

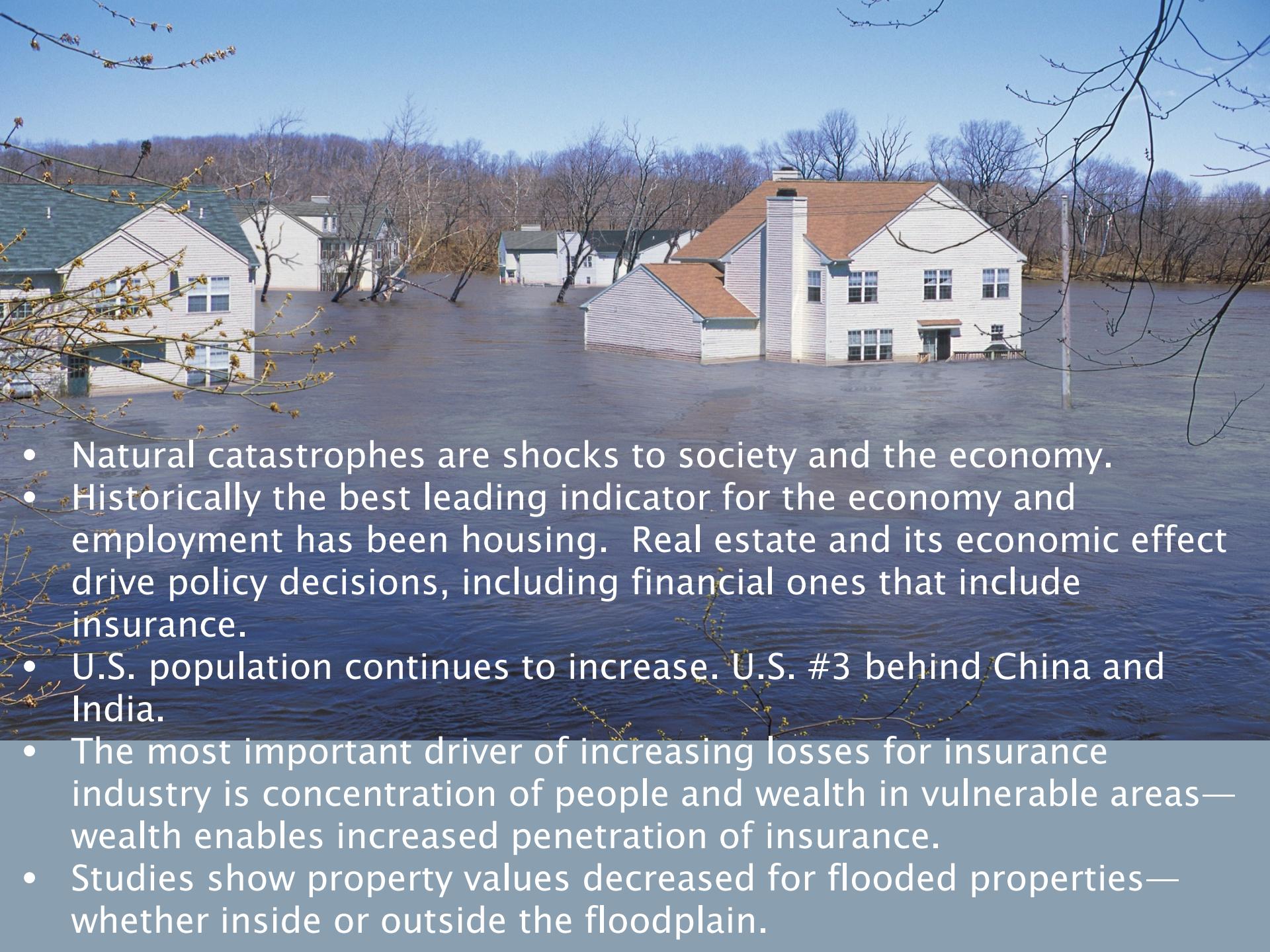
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RESILIENT AMERICA
ROUNDTABLE OF THE
NATIONAL ACADEMY OF SCIENCES

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Now is the
Time for NFIP
Fieldwork

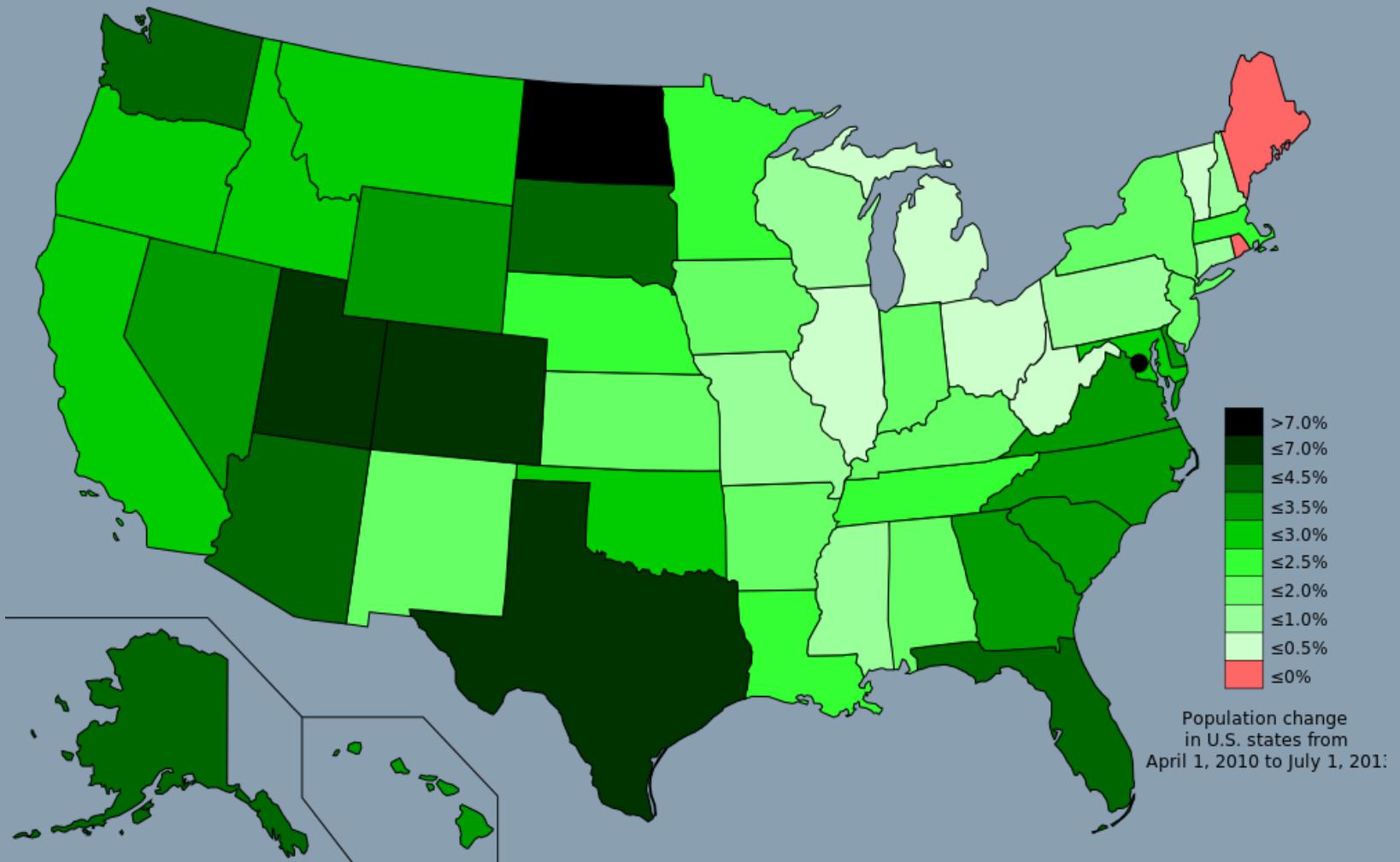




- Natural catastrophes are shocks to society and the economy.
- Historically the best leading indicator for the economy and employment has been housing. Real estate and its economic effect drive policy decisions, including financial ones that include insurance.
- U.S. population continues to increase. U.S. #3 behind China and India.
- The most important driver of increasing losses for insurance industry is concentration of people and wealth in vulnerable areas—wealth enables increased penetration of insurance.
- Studies show property values decreased for flooded properties—whether inside or outside the floodplain.

Population growth states in 2014

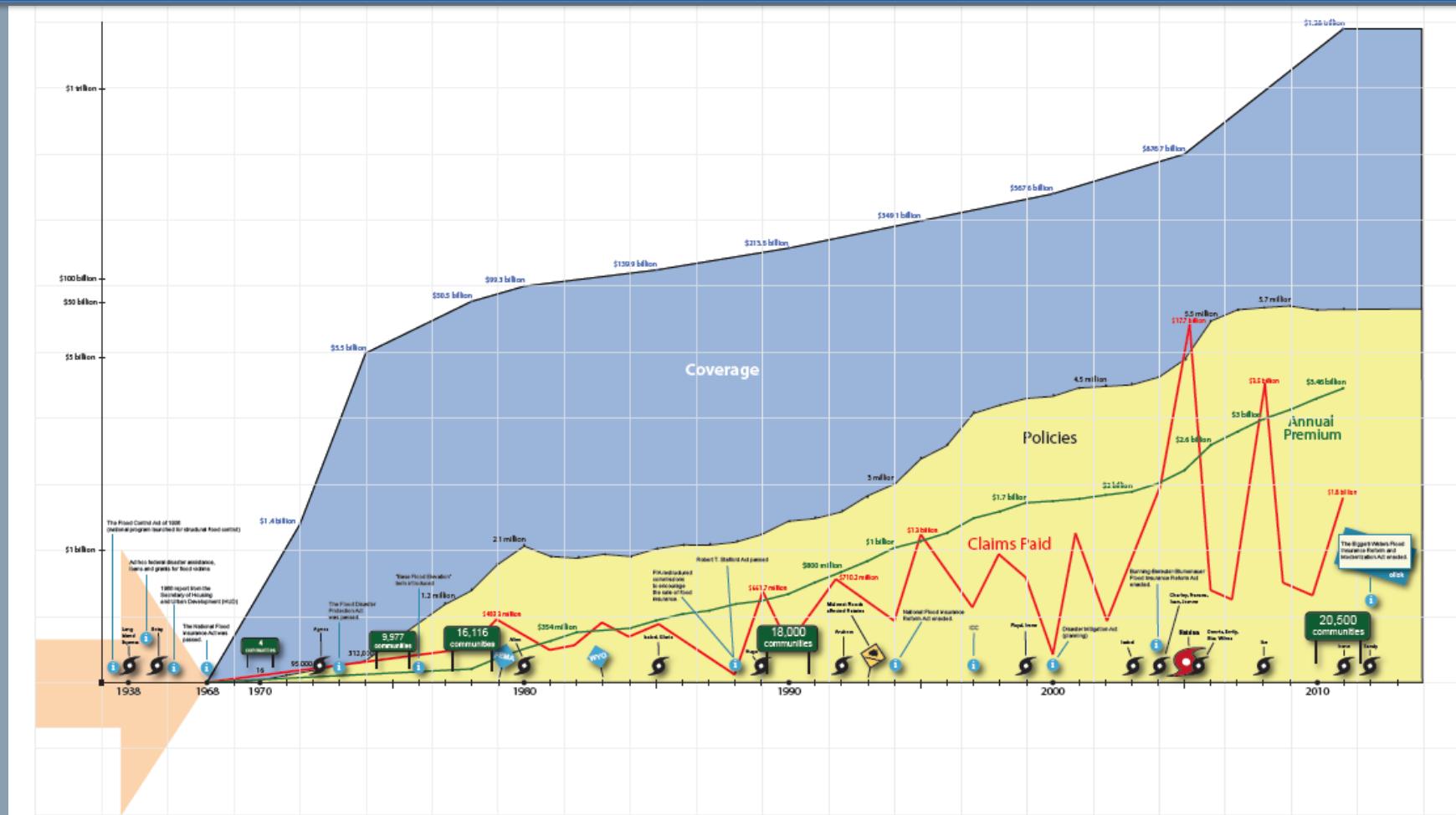
North Dakota, Texas, Colorado and Utah with Florida and Arizona close behind. Mid-Atlantic states continue growth as well.



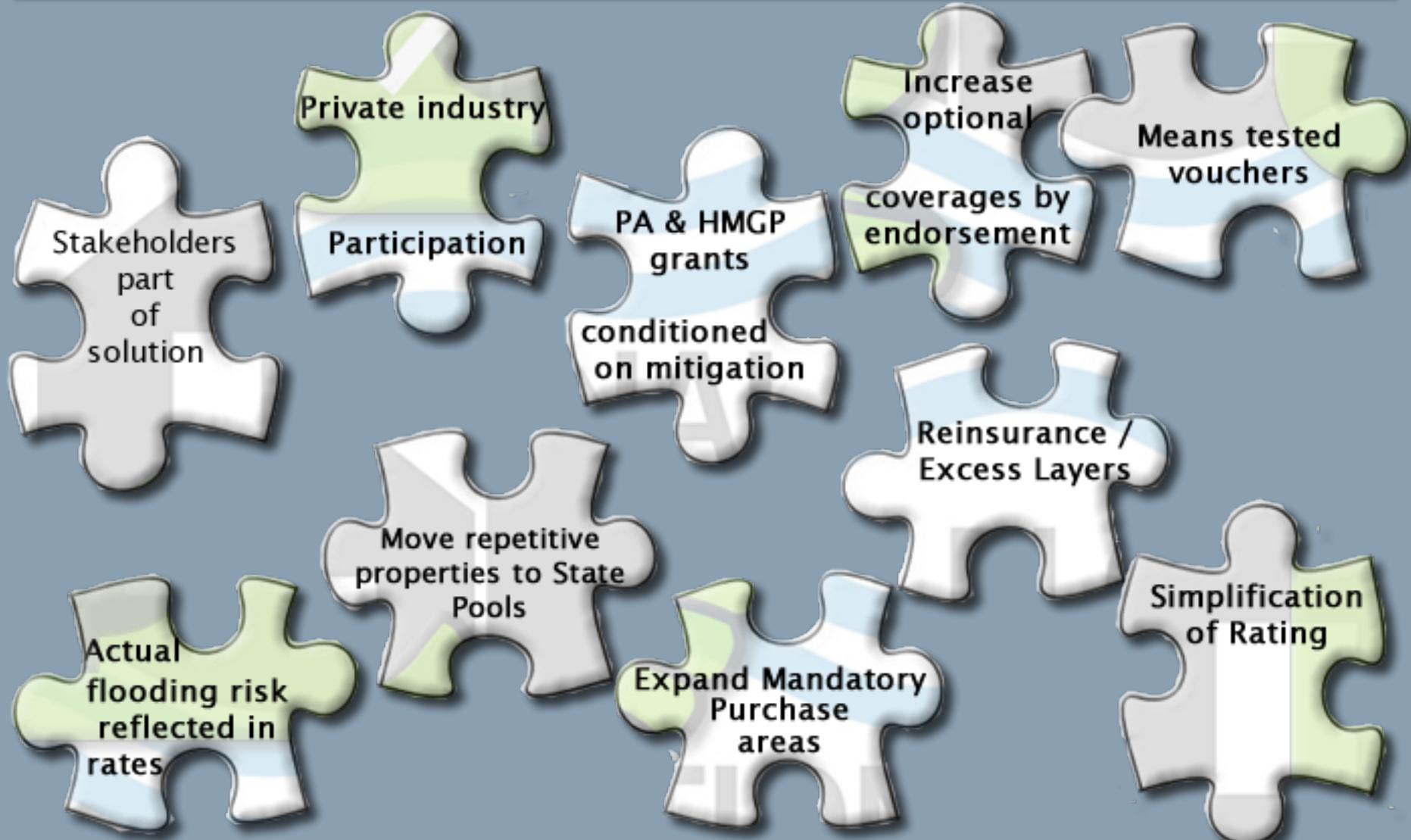
The economic impact of natural catastrophes is increasing each year.



The National Flood Insurance Program is not a static program, nor has it ever been.



It's time to germinate ideas and here are some that may start some movement:

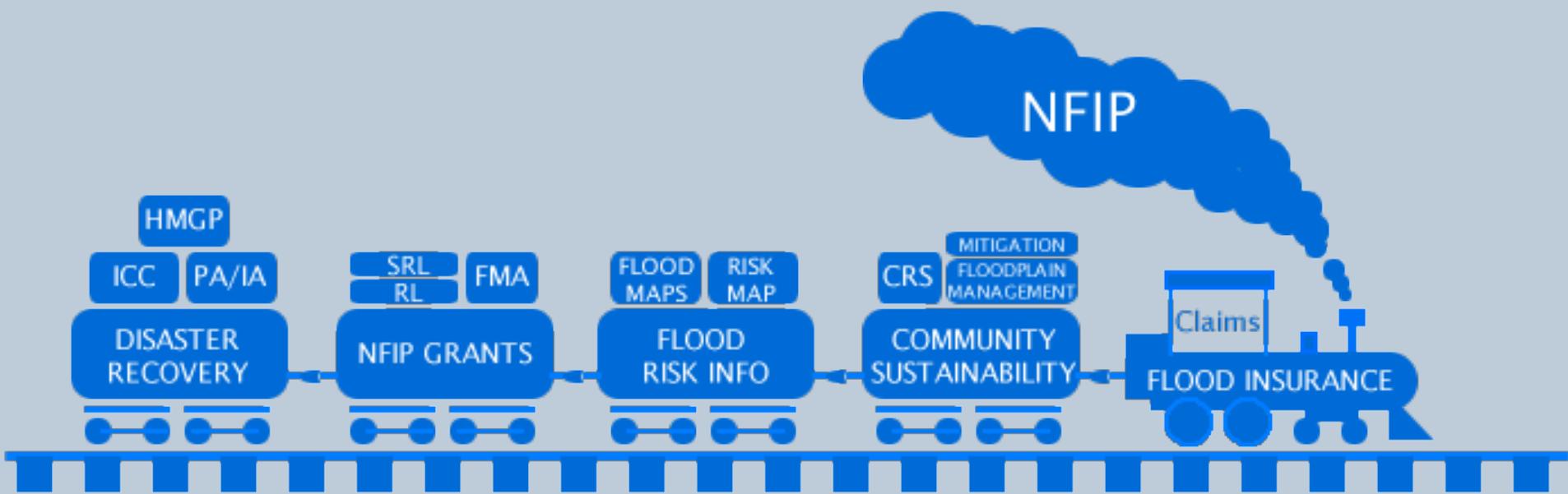


	Canada	Germany	United Kingdom	United States
Payor(s) of Flood Damages	Taxpayers (through federal and provincial governments)	Private sector	Private/Public Not-for-profit reinsurance fund (Flood Re) owned and operated by private insurance industry. Supported by: flood element of policies in Flood Re and levy on the homeowner policies (approx. £10.50 each). Industry paying £10m set up costs for Flood Re. For Catastrophic events (higher than 1 in 200 year event, government responsible for recovery.)	Public/Private Premiums paid by NFIP policyholders and Federal government (taxpayers) Federal disaster relief funded by various federal programs (FEMA , HUD etc.) funded by taxpayers.
Availability of Insurance	From DFAA-for municipal governments, homeowners, farmers and small businesses.	Comprehensive property insurance policy includes flooding in “bundle” of risks	Flood component of a HO policy is passed into Flood Re. Flooding risks bundled in HO and reinsured by Flood Re based on Council Tax Band and priced accordingly. (£210-£540)	Private sector may write flood insurance but majority of residential flood policies are through NFIP. Available in all participating communities.

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Exclusions to Availability for Flood Recovery Funding.	Private insurance only available for commercial property at low risk.	Storm surges and flooding in high risk zones near rivers non-insurable; natural hazards insurance in high and medium risk zones available with loss prevention conditions (mitigation) or higher deductibles.	Commercial properties negotiated with private insurers; non-participation in Flood Re for properties in high risk areas built after 2009.	Non-participating communities, COBRA, § 1316 properties. Some coverages limited or excluded such as additional living expenses, basements.
Risk Maps	N/A	Private insurance rates risks	National government provides risk data and maps with high, medium and low risk zones. Taxpayer funded.	Provided by the federal government; funded by appropriations (taxpayers) and in part by NFIP policy fees.
Mandatory Purchase	N/A	Natural Hazards “bundle” optional, not mandatory	Penetration high due to inclusion in HO policies. Flood cover is critical in getting a mortgage in UK.	Federally regulated lenders must require flood insurance in connection with a loan in a Special Flood Hazard Area.

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Financial Relief mechanisms including reinsurance	N/A	Reinsurance bought in international market	Reinsurance bought in international market. Flood Re will purchase reinsurance and hold reserves and capital so it can cover claims in 95.5% of years up to those expected in a 1 in 200 year loss year. Not designed to cover “catastrophic flood events.” In cat events, the government would have “primarily responsibility for an effective response. “	Reinsurance not mandated; none presently in place but statutorily permitted.
Ability to Non-renew and/or Revise Rates.	N/A	Private insurance regulation, but left up to insurers.	N/A	Limited by statute. Increases capped at 18% a year. No non-renewals unless § 1316, suspension of community or built in COBRA as defined by Fish & Wildlife Department.

	Canada	Germany	United Kingdom	United States
Incentives to Lessen Risk of Flooding (Mitigation)	N/A	Rates, mitigation and deductibles.	National government funds mitigation measures, national government advises development in low risk areas. Government committed to mitigation spending and “adherence to planning guidelines to avoid development in areas of high risk of flooding.”	Federal grants, rates based on elevation of structure (incentive to elevate or build well above mapped BFE). CRS, ICC.
Cost controls-Affordability	N/A	Market based incentives based on lowering flooding risks.	Cross-subsidies in HO rates. Flood Re relieves the private companies of capital risk.	Discounts, subsidies, deductibles.
Advantages & Disadvantages	Less incentive to mitigate if government funds recover.	No burden on taxpayers; individuals must assume risks.	Provides a larger policy base, private companies develop risk data; post 2009 owners on notice of flooding risks.	Provides coverage in 21,000 communities in exchange for floodplain management; risk maps to communities; affordability handled with risk masking.



Get moving!

It's time for a committee, group, band of loyalists, whatever you want to call them---to start outlining a plan to combine to strengthen the Program.



Reauthorized NIFP We Can Make it Stronger



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