Joining the National Flood Insurance Program

U.S. Department of Homeland Security

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NFIP is a Quid Pro Quo Program

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

- A program to reduce the financial burden to the general taxpayer from flood-related disasters.

- Federal government program enabling property owners in participating communities to purchase flood insurance.
It’s Purpose ...Protect Lives and Property

- Identify Risks
  - Flood Hazard mapping

- Establish Safe Building Standards
  - Floodplain management

- Provide Affordable Flood Insurance
  - Flood Insurance

FEMA

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How Are We Organized

Department of Homeland Security (DHS)

Federal Emergency Management Agency (FEMA)

National Flood Insurance Program (NFIP)

Participating Communities

Insurance Agents

Federal Agencies & Lenders

Write Your Own Companies

NFIP Direct Side
Insurance vs. Disaster Assistance

<table>
<thead>
<tr>
<th>FLOOD INSURANCE</th>
<th>DISASTER ASSISTANCE</th>
</tr>
</thead>
<tbody>
<tr>
<td>Policyholder</td>
<td>Victim</td>
</tr>
<tr>
<td>Contractual basis for claims</td>
<td>Application for aid</td>
</tr>
<tr>
<td>High policy limits</td>
<td>Low limits</td>
</tr>
<tr>
<td>Policy needed to pay claim</td>
<td>Declaration</td>
</tr>
<tr>
<td>Premiums buy coverage/loss payout</td>
<td>If eligible, loan or grant</td>
</tr>
</tbody>
</table>

FEMA

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Direct physical loss by or from a flood
# Limits of Coverage

<table>
<thead>
<tr>
<th>Buildings</th>
<th>Regular Program</th>
</tr>
</thead>
<tbody>
<tr>
<td>Single Family</td>
<td>$250,000</td>
</tr>
<tr>
<td>Other Residential</td>
<td>$250,000</td>
</tr>
<tr>
<td>Non-Residential</td>
<td>$500,000</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Contents</th>
<th>Regular Program</th>
</tr>
</thead>
<tbody>
<tr>
<td>Residential</td>
<td>$100,000</td>
</tr>
<tr>
<td>Non-Residential</td>
<td>$500,000</td>
</tr>
</tbody>
</table>
Eligible Structures

- At least two rigid exterior walls and a roof
- Principally above ground
- Permanent site
- Participating community
Not Insurable

- Buildings over water
- Unanchored manufactured homes
- Motorized vehicles
- Gas and liquid storage tanks (as structures)
- Underground Buildings & Equipment
- Land, Walks, Driveways, Piers
Preferred Risk Policy

- Building and contents coverage available for 1-4 family and non-residential structures
- Contents only policies available to all occupancies
- Zones B, C, and X only
- Loss eligibility requirements
- $500 standard deductible
What Does the Policy Pay?

- Actual Cash Value on **Dwelling** and General Property Form

  * **Exception:** Pays replacement cost if it is the principal residence and the building is insured to at least 80% of its replacement cost value or $250,000 whichever is less

- Replacement Cost on the Residential Condominium Building Association Policy
Factors Used For Rating

- Flood zone
- Amount of insurance & deductible
- Building type
- Age of Structure-Elevation Certificates are required for post-FIRM rated structures in A or V zones (except AR/A99)
- Lowest Floor Elevation
- Foundation
Waiting Period

- Standard 30 day waiting period for voluntary purchase

- Policy effective immediately when requested by lender

- No binders
Flood Insurance Deductibles

- Standard Pre-FIRM: $1,000
- Standard Post-FIRM: $500
- Optional deductibles are available up to:
  - $5,000 Residential
  - $50,000 Non-residential
Where to Get More Information

- **NFIP Website**
  www.fema.gov/business/nfip

- **Floodsmart Website**
  www.floodsmart.gov