

Flood Insurance vs. Disaster Assistance

Janice Mitchell
FEMA, Region 4
770-220-5441

National Flood Insurance Program (NFIP)

- Nearly 20,000 communities participating
- 195,350,633 policies in force
- \$37,417,000,898,700 Total Coverage
- \$51,032,938 Total Claims since 1978
- \$1,106,052,905,910 Claims Paid since 1978

Georgia

- 462 communities participating
- 87,729 Policies in Force
- \$18,307,851,100 Total Coverage
- 13,314 Total Claims since 1978
- \$192,313,053 Claims Paid since 1978

Flood Insurance

- Available within any community participating within the National Flood Insurance Program (NFIP)
- Available for all structures within that community regardless of zone.
- Structure does not have to have a mortgage to qualify for insurance.
- Insurance is mandatory for Federally backed mortgages.

Flood Insurance

- Covers damage due to rising water – homeowners policy does not.
- Contents coverage is available.
- Coverage available for structures in the course of construction
- Preferred Risk Policy available for structures in B, C, or X zone on *the effective FIRM*

Flood Insurance

- **Increased Cost of Compliance Coverage (ICC)**

- Enacted in 1994 by NFIRA, effective June 1, 1997
- Payment of a **claim** to comply with local FPM ordinance that requires elevation of substantially or repetitively flood-damaged buildings
- Coverage included in all policies issued or renewed since June 1, 1997
- Provides up to \$30,000 to:
 - Flood proof (nonresidential only)
 - Relocate building
 - Elevate building
 - Demolish building

Two Program Phases



- Emergency
 - Flat Rates
 - Limited Coverage
 - Flood Hazard Boundary Map

NFIP Program Phases

- Regular
 - Flood Insurance Rate Map
 - Additional Coverage
 - Actuarial Rates



Limits of Coverage

<u>Buildings</u>	<u>Emergency</u>	<u>Regular</u>
Single Family	\$ 35,000	\$250,000
Other Residential	\$100,000	\$250,000
Non-Residential	\$100,000	\$500,000

<u>Contents</u>	<u>Emergency</u>	<u>Regular</u>
Residential	\$ 10,000	\$100,000
Non-Residential	\$100,000	\$500,000

After a Disaster Declaration, When is Flood Insurance Required?

- Community participates in the NFIP
- Property is located in Zone A or V
- Insurable property sustained flood damage
- Property owner receives loan or grant to repair or replace insurable items

SBA Disaster Loans

- Property is flood damaged
- Any flood zone
- Flood insurance required for life of SBA disaster loan



Individual and Family Grant (IFG) Program



- NFIP participating community
- Property in A or V Zone
- IFG includes flood insurance coverage for 3 years
- Future eligibility for disaster assistance requires maintenance of flood insurance

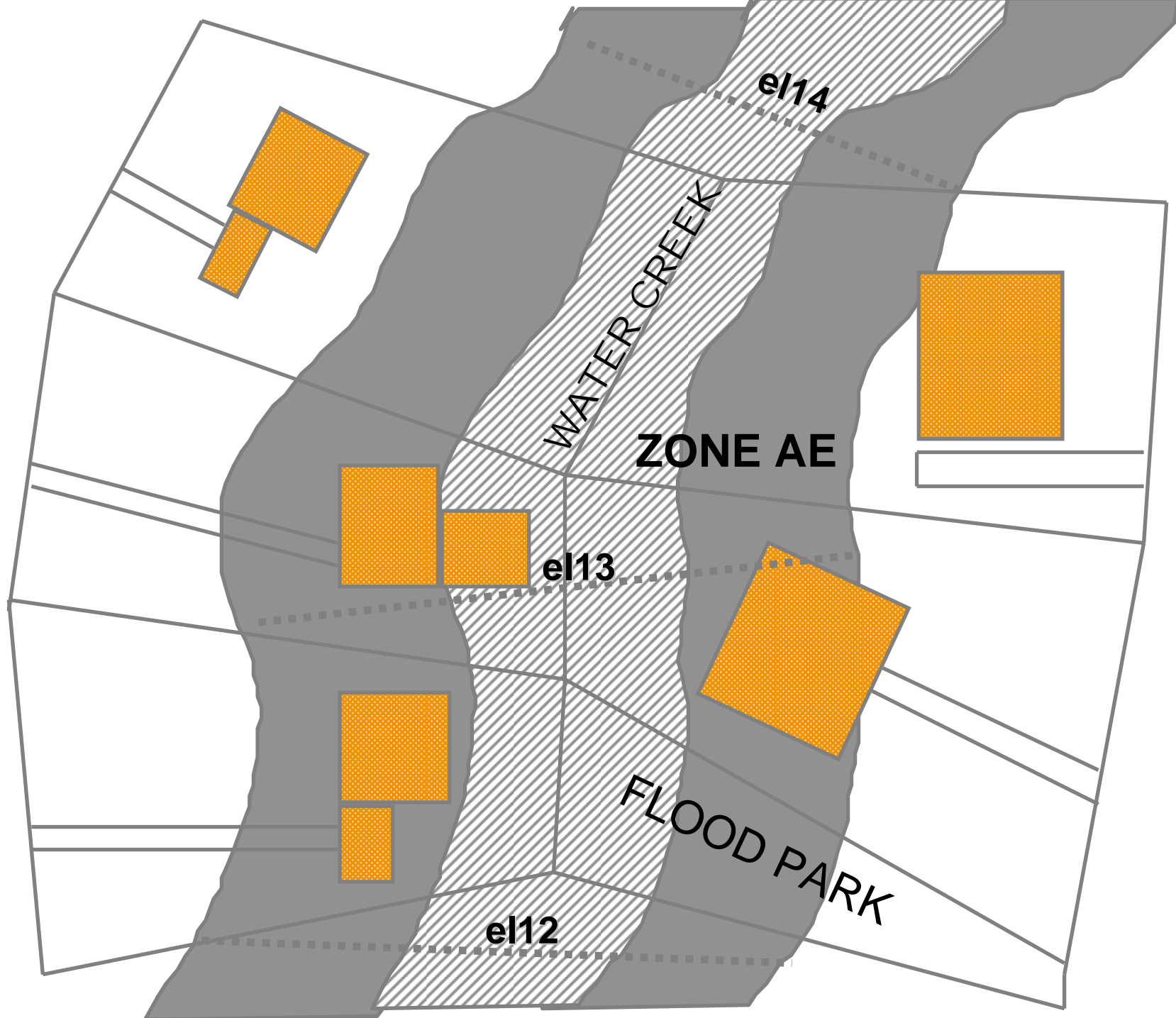
Effects of Non-Participation on Availability of Disaster Assistance

- If flooded and in Zone A or V
 - No assistance for permanent repairs or replacement of ***insurable items***
 - Community has 6 months to join NFIP
 - Rental assistance may be provided
 - Assistance available for temporary repairs



Disaster Assistance

- Must be a Presidential Declared Disaster.
- Owner must make application for assistance.
- Must apply to SBA for loan
- If not eligible for SBA, may then apply for IF&G Grant



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WATER CREEK

ZONE AE

el13

FLOOD PARK

el12

Example 1

- Only Two structures sustain damage from a flood – no other structures damaged.
- Only one structure insured.

RESULT –

Flood will not be declared a disaster, so only the insured structure can be repaired or rebuilt. No assistance for second structure.

Example 2.

- Major flooding event – declared by President as disaster.
- We'll look at 2 structures side by side, one insured and one not.
- Both in AE zone

Example 2 - Insured

- Homeowner reviews damage, takes pictures, etc.
- Calls Insurance Company to file a claim.
- Adjuster is assigned.
- Adjuster inspects property to determine amount of damage.
- Adjuster files report and final claim.

Example 2 - Insured

- Homeowner accepts claim payment
- Contacts community for any required permits for repairs.
- Receives permits and begins repairs.

Result: Time frame 1 week to 1 month depending on size of event.

Example 2 – Uninsured

- Homeowner must apply for disaster assistance by calling toll-free number – could take several days to weeks depending on size of event.
- Inspector will verify actual damage to structure.
- Homeowner notified to apply for SBA loan – review of application can take several weeks.

Example 2 - Uninsured

- If owner financially able, will be offered an SBA loan that must be repaid. If owner refuses loan, very limited assistance available to repair/rebuild.
- Owner accepts SBA Loan.
- Owner contacts Community for required permits to repair or rebuild.
- Permits received, repairs can begin.

Example 2 - Uninsured

- If owner not financially able to qualify for SBA loan, application will then be placed in IF&G Grant process.

Result: Time frame – 1 week to several months – depending on size of event.

Why Flood Insurance is Important Today

- Flood Insurance vs. Disaster loan
 - \$375/annum premium for flood insurance
 - \$311/month to repay \$50,000 disaster loan
- ICC coverage gives \$30,000 to mitigate risk
- Disaster loans and grants require flood insurance
- If flood insurance isn't maintained, future disaster assistance is limited
- Insurance pays off regardless of disaster declaration

