Welcome to
Key Fundamentals of
Flood Insurance in the NFIP!
A Before and After approach for Housing Counselors

Presented by: H2O Partners
Before the Flood
Presenter – Melanie Graham

After the Flood
Presenter — Erin Capps
Things to consider!

- All buildings are in a Flood zone
- Your client may be required to purchase Flood Insurance
- Homeowner policies do not cover flooding
- Floods are caused by many sources
Here’s our agenda

Question 1- What is a Flood

Question 2- Who has Flood Risk

Question 3- How is Flood Risk Identified

Question 4- Who Can Should and Must buy Flood Insurance

Question 5- How do property owners buy Flood Insurance
What is the NFIP?
What is a flood

- NFIP definition of “flood”
What is a flood?

NFIP Definition of Flood

- General and Temporary Condition
- Partial or complete inundation, such as:
  - Overflow of inland or tidal waters
  - Unusual or rapid accumulation or runoff of surface waters from any source

A general and temporary condition of partial or complete inundation of two or more acres of normally dry land area or of two or more properties (one of which is your property) from:

a. Overflow of inland or tidal waters,
b. Unusual and rapid accumulation or runoff of surface waters from any source,
c. Mudflow.
What is a flood?

**Mudflow**

- A river of liquid and flowing mud on the surface of normally dry land areas as when earth is carried by a current of water
- Not Mudflows:  
  - Landslide
  - Slope failure
  - Saturated soil mass

**Flood-related erosion**

- Collapse or subsidence of land along the shore of a lake or similar body of water
- Caused by waves or currents of water exceeding cyclical levels
- Results in flooding
Who has flood risk

- All Property Owners
- All Zones
SFHAs and Non-SFHAs

Special Flood Hazard Areas (SFHAs)

High Risk Zones
- AE (replaces A1-A30)
- A, AH, AO, A99, AR
- VE (replaces V1-V30), V, VO

Non-Special Flood Hazard Areas (non-SFHAs)

Low to Moderate Risk Zones
- B, C, X
- D (undetermined)
SFHAs appear as dark shading on a Flood Insurance Rate Map (FIRM).
How do you identify flood risk

- Flood Insurance Rate Maps
- Low Moderate and High Risk
Determining the Flood Zone
FEMA Map Service Center

Locating flood maps: www.msc.fema.gov
Who Must Buy Flood Insurance?

A or V Zones
What is a designated loan?

A loan secured by a **building or mobile** home that is located or to be located in a “Special Flood Hazard Area” in which flood insurance is available under the Act.

Please note: Emphasis on a “building or mobile home” as collateral.
How do property owners buy flood insurance?

- Write Your Own Company
- NFIP Direct Servicing Agent
- Licensed Property and Casualty Agent
Participating Communities

FEMA agrees to make flood insurance available

COMMUNITY agrees to adopt and enforce floodplain management regulations
### Community Status Book Report


## Federal Emergency Management Agency
Community Status Book Report

**VIRGINIA**

### Communities Participating in the National Flood Program

<table>
<thead>
<tr>
<th>CID</th>
<th>Community Name</th>
<th>County</th>
<th>Init FHBM Identified</th>
<th>Init FIRM Identified</th>
<th>Curr Eff Map Date</th>
<th>Reg-Emer Date</th>
<th>Tribal</th>
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<tbody>
<tr>
<td>510169#</td>
<td>ABINGDON, TOWN OF</td>
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<td>06/14/74</td>
<td>03/16/88</td>
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<td>510001#</td>
<td>ACCOMACK COUNTY *</td>
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<td>12/13/74</td>
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<td>03/16/09</td>
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<td>510006#</td>
<td>ALBEMARLE COUNTY *</td>
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<td>12/16/80</td>
<td>02/04/05</td>
<td>12/16/80</td>
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<tr>
<td>510260#</td>
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<td>BRUNSWICK COUNTY</td>
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<td>07/07/09</td>
<td>07/07/09</td>
<td>06/30/05</td>
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</table>

Community annexed property in Brunswick County, Virginia. Therefore, map for Brunswick County, Virginia, S10236 0075B, dated 2/6/1991 was also adopted and applicable to this community as well as their FHBM dated 2/25/1977.

<table>
<thead>
<tr>
<th>CID</th>
<th>Community Name</th>
<th>County</th>
<th>Init FHBM Identified</th>
<th>Init FIRM Identified</th>
<th>Curr Eff Map Date</th>
<th>Reg-Emer Date</th>
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<td>08/22/69</td>
<td>06/16/11</td>
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<tr>
<td>510009#</td>
<td>ALLEGHANY COUNTY *</td>
<td>ALLEGHANY COUNTY</td>
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<tr>
<td>510029#</td>
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<td>08/28/08</td>
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<td>510314#</td>
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<td>04/16/09(M)</td>
<td>09/01/87</td>
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<td>510010#</td>
<td>AMHERST COUNTY *</td>
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<td>510193#</td>
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<td>510319#</td>
<td>APPALACHIA, TOWN OF</td>
<td>WISE COUNTY</td>
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<td>02/18/11</td>
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How much flood insurance coverage is available?

<table>
<thead>
<tr>
<th></th>
<th>Emergency Program</th>
<th>Regular Program</th>
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</thead>
<tbody>
<tr>
<td><strong>Residential (1-4 family)</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Building</td>
<td>$35,000</td>
<td>$250,000</td>
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<tr>
<td>Contents</td>
<td>$10,000</td>
<td>$100,000</td>
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<tr>
<td><strong>Other Residential</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Building</td>
<td>$100,000</td>
<td>$500,000</td>
</tr>
<tr>
<td>Contents</td>
<td>$10,000</td>
<td>$100,000</td>
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<tr>
<td><strong>Non-Residential</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Building</td>
<td>$100,000</td>
<td>$500,000</td>
</tr>
<tr>
<td>Contents</td>
<td>$100,000</td>
<td>$500,000</td>
</tr>
</tbody>
</table>
SFIP pays for complying with state or local floodplain management law or ordinance

- Compliance activities include:
  - Elevation, Relocation, Demolition, Floodproofing

- Eligibility requires:
  - Substantial damage
    - 50% of market value, or
    - Lower local standard
  - Repetitive loss
    - 2 flood losses in 10 years
    - 25% of market value

See Part III. Property Covered - Section D of SFIP for complete details on eligibility and coverage
SECTION 2
After the Flood

Mitigation Eligibility and Activities
Types of Funding Sources

- Hazard Mitigation Assistance (HMA)
- Pre-Disaster Mitigation (PDM)
- Flood Mitigation Assistance (FMA)
- Hazard Mitigation Grant Program (HMGP)
Who Can Apply for Funding?

Eligible Applicants Depend on the Type of Funding
HMA Funding by Entity and Program

<table>
<thead>
<tr>
<th>Entity</th>
<th>HMGP</th>
<th>PDM</th>
<th>FMA</th>
</tr>
</thead>
<tbody>
<tr>
<td>State Agencies</td>
<td>+</td>
<td>+</td>
<td>+</td>
</tr>
<tr>
<td>Federally-recognized Tribes</td>
<td>+</td>
<td>+</td>
<td>+</td>
</tr>
<tr>
<td>Local Governments/Communities</td>
<td>+</td>
<td>+</td>
<td>+</td>
</tr>
<tr>
<td>Private Nonprofit Organizations (PNPs)</td>
<td>+</td>
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</table>
## Cost Sharing

<table>
<thead>
<tr>
<th>Program</th>
<th>Federal / Non Federal Share</th>
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<tbody>
<tr>
<td>HMGP</td>
<td>75/25</td>
</tr>
<tr>
<td>PDM</td>
<td>75/25</td>
</tr>
<tr>
<td>PDM – If subrecipient is small and impoverished community or tribal government</td>
<td>90/10</td>
</tr>
<tr>
<td>FMA – insured properties and planning grants</td>
<td>75/25</td>
</tr>
<tr>
<td>FMA – repetitive loss property</td>
<td>90/10</td>
</tr>
<tr>
<td>FMA – severe repetitive loss property</td>
<td>100/0</td>
</tr>
</tbody>
</table>

![Pie chart for Federal and Match funding](chart.png)
Repetitive Loss v. Severe Repetitive Loss

- **Repetitive Loss**
  - NFIP Coverage
  - Flood Damage
    - 2 Incidents, Cost of Repair ≥ 25% of the Market Value for Each Event
    - *AND* During Second Incident, Insurance Contract Included ICC Coverage

- **Severe Repetitive Loss**
  - NFIP Coverage
  - Flood Damage
    - 4 or More Claims (building & contents), Each Claim > $5,000 and Total > $20,000
    - *OR* 2 Claims (building only) and Total > Market Value
Meeting the Non-Federal Share

1. Cash
2. Third-Party In-Kind Services
3. Materials
4. State Grants
5. Federal Funds (in limited cases)
6. Increased Cost of Compliance (ICC)
   1. Up to $30,000
   2. Claim Must be Made within Timeline Allowed by the NFIP
   3. Only for Activities Eligible for ICC:
      1. Elevation
      2. Floodproofing
      3. Relocation
      4. Demolition
Requirements for Eligibility

- Hazard Mitigation Planning
Type of Eligible Projects

<table>
<thead>
<tr>
<th>Eligible Projects</th>
<th>HMGP</th>
<th>PDM</th>
<th>FMA</th>
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</thead>
<tbody>
<tr>
<td>Property Acquisition and Structure Demolition</td>
<td>+</td>
<td>+</td>
<td>+</td>
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<tr>
<td>Property Acquisition and Structure Relocation</td>
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<td>+</td>
<td>+</td>
</tr>
<tr>
<td>Structure Elevation</td>
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<td>+</td>
<td>+</td>
</tr>
<tr>
<td>Mitigation Reconstruction</td>
<td>+</td>
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<td>+</td>
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<tr>
<td>Dry Floodproofing of Historic Residential Structures</td>
<td>+</td>
<td>+</td>
<td>+</td>
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<tr>
<td>Dry Floodproofing of Non-residential Structures</td>
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<td>+</td>
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<tr>
<td>Generators</td>
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<tr>
<td>Localized Flood Risk Reduction Projects</td>
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<tr>
<td>Non-localized Flood Risk Reduction Projects</td>
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<tr>
<td>Structural Retrofitting of Existing Buildings</td>
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<tr>
<td>Non-structural Retrofitting of Existing Buildings and Facilities</td>
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<td>+</td>
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<tr>
<td>Safe Room Construction</td>
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<td>+</td>
<td></td>
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<tr>
<td>Wind Retrofit for One- and Two-Family Residences</td>
<td>+</td>
<td>+</td>
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<tr>
<td>Infrastructure Retrofit</td>
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<td>+</td>
<td>+</td>
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<tr>
<td>Soil Stabilization</td>
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<td>+</td>
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<tr>
<td>Wildfire Mitigation</td>
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<tr>
<td>Post-Disaster Code Enforcement</td>
<td>+</td>
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</table>
Examples of Ineligible Activities

1. Acquisition Projects not Compatible with Open Space or Properties with Encumbrances
2. Non-Localized Flood Risk Reduction Projects Specific to FMA
3. Flood control Project to Repair/Replace Dams for Maintenance
4. Preparedness Actions, e.g. sandbags for flooding
5. Beach Nourishment/Re-Nourishment Projects
6. Projects for the Purpose of Water Quality Infrastructure
7. Landscaping / Ornamentation / Irrigation Systems
Any NFIP Requirements for HMA Funding

- NFIP Participation is Required for FMA Funding for Project and Planning Applications
- Flood Insurance must be Maintained for the Life of the structure for FMA Funding
- If a Community Participates in the NFIP AND the Project is in the SFHA, NFIP Participation is Required for HMGP and PDM Funding

Yes! HMA Eligibility is Related to the NFIP
Successful HMA/NFIP Projects

- Baldwin County, AL
  - Scarcliff family home flooded five times
  - Maintained flood insurance until mortgage was paid off
  - After reinstating the policy, worked with AEMA and FEMA to complete an HMGP project to elevate the home
  - Utilized ICC funds to cover the non-federal share
Successful HMA/NFIP Projects

- Sandy Hook Bay, NJ
  - Homeowners required to elevate home to obtain permits to add a second floor for $22,000
  - Decided to elevate above the requirement from 60 inches to 77 inches
  - Installed flood vents and elevated utilities
  - Home survived Hurricane Irene and Sandy (flood waters drained out through the vent)
  - Would have maintained significant damage if they did not increase above the minimum
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