

NCAFPM 2021 Webinar Series

National Flood Insurance Program and Community Outreach

July 1, 2021

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North Carolina Emergency Management
Risk Management Section



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National Flood Insurance Program and Flood Insurance



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NFIP Data Requests

- In the past, States were able to assist communities with data requests. However, the current PIVOT agreement limits use of data to the signees of the PIVOT – ISAA agreement.
 - iv. Limit access to NFIP policyholder PII provided by FEMA under this ISAA only to the authorized State NFIP Coordinator personnel to receive only that NFIP policyholder data which may include PII that is necessary to satisfy a specific routine use as valid and eligible under the NFIP Files SORN.
 - v. The State NFIP Coordinator will not further disclose NFIP policyholder PII provided by FEMA to outside third parties without the express consent of FEMA or the NFIP policyholder(s) to whom the PII pertains including, as applicable, requests by third parties under state open access and freedom of information laws.



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NFIP Data Requests

- As of December 1, 2020, all requests will be processed by FEMA
 - Routine Use Letter (RUL)
 - Information Sharing Access Agreement (ISAA)
- FEMA-R4-NFIP-Data-Request@fema.dhs.gov
 - Region IV created a shared email address to be used from this point forward for requesting NFIP Data.



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NFIP Data Requests

- Documents are emailed to communities upon request for NFIP data that includes personally identifiable information (PII).
- The community is requested to complete and submit back to the region on the community's letterhead.
- Please note that FEMA Headquarters must review and approve these documents before data can be shared by the Regional office.



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NFIP Data Requests

- FEMA determines if an Information Sharing Access Agreement (ISAA) or routine use letter (RUL) is more appropriate and submits to FEMA headquarters for approval.
 - If a routine use letter (RUL) is determined to be the best course of action the RUL is signed by FEMA and returned to the community with the data.
 - Should the ISAA be determined to be the best route for the community, the completed ISAA is reviewed by the FEMA Privacy Office.



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NFIP Policies by State – April 2021

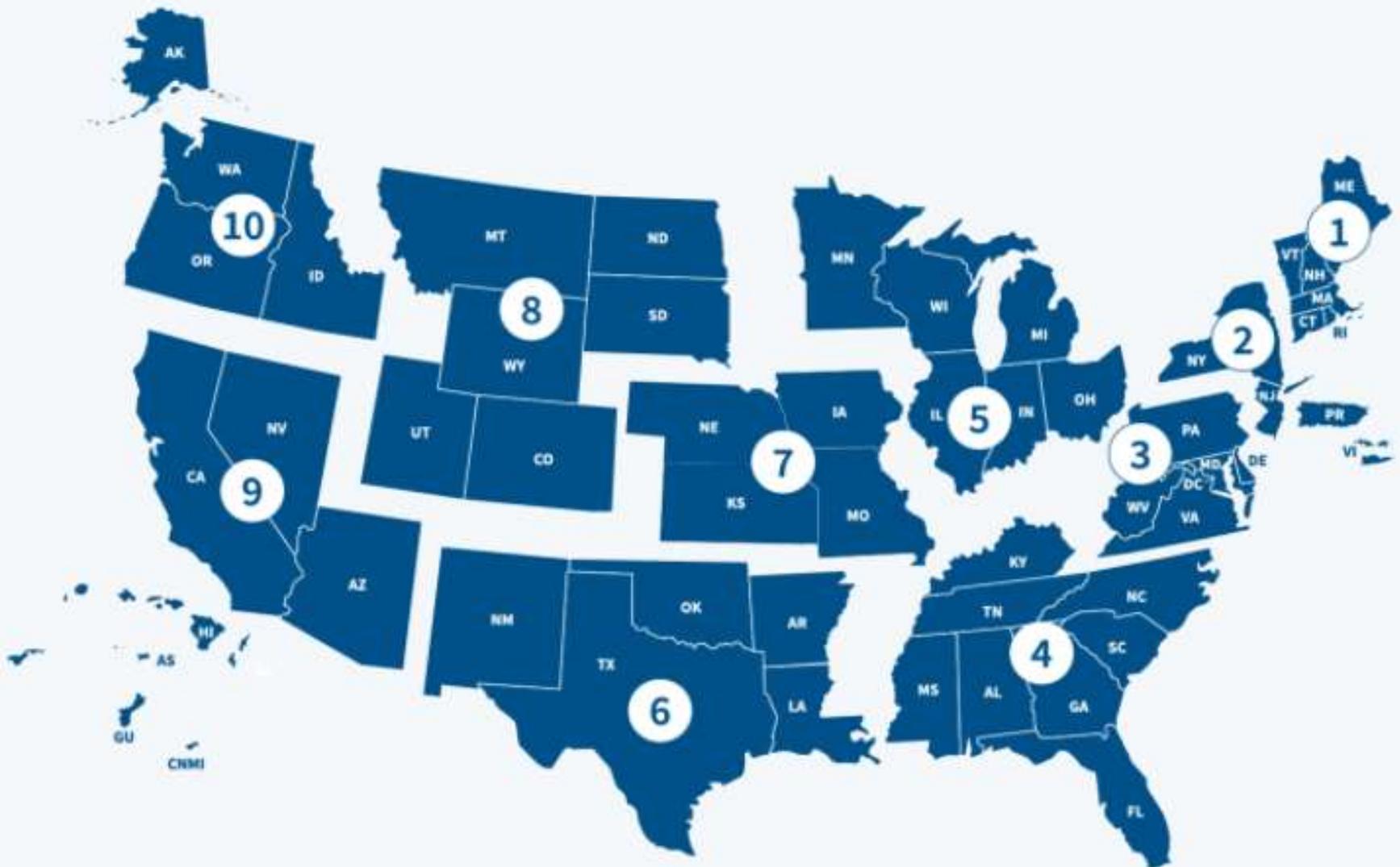
	State	Policies in Force	Insurance In Force
1	Florida	1,723,614	\$440,848,981,954
2	Texas	790,468	\$231,371,312,940
3	Louisiana	502,278	\$138,688,410,984
4	California	207,197	\$61,609,010,000
5	South Carolina	209,187	\$57,246,139,200
6	New Jersey	213,513	\$55,035,298,400
7	New York	167,826	\$47,050,265,900
8	North Carolina	141,397	\$37,764,516,500
9	Virginia	102,843	\$28,105,035,800
10	Georgia	80,835	\$22,527,757,400



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FEMA Regional Offices



Current NFIP Status – April 2021

Nationwide

- Policies In Force: 4,996,373
- Insurance In Force: \$1,327,388,848,378
- Participating Communities: ~ 27,000

North Carolina

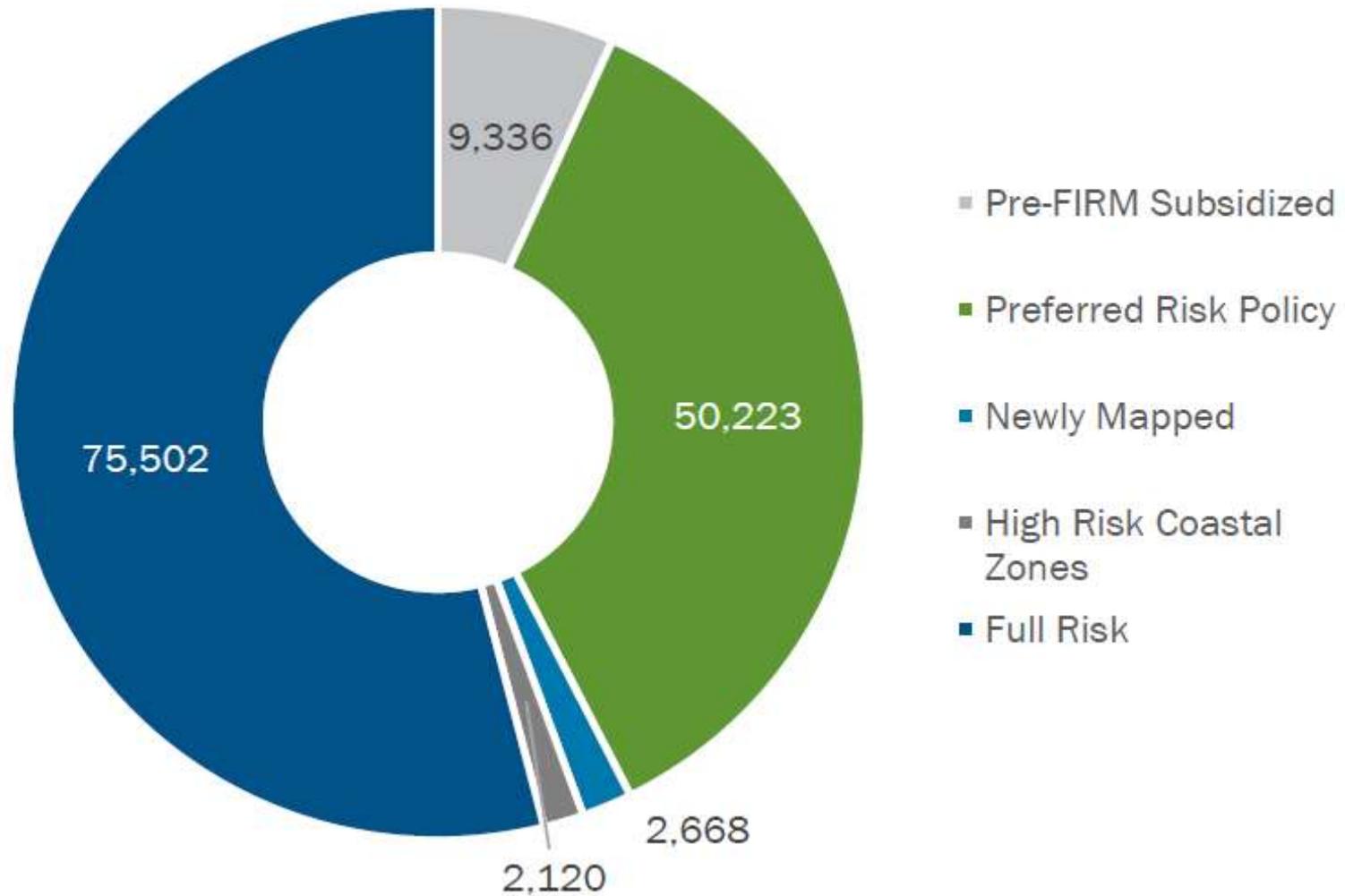
- Insurance In Force: \$37,764,516,500
- Policies In Force: 141,397
- Participating Communities: 594
- Non-Participating Communities: 27



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NFIP Policies in Force in NC by Rate Class



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<https://www.fema.gov/flood-insurance/work-with-nfip/risk-rating>



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Risk Rating 2.0: Equity in Action

FEMA is updating the [National Flood Insurance Program's](#) (NFIP) risk rating methodology through the implementation of a new pricing methodology called **Risk Rating 2.0**. The methodology leverages industry best practices and cutting-edge technology to enable FEMA to deliver rates that are actuarially sound, equitable, easier to understand and better reflect a property's flood risk.



Read the press release: [FEMA Updates Its Flood Insurance Rating Methodology to Deliver More Equitable Pricing](#)

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[Risk Rating 2.0 State Profiles](#)

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[Community Status Book](#)

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Risk Rating 2.0

➤ Intended to:

- Create an individualized picture of a property's risk
- Provide rates that are easier to understand for agents and policyholders
- Reflect more types of flood risk in rates
- Use the latest actuarial practices to set risk-based rates
- Reduce complexity for agents to generate a quote



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Risk Rating 2.0

- Phase I – October 1, 2021
 - All **new** policies will be subject to new rating methodology
 - Existing policyholders eligible for renewal will be able to take advantage of immediate decreases in their premiums.
- Phase II – April 1, 2022
 - All remaining policies **renewing on or after April 1, 2022**, will be subject to the new rating methodology.
- Agents will be able to provide quotes starting August 1, 2020

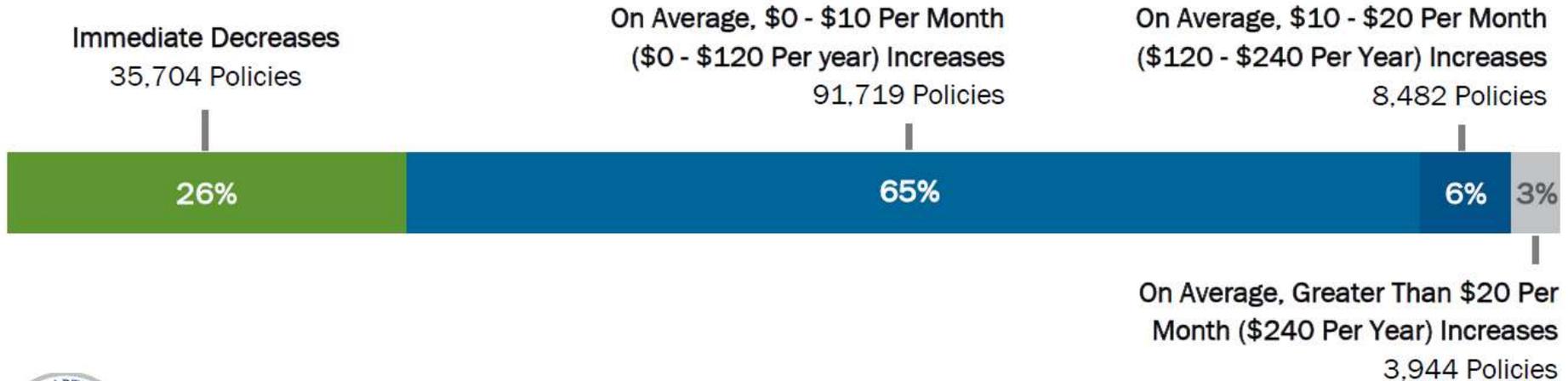


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Risk Rating 2.0

Risk Rating 2.0 in North Carolina



FEMA

March 2021 1



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What is changing?

- Elevation Certificates no longer required to rate policy
- Simplifying premium discounts
- Expanding mitigation credits
- Expanding CRS discounts
- Factoring in the cost to rebuild
- Reflecting prior claims
- Eliminating the Preferred Risk Policy (PRP)



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What is not changing?

- Limits on annual premium increases
- Availability of premium discounts
- Transfers of policy discounts to new homeowners
- Use of Flood Insurance Rate Maps (FIRM) for Mandatory Purchase and Floodplain Management
- Availability of premium discounts under the Community Rating System (CRS)



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New: Policy Premium Cap

- Under Risk Rating 2.0, a policy premium (single-family residential) will not exceed \$12,125 per year.
- Under the current rating, policy premiums could exceed \$45,000 per year.



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Flood Risk

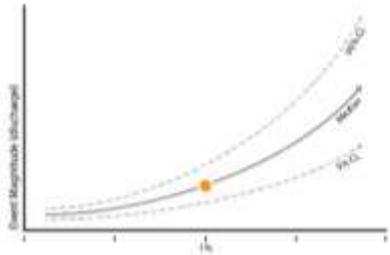
- Multiple data sets to represent a fuller reflection of flood risk
- Graduated data
- Pluvial (heavy rainfall)
- Inland vs. Coastal Risk
- Tsunami
- Great Lakes flooding
- Levees



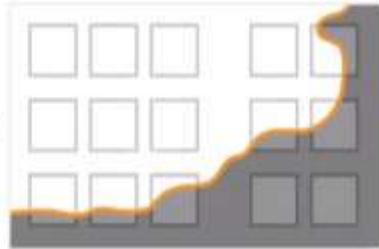
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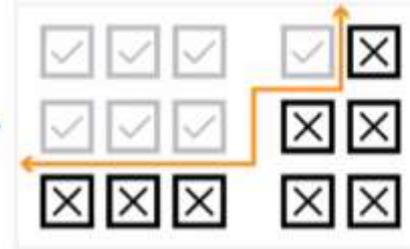
Current Deterministic Approach



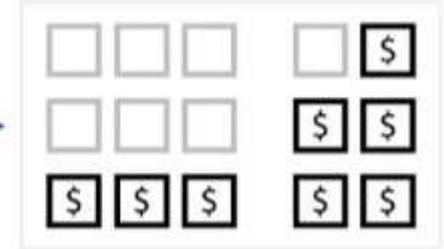
Hydrologically estimated 100-year storm event



Hydraulically modeled 1-percent-annual chance floodplain



Designated flood hazard areas



NFIP rates

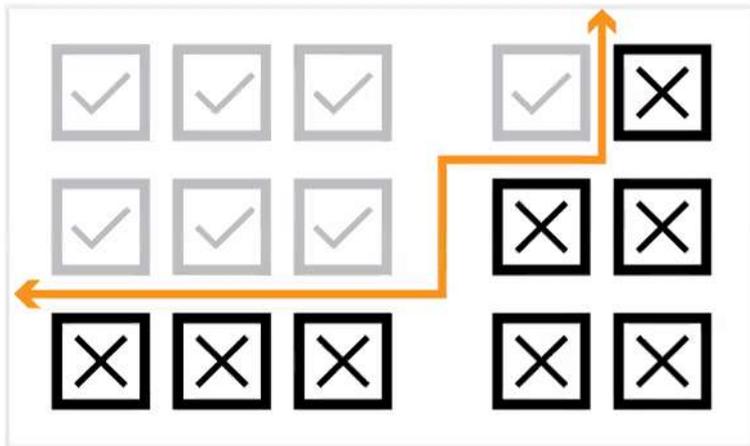


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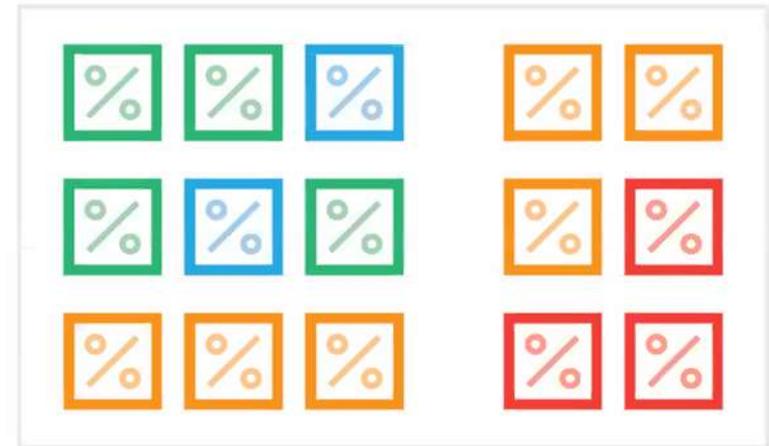
Shift to Probabilistic Approach

Deterministic



Structures designated as either inside or outside of special flood hazard areas.

Probabilistic



Structures assigned specific annualized probabilities of being impacted by flood.

Current Rating Methodology

- FEMA-sourced data
- Rating Variables
 - Flood Zone
 - Base Flood Elevation
 - Foundation Type
 - Structural Elevation (in SFHA)
- 1% Annual Chance of Flooding (single frequency)



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Risk Rating 2.0 Methodology

- FEMA-sourced data + additional data sources
- Cost to rebuild (replacement value)
- Rating Variables
 - Distance to flooding source (coast/ocean/river)
 - Stream order
 - Flood type – fluvial, pluvial, etc.
 - Ground Elevation
 - First floor height
 - Construction type/foundation type/number of floors
- Broader range of flood frequencies



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FEMA Lessons Learned

- Many Preferred Risk Policies (PRP) currently Participating have been underpriced.
 - PRP contribute more to insolvency compared to subsidized and grandfathered policies.
- The same flood zones are not equal across the country.
- Pre-FIRM subsidies are not the main shortfall of the NFIP.
- The actual number of properties that are grandfathered is lower than previously estimated.



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Additional Resources

- Risk Rating 2.0: Equity in Action fact sheet
 - https://www.fema.gov/sites/default/files/documents/fema_rr-2.0-equity-action_0.pdf
- State Specific Profiles
 - <https://www.fema.gov/flood-insurance/work-with-nfip/risk-rating/profiles>
- ASFPM Talking Points
 - <https://www.floods.org/whats-new/risk-rating-2-0-talking-points-and-resources-to-help-you-navigate-the-changes/>



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Apply for Hazard Mitigation Assistance Grants

Hazard Mitigation Assistance (HMA) grants are available for pre-disaster and post-disaster mitigation projects. As of October 1, 2021 for new policyholders and April 1, 2022 for existing policyholders, projects involving installing flood openings per 44 CFR 60.3 criteria, elevating structures, and elevating machinery and equipment above the first floor (i.e. hot water heaters) may reduce rates both inside and outside SFHAs. For detailed information, refer to the “Risk Rating 2.0 Equity in Action” fact sheet.

HMA Program	Program Information
Flood Mitigation Assistance (FMA)	<ul style="list-style-type: none">• Pre-Disaster grant program• Obligations of \$1.4 billion from 2004 to 2021• More information: https://www.fema.gov/grants/mitigation/floods
Building Resilient Infrastructure and Communities (BRIC)	<ul style="list-style-type: none">• Pre-disaster grant program• Obligations of \$1.2 billion from 2020 to 2021• More information: https://www.fema.gov/grants/mitigation/building-resilient-infrastructure-communities
Hazard mitigation Assistance Grant Program (HMGP) and HMGP Post Fire	<ul style="list-style-type: none">• Post-disaster grant program• Obligations of \$15.3 billion from 1990 to 2021• More information https://www.fema.gov/grants/mitigation/hazard-mitigation and https://www.fema.gov/grants/mitigation/post-fire



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NC Private Flood Insurance

- Approved by NC Department of Insurance in February 2020
- Coverage for residential property only
- Must equal or exceed NFIP coverage
- First private carrier should be entering market later this year
- Videos from North Carolina Rate Bureau
 - Coverages Overview: <https://vimeo.com/394972753>
 - Rating Overview: <https://vimeo.com/394973057>



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RiskMap Project Lifecycle



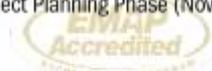
RiskMAP Project Lifecycle

Source: <https://www.fema.gov/riskmap-flood-project-lifecycle>



Flood Risk Project Production and Mapping Activities

Source: Fema Guidance for Stakeholder Engagement,
Project Planning Phase (Nov 2015)



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RiskMap Project Lifecycle



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90-Day Appeal Periods

- April 9 – July 7, 2021: Wake County revised preliminary panels (appeal resolutions)

Upcoming Letter of Final Determinations

- Late 2021: Jones, Hyde, Tyrrell



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Upcoming Revised Preliminary

- End of July/Early August, 2021: Revised preliminary panels
 - Carteret County – appeal resolutions
 - Pender County – 08-04-6525P incorporation (2 panels)
 - 90-Day Appeal Period will be required



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Upcoming Risk Awareness

- October 2021: Bertie, Halifax, Martin, Warren, Washington
- November 2021: Caswell, Guilford, Rockingham, Stokes
- End of 2021: Bladen, Cumberland, Harnett, Hoke, Lee, Moore
- 2022: Alexander, Avery, Burke, Caldwell, Catawba, Gaston, Lincoln, McDowell, Mecklenburg
- 2022: Anson, Iredell, Montgomery, Randolph, Richmond, Rowan, Stanly, Surry, Union, Yadkin



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