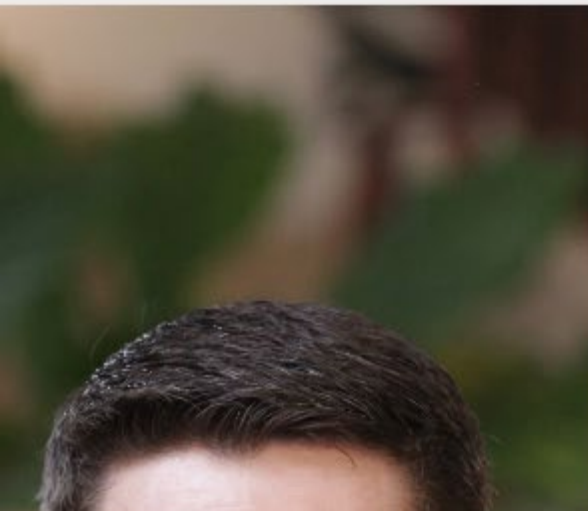
Flood Insurance Service Center

Have a question about flood insurance? You've come to the right place. The MCC knows the value of understanding flood insurance. Over the years, we have fielded thousands of inquiries on questions about flood insurance and realize there is no single place for stakeholders to get simple, easy answers for flood insurance questions.

That's why the MCC is proud to present our flood insurance service center, run by MCC flood expert Art McKinney. Art will do his best to answer broad and specific flood insurance questions, or help point you in the right direction.

Simply fill out the form below, attach any helpful documents and we will get back to you during our posted hours of operation.

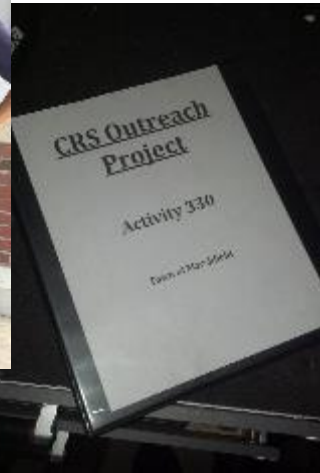
HOURS OF OPERATION: Tuesdays 6pm-8pm, Thursdays 7pm-9pm



finding solutions

CRS

- Implementation in the community of Marshfield (Full CRS implementation)
- 2019 CRS Symposium on the North Shore
- Start up of two CRS user groups in January (North and South Shore)
- Focus on flood insurance purchase, public outreach and community resiliency



finding solutions

H.E.L.P.

- full life cycle hazard mitigation service offering leveraging public and philanthropic funds with a current focus on the federal Flood Mitigation Assistance (FMA) and Hazard Mitigation Grant Program (HMGP).
- Individuals can apply with no pre award costs
- Completing the grant application on behalf of the local government
- Support individual homeowner's navigation the implementation process, All pre award community meetings and pre application screening is included.



Elevation Certificates and Zone Determinations

zone determination

Making Determinations

- NEVER make a determination on a structure
- Use the tools available to supply information to your customer
- Different lenders, potentially different determinations



Conflicting Determinations

AE



Agent- X zone rates

Lender- A zone rates

zone determination

Who makes the determination?

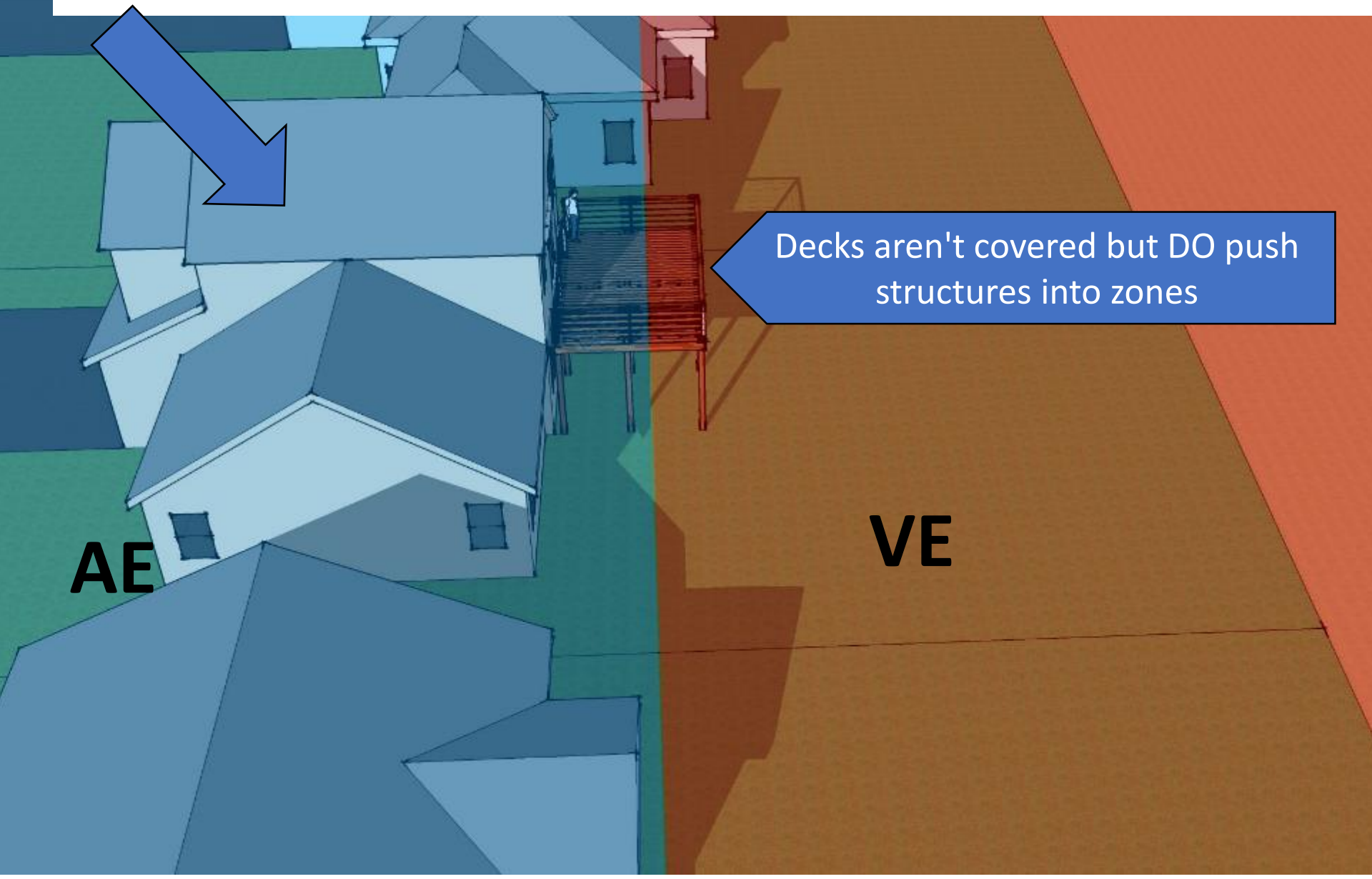
- FEMA?
 - Lender?
 - Real estate professional?
 - Community official?
-
- Zone determination company
 - Elevation certificate

zone determination

What happens when determination conflict?

- Non regulatory paths
- Regulatory paths:
 - Letter of Map Amendment- officially removes a structure from the flood zone
 - Letter of Determination Review- Review of determination by FEMA. Must be requested by both lender and borrower

What zone will the bank MOST LIKELY determine this structure to be in



Decks aren't covered but DO push structures into zones

AE

VE

Pre-firm vs post-firm



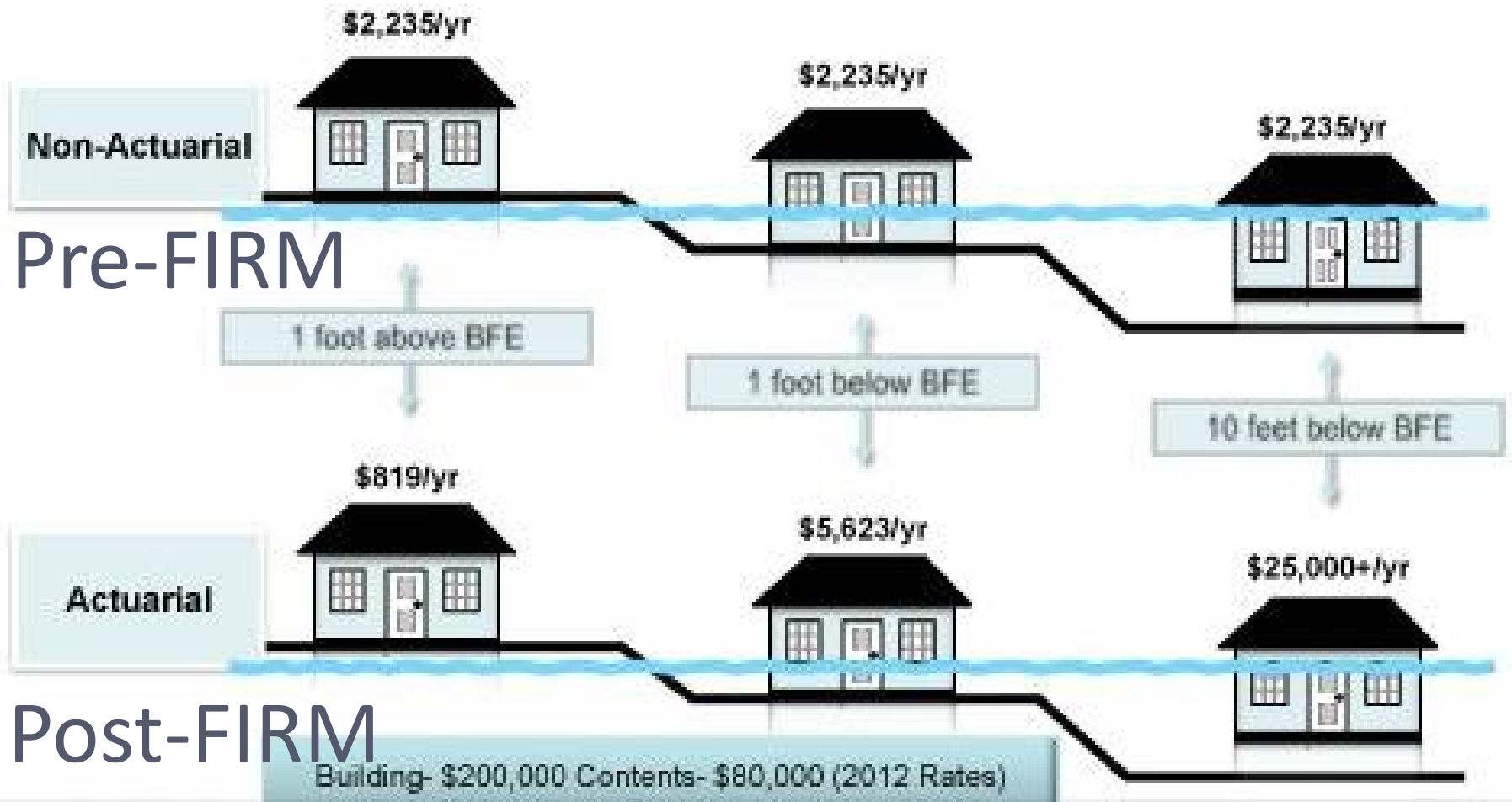
EC not required

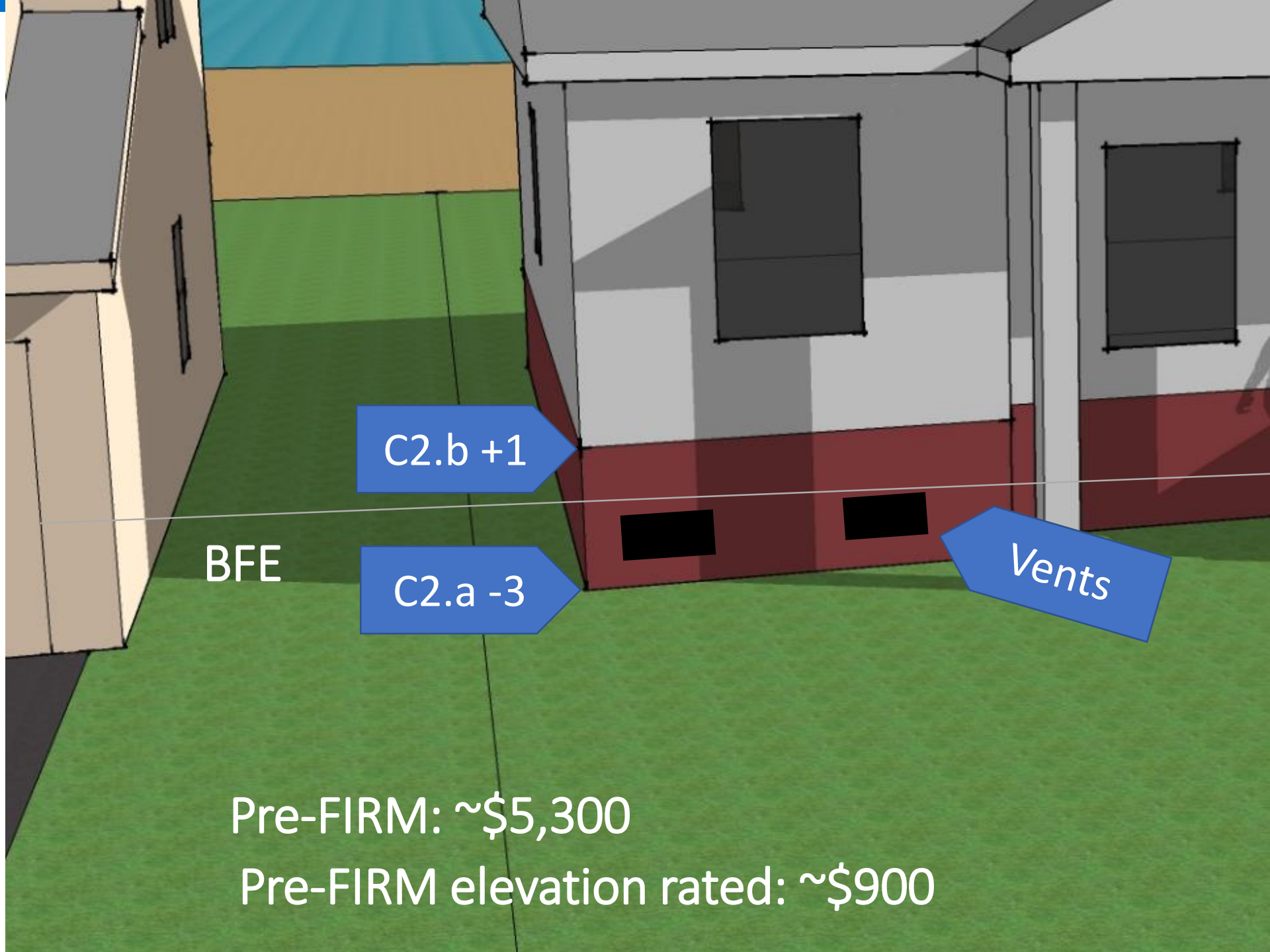
EC required

EXAMPLE: Marshfield Pre-FIRM date- October 14th, 1977

Elevation rating

Rate comparisons





C2.b +1

BFE

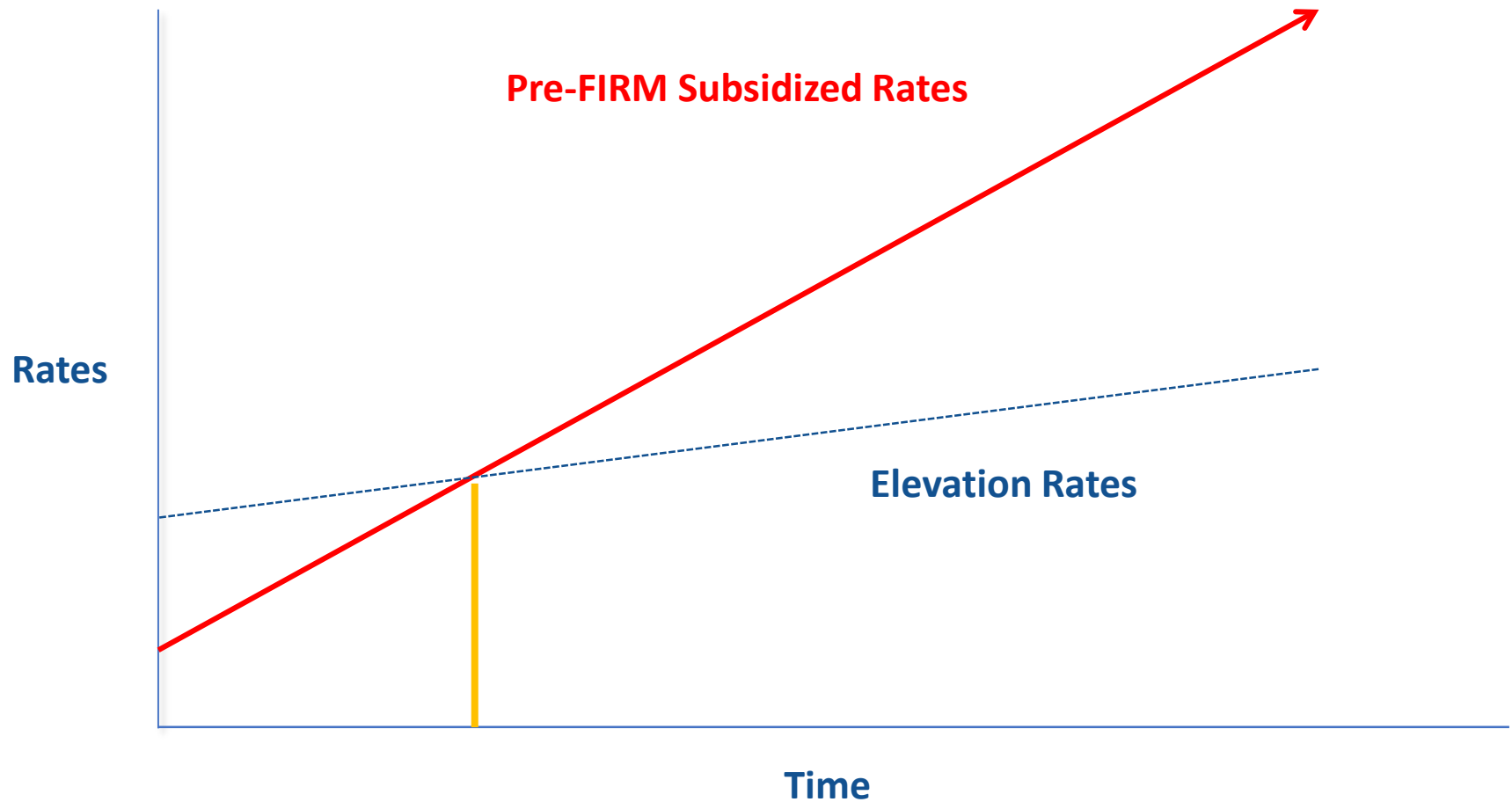
C2.a -3

Vents

Pre-FIRM: ~\$5,300

Pre-FIRM elevation rated: ~\$900

Elevation rating



CRS user groups

- One for north shore and south shore
 - User groups in spring (Between January and March)
 - Training will be announced soon (possibly SI/SD training)
 - For those currently in, or interested in becoming, a CRS community
 - To sign up, contact us
-



contact

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