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Flood News Flash | May 2010

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National Flood Insurance Program (NFIP):

Reauthorized through May 31, 2010

On Thursday, April 15, 2010, the NFIP was officially temporarily extended again through May 31, 2010. The provision is effective retroactively to February 28, 2010. Below is the current interrupter page communication. We will continue to update this message as we receive information from FEMA. To view the "attached document" referenced in the interrupter page below, please [click here](#).

Please read the following urgent message(s)!

NFIP Reauthorized through May 31, 2010

UPDATED: Friday, April 16

Thursday evening, April 15, 2010, Congress passed and the President signed into law the reauthorization of the National Flood Insurance Program. The provision reauthorizing the NFIP extends the Program **retroactively** from February 28, 2010 through May 31, 2010. The [attached document](#) is the most recent communication from FEMA.

We will update this message as additional information is received.

Continue

Proposed Legislative Changes to the NFIP:

Proposals to Reform the National Flood Insurance Program

On April 21, 2010, the House hosted a hearing on the National Flood Insurance Program. There were multiple speakers providing testimony to the Subcommittee on Housing and Community Opportunity. To view the archived Webcast or read statements from the speakers, please click on the link below:

http://www.house.gov/apps/list/hearing/financialsvcs_dem/hrh_041410.shtml.

The United States Government Accountability Office (GAO) also testified before the Subcommittee. Here is a link to view their recommendations to address financial and operational issues of the NFIP:

<http://www.gao.gov/new.items/d10631t.pdf>.

The Association of State FloodPlain Managers (ASFLM) created a [legislative report summarizing recent activities in both the House and Senate concerning the NFIP](#). Here is a summary of the three "Weather" bills currently under consideration in the House, as quoted from the [ASFLM legislative report](#):

- **Flood Insurance Reform Priorities Act – HR 5114**
 - 5-year reauthorization of the NFIP and of the Severe Repetitive Loss Pilot program
 - Increase in maximum coverage limits to \$335,000 (from \$250,000) for residential \$135,000 (from \$100,000) for contents, and \$670,000 (from \$500,000) for non-residential
 - Phase-in of actuarial rates for commercial and non-primary residential pre-FIRM properties (Does not apply to multifamily rentals or primary residence [for tenant] rentals)
 - 5 year delay in mandatory purchase requirement for areas newly mapped as Special Flood Hazard Areas (SFHA's). Does not delay effective date of maps, notification of flood hazard, availability of flood insurance or eligibility for mitigation
 - 5 year phase-in of actuarial rates at 20% per year, after end of 5 year delay in mandatory purchase
 - Increase in annual cap on premium increases from 10% to 20%
 - Amendments include:
 - Optional coverage for Additional Living Expenses and Business Interruption
- **Multiple Peril Insurance Act – HR 1264**
 - This bill would provide for an optional flood and wind coverage policy to be offered by FEMA at actuarially sound premium rates
 - The bill was favorably reported, without amendment, by a recorded vote of 40-25
 - Representative Taylor had introduced this bill in the last Congress as well. It was then included in the flood insurance reform bill (HR 3121) that passed the House
 - A similar provision was defeated in the Senate
- **Homeowners' Defense Act – HR 2555**
 - The bill establishes a National Catastrophe Risk Consortium:
 - a non-profit, non-federal entity to act as a repository for state risk information
 - to establish a database for research and analysis on standardization of the risk-linked securities market
 - maintain an inventory of catastrophe risk obligations held by state reinsurance funds and others
 - other duties as assigned
 - The measure provides for federally backed catastrophe reinsurance for eligible state reinsurance funds and establishes a Federal Natural Catastrophe Reinsurance Fund in the Treasury
 - It also sets up a \$15 million per year grant program at Housing and Urban Development (HUD) to support mitigation of losses from natural catastrophes

2010 Storm Surge Report:

Potential Monetary Exposures Due to Storm Surges

A storm surge is among the most destructive natural forces. Along the eastern seaboard and Gulf Coast, storm surges are a catalyst for billions of dollars of policyholder losses. This report, created by First American Spatial Solutions, provides an overview of the potential costs of a storm surge in 13 cities in the South and East Coast.

To view the report, please click on the following link: <http://www.faspatial.com/storm-surge>

Continuing Education (CE):

Online and Classroom Options Available to You through NFS

Most states passed a flood certification requirement for licensed Property & Casualty agents. *Are your agents flood certified?* We have a couple options available exclusively to you for certifying your agents:

- **Online CE Option:**
 - Our online flood course is approved in most states and may be accessed directly from your flood processing website
- **Classroom CE Option:**
 - Approved in most states, one of our knowledgeable instructors will teach from our very own NFS-created flood course for larger groups of agents.

To discuss continuing education (CE) options, please email CE@nfs.stoneriver.com or call Julie Duncan at 800.859.1681.

Flood Training Update:

May & June WebEx Sessions

Below is our schedule for May and June. All sessions below are held at **2pm Eastern** (1pm Central, noon Mountain, and 11am Pacific):

- Tues, May 11: **The Claims Process**
- Tues, June 8: **Excess Flood**

To sign up, email WebTraining@nfs.stoneriver.com and include the name(s) and email address(es) of each person who will be attending. Please also include the names of each of the sessions.

***Please note: These sessions are not approved for Continuing Education (CE) nor do they meet state required flood training.**

In the News - National Flood Insurance Program:

What is Currently Hitting the Headlines in the World of Flood

- **“National Hurricane Center Considers Issuing Storm Surge Warning”** – The National Hurricane Center is debating on whether to add a storm surge warning to its list of warnings communicated during hurricane season.
<http://www.claimsjournal.com/news/national/2010/04/01/108672.htm>
 - Source: *ClaimsJournal.com* – 4/1/10
- **“Proper Clean-up Following Flood Can Reduce Molds and Mildew and Lessen Health Risks”** – Stagnant water and moist environments are the perfect conditions to create hazardous mold.
<http://www.fema.gov/news/newsrelease.fema?id=50735>
 - Source: *FEMA.gov* press release – 4/1/10
- **“Experts: Massachusetts Flooding Worsened by Pavement”** – Normally rain water is absorbed into the soil, but development diverts the water into storm drains, then to area rivers.
<http://www.claimsjournal.com/news/east/2010/04/06/108774.htm>
 - Source: *ClaimsJournal.com, from the Associated Press* – 4/6/10

- **“Rhode Islanders Cautioned When Returning Home After Flooding”** – <http://www.fema.gov/news/newsrelease.fema?id=50825>
 - Source: FEMA.gov press release – 4/8/10
- **“Flood Program Lapse Complicates Home Sales”** – <http://www.insurancenewsnet.com/article.aspx?id=178569&type=propertycasualty>
 - Source: *InsuranceNews.net* – 4/8/10 from the *Florida Keys Keynoter* Distributed by McClatchy-Tribune Business News
- **“Forecasters Predict Above-Average Hurricane Season in 2010”** – <http://www.insurancejournal.com/news/national/2010/04/08/108861.htm>
 - Source: *InsuranceJournal.com* – 4/8/10
- **“President Obama Signs Jobless Aid, Flood Insurance Extension”** – <http://www.insurancejournal.com/news/national/2010/04/15/109055.htm>
 - Source: *InsuranceJournal.com* from Reuters – 4/15/10
- **“NAMIC to Congress: Reform NFIP Now”** – The National Association of Mutual Insurance Companies (NAMIC) called upon Congress to make reforms to the NFIP before it expires yet again at the end of May. <http://www.insurancenewsnet.com/article.aspx?id=180588&type=breakingnews>
 - Source: *InsuranceNewsNet.com* – 4/16/10
- **“Towns reject FEMA flood buyouts, despite benefits”** – <http://www.wsvn.com/news/articles/national/MI84733/>
 - Source: *WSNV.com* (Miami/Fort Lauderdale) from The Associated Press – 4/17/10
- **“Congress Reopens Flood Gates”** – http://www.insurancenetworking.com/news/flood_insurance_Gene_Taylor_wind_damage_Multiple_Peril_Insurance_Act-24634-1.html?ET=insurancenetworking:e1105:50404a:&st=email&utm_source=editorial&utm_medium=email&utm_campaign=INN_Update
 - Source: *InsuranceNetworkingNews.com* – 4/21/10
- **“Insurers Favor NFIP Reform Bill; Committee May Vote on It Soon”** – <http://www.insurancenewsnet.com/article.aspx?id=182588&type=lawregulation>
 - Source: *InsuranceNewsNew.com* from A.M. Best Company, Inc. – 4/22/10
- **“House Committee Advances 5-Year Flood Insurance Extension”** – <http://www.insurancejournal.com/news/national/2010/04/28/109343.htm>
 - Source: *InsuranceJournal.com* – 4/28/10
- **“Beyond the Flood Zone: Storm Surge Multiplies Coastal Vulnerabilities”** – <http://www.insurancejournal.com/news/national/2010/04/30/109437.htm>
 - Source: *InsuranceJournal.com* – 4/30/10