NFIP Listening Session-ASFPM comments  
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Now is the time to back up and look at the “big picture of the NFIP

Various developments have come together to make this a perfect time to open up the thought process about the challenges for National Flood Insurance Program (NFIP) and options to address those challenges. The program is deeply in debt due to catastrophic storms it was not designed to handle; a major effort to modernize and update the nation’s very outdated flood hazard maps to be more accurate and appropriately reflect the hazards associated with structures such as levees is changing the delineation of the “regulatory floodplain” and associated areas for mandatory purchase of flood insurance; the need to purchase flood insurance in newly mapped communities is resulting in “push back” against more accurate hazard identification; the public safety communication about risk and hazard mitigation has become lost; and increased enforcement by the Army Corps of Engineers that appropriately results in de-accrediting levees that do not meet the structural, hydrologic, or O&M requirements to assure 100 year flood protection is highlighting the connections between the Corps, FEMA and the NFIP on flood risk management issues.

A new Administration with new thoughts and perspectives is ready to enter the discussion about the NFIP and to advance a more integrated flood risk management strategy where the NFIP is one of the elements therein. ASFPM recognizes not all the ideas we mention here may or after evaluation should be implemented, but all of them should be considered and evaluated to re-tool the NFIP into a more effective program for the nation that will effectively reduce flood losses and the loss of natural resources and functions of our floodplains.

The NFIP has had some major accomplishments in the past 40 years
- Over 20,000 communities with land use mgt and/or building codes (adds resilience)
- Many of nation’s floodplains mapped (and much more needed)
- Almost 50% of those are risk of flooding pay at least some of that cost
- The NFIP was mostly self supporting for nearly 20 years

Questions and issues we hope to see addressed
   By either FEMA with rules and guidance or by Congress through legislation

What was the NFIP intended to accomplish? Are the goals still valid?
What do Congress and the Administration want it to accomplish?
Does the basis of the NFIP need to change or not?
What’s the assessment of what it has accomplished?
Why have flood losses increased, not decreased, despite 40 years of the NFIP?
If it has not succeeded, is it because of program design, inadequate development standards or implementation approaches?

What are recent developments or recognitions that could impact the future of the NFIP?
- Debt to Treasury
- Lack of clarity over whether or not NFIP should cover catastrophic flood losses (the NFIP should not cover wind)
- More severe, intense rainfall events and storms
- Sea level rise
- Increase in population density near water
- Map updates and levee de-accreditations

Where are the gaps and problems?
- Continued Affordability of flood insurance
- Maps provide unintended message of little/no risk beyond 100 year floodplain
- Lack of recognition of residual risk areas behind levees and below dams—those areas must be mapped, regulated and require flood insurance
- Inadequate development standards—e.g. need freeboard, zero rise floodways, no habitable uses in floodway, “no build zones in coastal highest hazard areas
- Maps of flood hazard areas must be based on future development, not yesterday’s
- The CRS standards are too low, make most of them NFIP base standards and create some really effective CRS standards that are effective and incentivize local/state actions

What role has subsidies or discounts played in supporting unwise development?
- Are rate subsidies and grandfathering contributing to NFIP insolvency?
- Should the rationale for subsidies be re-examined?
  - If premiums are subsidized, it is no longer a true insurance program
- Should subsidies exist? If for low income folks, what program should pay them?
  - Any low income subsidies should be taxpayer funded and done by HUD
- Rating practices be re-examined for more accurate picture of risk
- How can the NFIP move all policies to actuarial based pricing and avoid policy loss?

If the NFIP is to be a significant tool in the integrated flood risk management perspective, how should it be altered to better support this objective?
- Integrate the NFIP with other federal flood risk programs, including the disaster relief program, Corps of Engineers, EPA and NRCS programs
- FEMA needs to identify cross program policy conflicts that increase risk
- The NFIP must build State FPM capability and capacity or it will not succeed
- The NFIP program should be delegated to states, similar to EPA and DOT programs
- What incentives and disincentives would make it more effective?
- Are the NFIP mitigation grant programs effectively addressing the high risk structures?

How can the NFIP better deliver the risk message and protect the general taxpayer?
- More areas of mandatory coverage--e.g. residual risk areas on rivers and coasts
• More defined set of rates and maps to clarify variation of risk beyond SFHAs
• Modification of 100 year standard for critical facilities & areas of dense population
• Change name and attributes of map so its viewed as risk map, not an insurance map
• Add zones within SFHA so those more at risk pay higher rates than lesser risk structure
• Do not add wind coverage to the flood insurance program

What are some “new ideas” for refreshing and re-invigorating the program?
• Group policies for areas behind levees to be purchased by levee districts
• Flood insurance vouchers for lower income households to be administered by HUD
• Long-term flood insurance to be attached to property, not owner (see Kunreuther)
• Consider requiring flood insurance as a part of all homeowners policies
• Tie Disaster dollars to NFIP compliance, with a sliding scale to reflect how well the community and state are managing their flood risk
• Consider a major change where FEMA would no longer be in charge of flood insurance--turn flood insurance over entirely to the private sector. (this will need to be done carefully so as not to lose the floodplain mgt in communities and states)