

<b>Meeting Name:</b>	Flood Insurance Premium Assistance Taskforce Meeting 1
<b>Date:</b>	February 7, 2024
<b>Start Time:</b>	1:00 PM
<b>End Time:</b>	4:00 PM
<b>Venue:</b>	Capital Associates Building Forster Room / Microsoft Teams Meeting

**Attendees (all in person)**

Commissioner Michael Humphreys (Chair), Senator Lisa Baker, Deputy Secretary Stacey Cameron, Director David ‘Randy’ Padfield, Senator Steve Santarsiero, Representative Perry Warren, Representative David Zimmerman

**Minutes**

**Meeting Objectives**

Roll call, introductions, public comment, presentations

**Welcome Introductions**

- **Commissioner Humphreys**
  - Stressed the importance for more education related to flood insurance
  - Stated the goal of the task force is to return to the legislature with actionable suggestions on what we can do as a Commonwealth on price and awareness
  - Introduced an idea to potentially create a position in state government to assist communities with navigating the challenges of the community rating system (CRS)
  - The improvement in CRS participation can potentially provide flood insurance discounts for the communities
- **Deputy Secretary Cameron**
  - Expressed agreement with the comments presented by Commissioner Humphreys.
- **Director Padfield**
  - Expressed the need to understand the flood insurance marketplace and what potential options for affordable flood insurance are available to Pennsylvanians
- **Rep. Warren**
  - Represents constituents around the Delaware River.
  - Representative Warren is the prime sponsor of Act 22 of 2023 (Flood Insurance Premium Assistance Task Force).
- **Rep. Zimmerman**
  - Represents many farming communities and discussed concerns related to location of the property within the special flood hazard area and how that impacts flood insurance.

- Experienced firsthand the impacts of repeated flooding in his area.
- Acknowledged the high cost of repairing his community after a flood.
- **Sen. Santarsiero**
  - Discussed concerns in relation to Federal programs that have impacted subsidies for flood insurance.
  - Acknowledged in his area and across the Commonwealth, FEMA has updated flood maps which have include many properties that may not have been in flood zones previously.
  - Stressed concerns in relation to the affordability of flood insurance but recognizes the importance of flood insurance due to the number of increasing severe storms
  - Explained that flooding is a problem that spans the Commonwealth
- **Sen. Baker**
  - Stated that her constituents are concerned about affordability and accessibility of flood insurance
  - Introduced concerns that public infrastructure should also be taken into consideration when studying flooding

#### **Public Comment Period**

- Susan Patterson, City of Philadelphia - More people need to know about Risk Rating 2.0

#### **FEMA Presentation**

- The NFIP was created by Congress in 1968 and administered by FEMA
  - Participating communities must follow certain requirements
  - The communities must make and maintain necessary structural and nonstructural requirements.
  - The communities must adopt and enforce floodplain management ordinance that meets or exceeds FEMA minimum standards
  - The communities must adopt the most current Flood Insurance Rate Map (FIRM) which identifies the flood hazard area
- Nationally there are 22,200+ participating communities
  - PA currently has 2,480 NFIP participating communities
  - There are 36 municipalities that are not participating and 11 of those are being suspended.
- The NFIP covers flood losses within the value of the property
- Sold mostly by private insurance agents and companies but administered by FEMA.
- Federal Disaster Declaration funds
  - These funds are not guaranteed and are dependent on a Presidential disaster declaration to receive assistance.
  - The average payout is much lower than \$41,000

- The funds are an interest-bearing loan or disaster grant.
- There are a total number of 44,821 NFIP Policies in PA.
- There is a statewide penetration rate of .8% for NFIP policies.
- 62% of those policies are in the Special Flood Hazard Area (SFHA)
- NFIP policies are trending down over the last several years
- FEMA expressed the need for better floodplain management
- Affordability framework
  - This is the first ever data driven analysis of policyholder and potential policy holder incomes by flood risk and home ownership status.
  - The framework suggests that both policyholders and non-policyholders with the lowest median incomes live in the highest hazard areas.
  - The framework proposes several options for developing an affordability program for flood insurance and offers models of the costs of each option.
- CRS (Community Rating System)
  - This is a voluntary program for communities that provides premium discounts on your insurance
  - The program goes above and beyond the minimum requirements of the NFIP

#### **PEMA Presentation**

- Northeast has seen highest increase in heavy rain events over the past five decades
- Costs of severe weather events are increasing
- PEMA coordinates annual risk reduction consultations, sends information to floodplain managers to help them improve.
- PA Flood Tool
  - Flood tool is available to provide floodplain managers, insurance agents, developers, real estate agents, local planner and citizens the ability to check areas for flood risk
- There are multiple forms of disaster recovery assistance. They are as follows:
  - US Small Business Administration (SBA) loan - low interest
  - FEMA Disaster Individual Assistance (IA) Grant - \$5k per household (Not always granted)
  - FEMA Hazard Mitigation Grant – This grant can take 18-24 months – Acquisition, elevation, mitigation/reconstruction (not guaranteed)
  - NFIP - policy claim payout
  - NFIP Increase Cost of Compliance Check
  - Donation from a voluntary organization
- Hazard Mitigation Projects

- There are multiple ways to attempt to mitigate the possibility of flooding
- Disaster Relief Assistance Program (DRAP)
  - This is a new program that provides assistance without FEMA but has certain requirements.
- A potential idea discussed during the presentation is for the ability of FEMA to be allowed to relocate homes on the same parcel of land
- Many communities could easily reach higher standards that NFIP requires with the CRS program.
  - This does require admin work that can be a burden
  - May require additional resources.
- Expressed the importance of understanding how development in other areas can have an impact on the downstream communities

### **Penn State Harrisburg Presentation**

- PSU Harrisburg completed a study of flood insurance in Pennsylvania across three professional roles in partnership with PEMA, PID, DOBS, realtors, insurance professionals and lenders
- PSU announced they will be able to continue the research in this area after receiving an additional grant.
- Study from 2022-2023
- The report was made up of surveys and interviews from both residents and professionals
- The following recommendations were made in the report:
  - The report suggested improvements in professional training & education
  - The report suggested tailoring information resources to the appropriate group
  - The report suggested cross-sector coordination
- PSU Harrisburg stressed the importance of a resiliency mindset & community engagement
- There are plans for future research at PSU Harrisburg
- A take-away from the report: Disclosures are important
  - Multiple opportunities, various points in the process of purchasing a home
  - The disclosure must be meaningful to the future home buyer

### **PID Discussion**

- There are different ways flood insurance is sold in Pennsylvania. Some examples are as follows:
  - NFIP
  - NFIP-like that compete with and are similar to the NFIP
  - Private insurance policies, often backed by re-insurers
- The number of private market flood policies has significantly increased since Jan. 2016
  - Policies have increased from 1,400 to roughly 16k
- Private market flood policies are both in the admitted and surplus lines market

- Of the 3.1 million insured homes in Pennsylvania about 50,000 are insured for flood
- Recommendations
  - Flooding can and does occur anywhere
  - Everyone can purchase flood insurance
- **Review of Public Comments**
  - There were 34 public comments received
  - Sen. Santarsiero explained many of the comments suggested to add state level programs as a policy suggestion.
- **Next Steps/Adjournment**
  - Next few meetings:
    - March 6 - Johnstown (still looking at spaces) – Budget hearings are occurring this week
    - April 3 - Yardley (still looking at spaces)
  - The taskforce could bring in realtors, agents, non-profits that work in this space etc.
  - Municipality programs should be tied to an incentives
    - Two ways this could work: one as a subsidy, the other could be grant money for stormwater management.
    - It is important to see how we can leverage the membership of CRS program.
  - Any key takeaways
    - We need to better understand the scope of affordability issues
    - Better Understand how new development can cause flooding
    - Sometimes building to current code is not enough to avoid future floods

#### **Adjournment**

- Rep. Zimmerman made motion to adjourn meeting
- Rep. Warren seconded the motion
- Meeting adjourned at 3:40

#### **Next Steps**

- Next meeting – March 6<sup>th</sup>