Resolution on Increasing the stability of the National Flood Insurance Program

WHEREAS, repetitive flood losses are a major drain on the National Flood Insurance Program (NFIP), accounting for over one-third of all dollars paid, with payments totaling almost three billion dollars since 1968,

WHEREAS, virtually all repetitive loss structures are Pre-FIRM structures built prior to FEMA’s Flood Insurance Rate Maps,

WHEREAS, the flood insurance premiums on Pre-FIRM structures are subsidized, paying only 35 – 40% of the full-risk premium,

WHEREAS, currently the premiums on repetitive loss properties do not increase after repeated flood claims, offering no incentives for property owners to undertake mitigation measures to protect their repetitive-loss property from future flood losses,

WHEREAS, Section 578 of the National Flood Insurance Act of 1994 requires that FEMA study the economic impacts of charging actuarial rates to Pre-FIRM structures,

WHEREAS, FEMA has analyzed this study and released a draft NFIP Subsidy Reduction report summarizing various alternatives for reducing the subsidy,

NOW THEREFORE, be it resolved that the Association of State Floodplain Managers has reviewed FEMA’s draft NFIP Subsidy Reduction Report alternatives and offers the following recommendations:

- Congress should fully fund FEMA’s Repetitive Loss Strategy to help stabilize the NFIFund and reduce the likelihood of future Treasury borrowing and to minimize disaster assistance and casualty loss tax deductions.
- FEMA, working with states and locals, should offer owners of repetitive loss properties (starting with its list of the top 500 repetitive loss properties) a mitigation assistance grant if a reasonable, feasible and cost effective solution is identified; if such grant is refused, the flood insurance premium should move to full risk rate, provided additional assistance is available for low income property owners.
- The proposed 7 year phase in to actuarial rates for non-residential structures and secondary residences and the 25 year phase in for primary residences should be monitored by FEMA, and possibly shortened for fairness to policy holders and local communities. FEMA should provide copies of yearly monitoring reports for public review and comment.

________ date 11-8-00____
Attested; Mike Howard, Secretary