The background of the slide is a deep blue with a stylized, light blue and green coral reef pattern on the left side. The coral is depicted with various shapes, including branching and rounded forms, and is surrounded by small white circles representing bubbles.

# Changes to the National Flood Insurance Program: Information, Implications and Lessons

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With thanks for slides and information to:  
Sam Medlock, Association of State Floodplain Managers,

# Outline

- NFIP background
- BW12
- Proposed changes to BW12 in Congress
- Lessons to learn from BW12
- Discussion



# Floodplains 101

- **EVERYONE LIVES IN A FLOODZONE!**

*You don't have to live near a body of water or a coast or on low ground to be at risk for flooding.*

- **NATURE does not read the flood maps.**

*Many people do not understand just how risky the floodplain can be. There is a greater than 25% chance that a home in the SFHA will be flooded during a 30-year mortgage. The chance that a major fire will occur during the same period is less than 5%.*

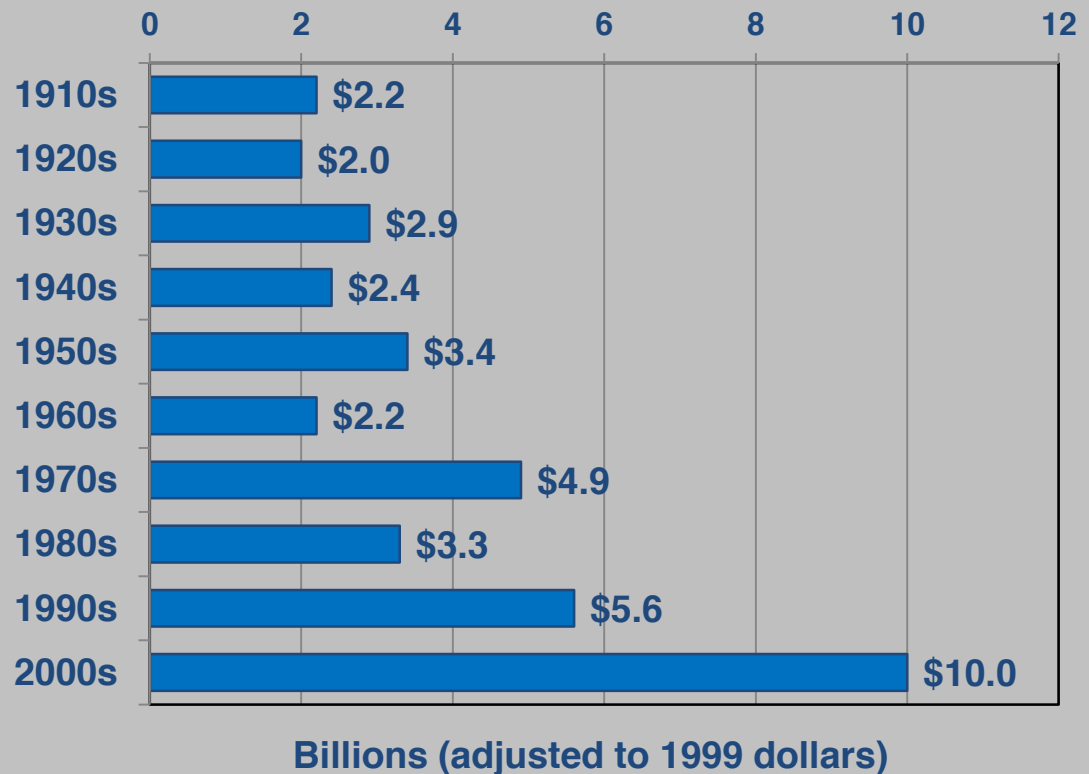


# Average Annual Flood Losses

Slide courtesy of Sam Medlock, ASFPM

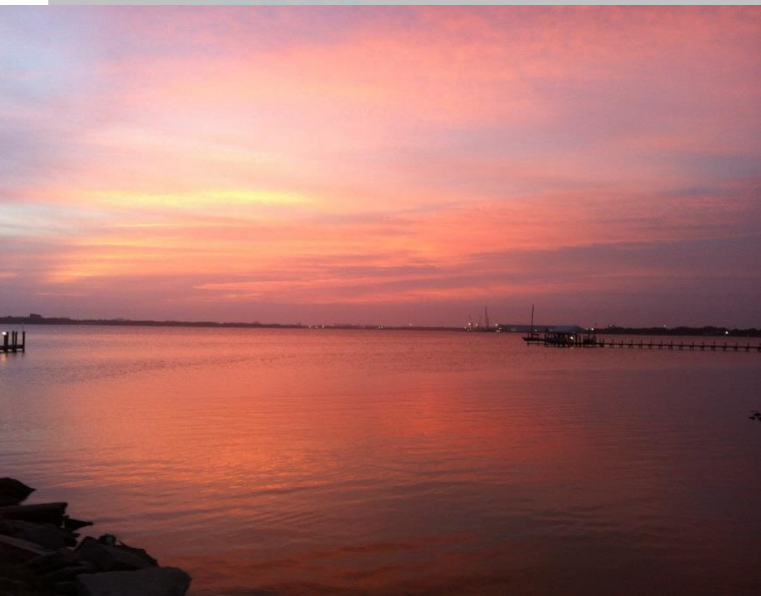
- \$10+ billion annually by 2010
- Three-fold increase from early 1900s
- Per capita damages increased by more than a factor of 2.5 in the previous century--in real dollar terms

**Average Annual Flood Damages**



# BW 12 Changes to Subsidies

- Non-primary residences (Phase out began January 1, 2013)
- Phase out began Oct. 1, 2013 for:
  - Severe repetitive loss
  - Business property
  - Substantially damaged or improved
- 25% increases per year



# BW12 Changes to subsidies

- Immediate move to full-risk premiums
  - New policies
  - Lapsed policies
- “Grandfathered” properties
  - Post-FIRM but maybe lower BFE than newer FIRM
  - Total increase divided into 5 equal parts of 20%; one added each year for 5 years
  - Earliest possible implementation: 2016

# BW12: What Doesn't Change?

- Primary residences keep subsidies unless or until:
  - The property is sold / purchased
  - There is a lapse in insurance coverage
  - They suffer severe, repeated flood losses
  - Substantial improvement or damage



## TIMING OF CHANGE

**Phase Out Immediately (25% increases)  
[50,496 or 2% of NFIP policies]**

Immediate Loss of  
Subsidy (Ownership,  
new, lapsed, refused  
mitigation (started Oct.  
2013))

Non-primary  
residence

Business (non-  
residential)

Severe Repetitive  
Loss

Single-family or condo  
unit (primary  
residence)

36,807

10,964

2,726

103,256

**Timing of Change To Be Determined (due to  
100205(g) triggers such as ownership, new, lapsed,  
refused mitigation)  
[6%]**

Post-FIRM SRL

2-4 Family

5+ Family

Condo  
Building

**Total  
Eventually  
Affected by  
100205  
[13%]**

**Not  
Affected  
by  
100205  
[87%]**

**Grand  
Total**

5,647

6,464

4,021

98,761

268,646

**1,789,555**

**2,058,201**

	Timing of Change										
	Phase Out Immediately*			Change of Ownershi p or other trigger	To Be Determined 100205(g)						
	Non- Primary	Business (Non- Residenti al)**	SRL Pre- FIRM Subsidiz ed	Single Family or Condo Unit Owner Principal Residence	Non Pre- FIRM SRL	2-4 Family	5+ Family	Condo Building	Total Affected by 100205	Not Affected by 100205	Grand Total
LEVY COUNTY	28	7	-	44	-	-	3	4	86	305	391
BRONSON	-	-	-	-	-	-	-	-	-	2	2
CEDAR KEY	77	29	6	79	-	-	1	125	317	223	540
INGLIS	10	-	-	26	1	1	-	-	38	112	150
YANKEE- TOWN	38	5	2	74	-	1	1	-	121	84	205

# Reforming the Reform: The Flood Insurance Affordability Act of 2013 (Senate)

- Delay some rate increases for at least 4 years
- Only would change law for purchases made after July 6, 2012 and forbid implementation of rate increases for grandfathered properties
- Does not change rules for:
  - Non-primary residences
  - Severe repetitive loss
  - Business property
  - Substantially damaged/improved



# U.S. H.R. Response

- Repeals rate increases for purchased properties
- Restores grandfathering
- Lowers amount rates can increase per year (from 20-25% down to 15-18% max.)
- Annual surcharges: \$25 for primary residences and \$250 for business/non-primary
- Keeps “Subs. Improvement” at 50%



# Lessons

"Floods are an act of God, but flood losses are largely an act of man." --Dr. Gilbert White (1945)

- Today's hardship results from historical action
- No guarantees anymore. . . .for anything
- Supporting forward-thinking, long-range policies is good for everyone in the long-term
- Others: Structural fixes alone insuff.; min. gov't regs not "protective std."; today's choices limit tomorrow's options

# For more information:

- [www.flseagrant.org/climatechange/coastalplanning/insurance-issues-coast/](http://www.flseagrant.org/climatechange/coastalplanning/insurance-issues-coast/)
- [www.floodsmart.gov/floodsmart/](http://www.floodsmart.gov/floodsmart/)
- <http://www.floods.org/index.asp?menuID=651&firstlevelmenuID=187&siteID=1>



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Sam Medlock, Association of State Floodplain Managers,  
Sue Hopfensperger, Insurance Services Office, &  
Susan Wilson, FEMA Region IV

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