

# National Flood Insurance Program & Pennsylvania

Pennsylvania Flood Insurance Premium Assistance Task Force Meeting  
Harrisburg, PA | February 7, 2024



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# National Flood Insurance Program (NFIP)

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- Provides flood insurance to homeowners, renters, and business owners
- Written by insurance agencies through about 65 companies or direct with the NFIP (rates and coverage are the same for all agents)
- Created by Congress in 1968
- Administered by the Federal Emergency Management Agency (FEMA)
- Available in 22,200+ participating communities
  - *PA currently has 2,480 NFIP participating communities. That is more than 10% of the national total*
  - *36 municipalities are not participating, with 11 of those being suspended*





# How it Works

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## Participating Communities

- Make and maintain necessary structural and nonstructural requirements
- Adopt and enforce a floodplain management ordinance that meets or exceed FEMA minimum standards (44 CFR 59 & 60)
- Adopt the most current Flood Insurance Rate Map (FIRM) which identifies the flood hazard area

## NFIP

- Works with communities to adopt regulations and then oversee compliance through a network of Floodplain Management and State NFIP Coordinator Offices
- Provides flood insurance
- Evaluates how structural changes may lower premiums



# Flood Insurance vs. Disaster Assistance

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## National Flood Insurance Program

- Covers flood losses within the value of the policy
- Not a loan; you don't have to pay it back (although you do pay the premium)
- Sold mostly by private insurance agents and companies, but administered by FEMA
- Average claim payment: \$78,592 for Hurricane Ian claim

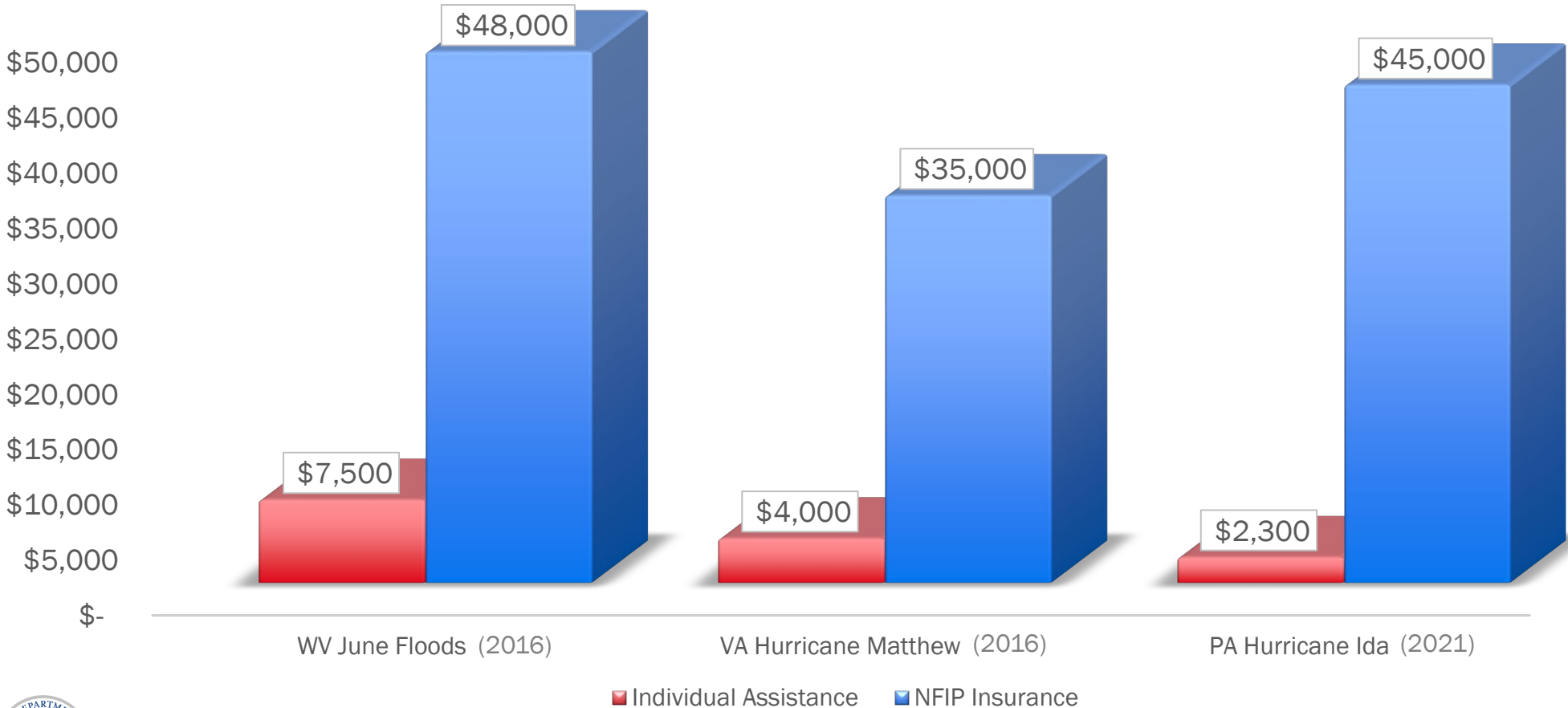


## Federal Disaster Assistance

- Not guaranteed; requires a Presidential disaster declaration to receive assistance
- An interest-bearing loan or disaster grant
- Total possible payout for home repairs: \$41,000, average is much lower



# More Money for Insured Survivors



# By the Numbers - NFIP in Pennsylvania

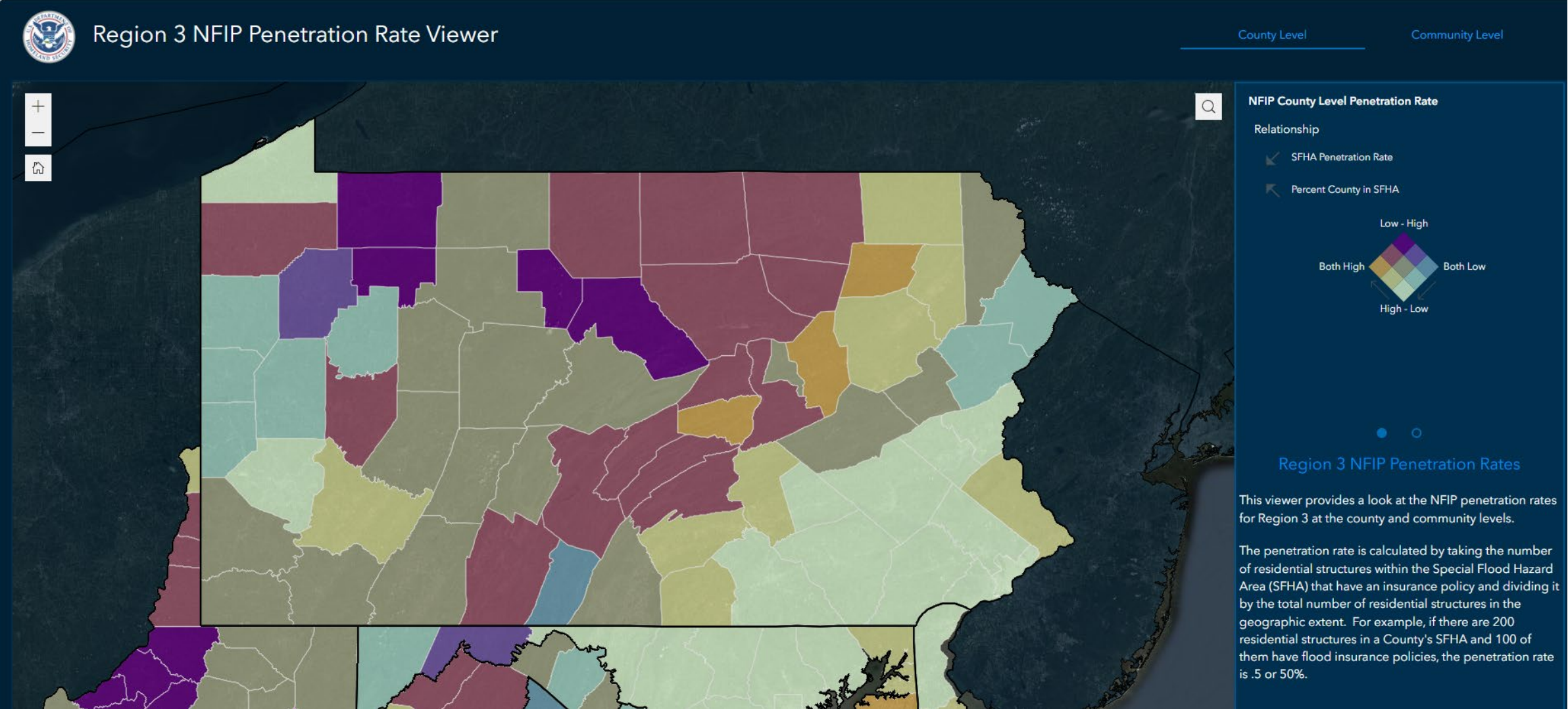
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Total Number of NFIP Policies	44,821
Total NFIP Coverage	\$10,708,460,000
Total NFIP Claims (historic)	76,137
Total claims amount paid	\$1,414,800,000
Penetration rates (as of 12/20/2023)	In the SFHA: 22.8%  Statewide: 0.8% (62% of policies are in the SFHA)

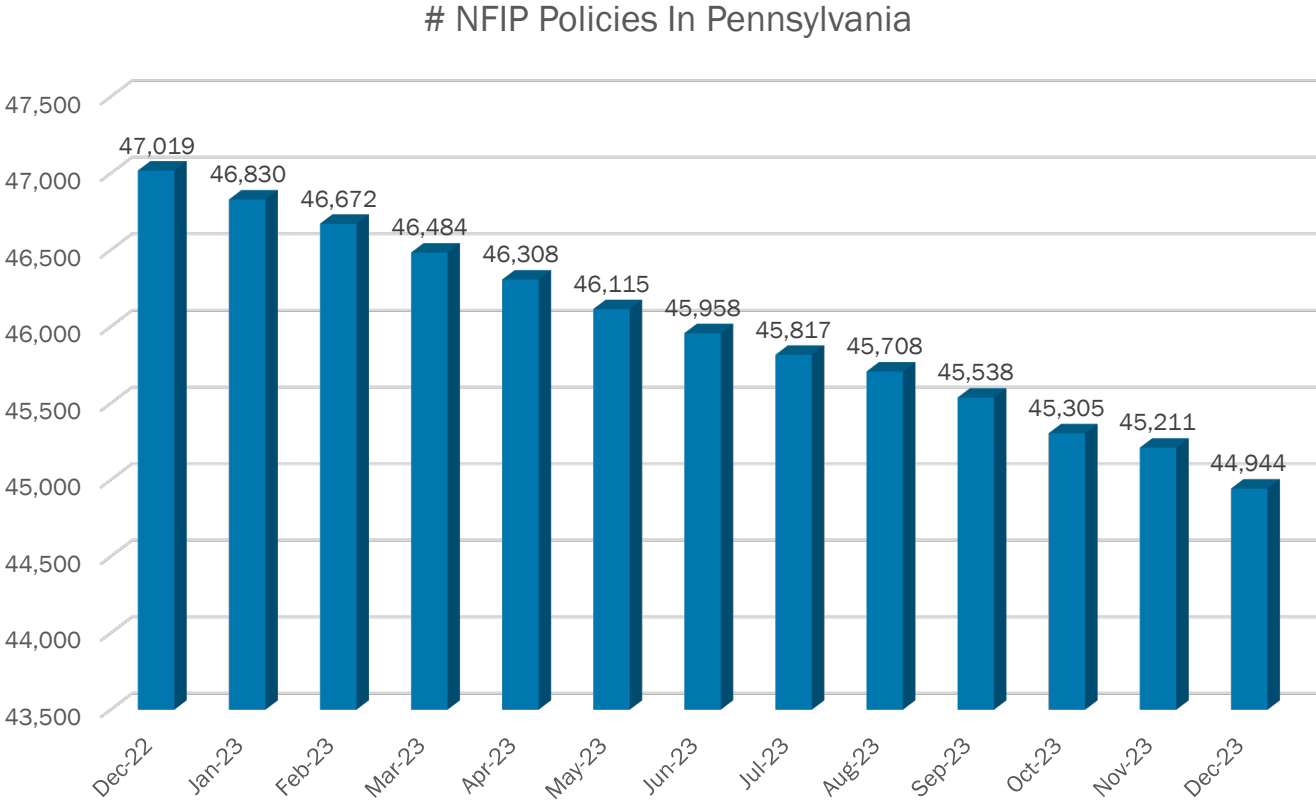


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# NFIP Policy Penetration Rate by County



# NFIP Policy Trends in Pennsylvania



Policy in Force Growth for 2023:

-2,075 (-4.4%)



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# Repetitive/Severe Repetitive Loss Properties

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- Repetitive Loss
    - Two or more flood losses of \$1,000 each in any 10-year period since 1978
  - Severe Repetitive Loss
    - Four or more losses of \$5,000 each (building and/or contents), or two separate losses (building only) exceeding current market value of the structure.
    - Two of the claim payments must be within 10 years of each other.
    - Policy cost may increase as a result of SRL designation
  - Prior NFIP Claims Rating Factor
    - Based on number of claims starting April 1, 2023 (date of full implementation of new NFIP pricing approach) over a 20-year window
- Continued history of claims has a direct impacts on premiums



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# By the Numbers – Repetitive Loss Properties in PA

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Repetitive Loss/Severe Repetitive Loss	By the Numbers
Total Repetitive Loss Properties	8,429
Severe Repetitive Loss Properties	1,256
Total Repetitive Loss Losses	25,474
Severe Repetitive Loss Losses	6,917
Total Repetitive Loss Payments	\$758M
Severe Repetitive Loss Payments	\$288M



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# Affordability Framework for the NFIP

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- First ever data driven analysis of policyholder and potential policyholder 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.

[NFIP Affordability Report to Congress \(fema.gov\)](https://www.fema.gov/nfip-affordability-report-to-congress)



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# NFIP Reauthorization

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- 27 short-term extensions and 3 lapses since September 30, 2017
- Expires March 8, 2024
  - Could be 3<sup>rd</sup> short-term extension since October 2023
- Effects of a Lapse:
  - Prevents households and businesses from purchasing, renewing, or modifying coverage
  - Creates uncertainty
  - Loss of confidence in program
  - Burden on WYO companies and FEMA
    - Unnecessary expenditures:
      - Communicate with 5M policy holders
      - Stop and start NFIP flood insurance



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# Community Rating System

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Voluntary program provides insurance premium discounts for community activities

Above and beyond the minimum requirements of the NFIP

- Reduce and avoid flood damage to insurable property
- Strengthen and support the insurance aspects of the NFIP
- Foster comprehensive floodplain management

Creditable Activities

- Public information, mapping and regulations, flood damage reduction, and flood warning and response



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# Thank you

## Contact Information

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