How the NFIP Works

FEMA agrees to make flood insurance available within a community when that community agrees to adopt and enforce floodplain management regulations.
NFIP Background

- National Flood Insurance Act of 1968
- Flood Disaster Protection Act of 1973
- National Flood Insurance Reform Act of 1994
- Flood Insurance Reform Act of 2004
NFIP Background

- Ensure long term sustainability and financial soundness
- Respond to the rising costs and consequences of flooding

Government Building
Biggert-Waters 2012 (BW-12)

- What Does it Do?
  - Reauthorizes the National Flood Insurance Program (NFIP) for 5 years through September 30, 2017
  - Signed July 6, 2012

Government Building
BW 2012: Section by Section

Section 205 & 207

Biggert-Waters 2012 Section Break Down

- Other Risk Reduction and Studies
- Mapping
- Insurance
Build Safer and Stronger

Changing the Message About Flood Insurance
Flood Insurance Provisions:

Section 100205
Targets:
• Non-Primary Residences
• Businesses
• Severe Repetitive Losses
• Newly purchased building or policy, lapsed policy

Implementation began January 1, 2013

Section 100207
Impacts map changes:
• Grandfathering
• Preferred Risk Policy Eligibility Extension

Not currently being implemented
BW 12 Section 100205 Summary

- Applies To:
  - Pre-firm
  - A, V, & D flood zones
  - (except AR/A99)

- 25% annual increase for subsidized businesses and 1-4 family SRLs

- Section 100207 Not Currently Being Implemented

- July 6, 2012
- January 1, 2013
- October 1, 2013
- 2015-2016

- 25% annual increases for subsidized non-primary residences

- Full Risk Rates Immediately for:
  1. New Policy
  2. Lapsed Policy
Full Risk Rates

- Reduce the Risk, Reduce the Rate

**PREMIUM AT 4 FEET BELOW BASE FLOOD ELEVATION**

$9,500/year  
$95,000/10 years

**PREMIUM AT BASE FLOOD ELEVATION**

$1,410/year  
$14,100/10 years

**PREMIUM AT 3 FEET ABOVE BASE FLOOD ELEVATION**

$427/year  
$4,270/10 years

Zone AE Rates Effective October 1, 2012
Total California NFIP Policies: 256,836

- 95% (Businesses & 1-4 Family SRL Properties)
- 3% (Not Affected Yet Unless Section 205 Trigger (Property Sale, Policy Lapse or New Policy))
- 2% (25% Rate Increases (Vacation & Second Homes))

Data as of 12/31/12
## Delta Communities – Impacted Section 100205

<table>
<thead>
<tr>
<th></th>
<th>Sacramento County</th>
<th>Yolo County</th>
</tr>
</thead>
<tbody>
<tr>
<td>Total Policies</td>
<td>59,585</td>
<td>5,875</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>25% Rate Increase (Non-Primary Residence, Business, 1-4 Severe Repetitive Loss)</td>
<td>522</td>
<td>169</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>No Change Unless New Policy or Lapse</td>
<td>1,184</td>
<td>320</td>
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<tr>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Not Impacted</td>
<td>57,879 (97%)</td>
<td>5,386 (92%)</td>
</tr>
</tbody>
</table>

**Table:**
- **Sacramento County:** 59,585 policies.
- **Yolo County:** 5,875 policies.

**Rate Increases:**
- 25% increase for specific categories: 522 in Sacramento, 169 in Yolo.
- No change unless new policy or lapse: 1,184 in Sacramento, 320 in Yolo.
- Not impacted: 57,879 (97%) in Sacramento, 5,386 (92%) in Yolo.
### Delta Communities – Impacted Section 100205

<table>
<thead>
<tr>
<th></th>
<th>Contra Costa County</th>
<th>San Joaquin County</th>
<th>Solano County</th>
</tr>
</thead>
<tbody>
<tr>
<td>Total Policies</td>
<td>5,310</td>
<td>8,266</td>
<td>3,237</td>
</tr>
<tr>
<td>25% Increases ( Non-Primary Residence, Businesses, 1-4 Family Severe Repetitive Losses)</td>
<td>448</td>
<td>557</td>
<td>231</td>
</tr>
<tr>
<td>No Change Unless New Policy or Lapse</td>
<td>1,680</td>
<td>522</td>
<td>596</td>
</tr>
<tr>
<td>Not Impacted</td>
<td>3,182 (60%)</td>
<td>7,187 (87%)</td>
<td>2,410 (74%)</td>
</tr>
</tbody>
</table>
Key Takeaways - Mitigation

Understand the Risk

Buy Down the Risk

Build Safer, Stronger & Smarter

Collaborate & Communicate
FloodSmart

www.FloodSmart.gov

The affected properties are among those built before the community joined the NFIP and adopted its first Flood Insurance Rate Map (FIRM). Communities began joining the NFIP in the late 1960s. To find out when your community joined, contact your local floodplain manager. Properties built before that date and not improved since are known as “pre-FIRM.”

Many of the pre-FIRM properties in high-risk areas do not meet current standards for construction and elevation, and they have been receiving subsidized rates that do not reflect their actual risk. The subsidized rates are being eliminated in some cases, as noted in the chart below. Some current policyholders and all future policyholders owning pre-FIRM properties in high-risk areas will pay rates based on their full risk of flood damage. However, most NFIP-insured properties (90 percent or more) are not affected by the changes.

HOW PROPERTIES AND POLICIES ARE AFFECTED BY SUBSIDY CHANGES

- For those pre-FIRM properties with newly issued policies, subsidized rates are eliminated.
- Policies for newly purchased pre-FIRM buildings in high-risk areas are issued at full-risk rates.
- Policies issued for the first time on buildings in high-risk areas.
- Policies issued after a lapse on pre-FIRM buildings in high-risk areas.
- Policies are retired at full-risk rates. Lapse policies retired on or after 7/8/2012 will remain at full-risk rates.

- For those pre-FIRM properties paying subsidized rates, subsidized rates are moving to full-risk rates.
- New properties constructed.
- Policies are retired at full-risk rates. Lapse policies retired on or after 10/4/2012 will remain at full-risk rates.