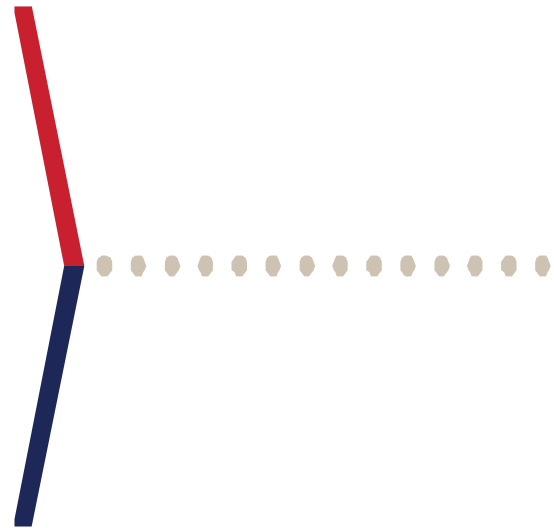




National Flood Insurance Program (NFIP)





The National Flood Insurance Program (NFIP)

- A 3-legged stool
 - Risk Reduction – Manage the Risk
 - Risk Analysis – Identify the Risk
 - Risk Transfer – Insure the Risk
- Currently the NFIP has:
 - Over 22,000 communities participate in the NFIP
 - More than 5 million policies in force (PIF)
 - Over \$1.3 trillion in coverage



NFIP Overview

- NFIP Community Participation is voluntary but NFIP insurance is only available participating communities
- Participating communities must
 - Adopt Flood Insurance Rate Maps (FIRMs)
 - Enact and enforce minimum NFIP floodplain management standards to regulate development in Special Flood Hazard Area (SFHA).
- Any structure in the SFHA with a federally backed mortgage is required to have flood insurance (Mandatory Purchase)
- Community Rating System (CRS) provides incentive to exceed minimums



Mapping & Risk Management

Risk Mapping, Assessment and Planning (Risk MAP) program

- Flood Insurance Rate Maps (FIRMs)
 - adopted by participating communities
 - depicts Special Flood Hazard Areas (SFHAs) & the Base Flood Elevations (BFEs)
- Updating a community's FIRMs can take three to five years or more
- Currently only 1/3 of the nations streams and coasts have been mapped



NFIP Reauthorization Status

- 15 short-term NFIP reauthorizations have been enacted since the end of FY2017
- NFIP is currently authorized until September 30, 2020.
- What happens if the NFIP lapses?
 - The authority to provide new flood insurance contracts will expire.
 - The authority for NFIP to borrow funds from the Treasury will be reduced from \$30.425 billion to \$1 billion.



2020 Reauthorization Outlook

- Road ahead in Congress
 - Additional legislative proposals expected
 - Prospects uncertain for action
 - Likely scenario: One or more additional extensions
- Long term reauthorization challenges
 - No consensus on reform proposals
 - Differing perspectives on affordability
 - Impacts & response to Risk Rating 2.0
 - Timing



Risk Rating 2.0

- Regulatory initiative to redesign the NFIP risk rating system
- Goal - deliver rates that are fairer, easier to understand, and better reflect a property's unique flood risk.
- Deferred implementation timeline
 - New rates will go into effect on October 1, 2021.
 - Changeover will impact all NFIP policies at one time instead of a phased approach as originally proposed.
- Rating characteristics and role of FIRMs will change



Thank you

Tamra Spielvogel

Senior Environmental Policy Program Manager

National Association of Home Builders

tspielvogel@nahb.org | 202-266-8327

