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TESTIMONY

Association of State Floodplain Managers, Inc.

before the Senate Committee on Banking, Housing and Urban Affairs

Improvements to the National Flood Insurance Program 2007

October 2, 2007

presented by Chad Berginnis, CFM, former ASFPM Chair State Hazard Mitigation Officer, State of Ohio The Association of State Floodplain Managers is pleased to respond to the Committee's request for our views on improvements needed for the National Flood Insurance Program (NFIP). This oldest of FEMA's hazard mitigation programs continues to evolve in response to community and policy holder needs while adhering to its original goals.

WHO WE ARE

The Association of State Floodplain Managers, Inc. (ASFPM) and its 26 Chapters represent over 11,000 state and local officials and other professionals who are engaged in all aspects of floodplain management and hazard mitigation, including management, mapping, engineering, planning, community development, hydrology, forecasting, emergency response, water resources, and insurance. Many of our members worked with communities impacted by hurricanes Katrina and Rita or work with organizations that continue to support the rebuilding efforts. All ASFPM members are concerned with working to reduce our Nation's flood-related losses. Our state and local officials are the federal government's partners in implementing flood mitigation programs and working to achieve effectiveness in meeting our shared objectives. Many of our state members are designated by their governors to coordinate the National Flood Insurance Program and many others are involved in the administration of and participation in FEMA's mitigation programs. For more information on the Association, please visit http://www.floods.org.

EVOLUTION OF THE NFIP: AN INSURANCE AND MITIGATION PROGRAM

When discussing reforms and improvements to the NFIP, it is important to keep in mind that this is not ONLY an insurance program. It cannot be evaluated and improved in ways that might be used in the private insurance because the NFIP includes hazard identification and risk reduction components, with significant benefits that accrue to the public, including public safety and property loss reduction benefits. The NFIP saves the federal government (and state and local governments) substantial amounts in losses avoided (through application of the land use management required at the local level) and in reduced disaster assistance. We urge the Committee to view all recommendations not solely in the context of an insurance program, but in the NFIP's proper context of three-component program that involves insurance, hazard identification, and risk management. The insurance elements of the program should foster and encourage mitigation, which is a significant part of how the nation will reduce human suffering and flood losses.

Prior to the 1960s, engineered works constituted the government's primary tools to reduce flood losses. Public policy emphasized that flood losses could be curbed by controlling floodwater with structures, such as dams, levees and floodwalls. By the 1950s people and policymakers began to question the effectiveness of the focus on this single solution. Disaster relief expenses were going up, making all taxpayers pay more to provide relief to those with property in floodplains. Floods were then, and continue to be, the Nation's most frequent and costly natural hazard that affects every state and over 20,000 floodprone communities. Studies during the 1960s concluded that flood losses were increasing, in spite of the number of flood control structures that had been built. Unfortunately, this trend is still evidenced today, although progress is being made with multi-pronged mitigation approaches. At the time, insurance against flood damage was not available

because the private insurance industry deemed it not profitable since the hazard was concentrated along rivers and shorelines and because only those who had flooded would buy it.

One of the main reasons structural flood control projects failed to reduce flood losses was that people continued to build in floodplains. In response, federal, state and local agencies began to develop policies and programs with a "non-structural" emphasis, ones that did not prescribe projects to control or redirect the path of floods. Since the 1960s, floodplain management has evolved from heavy reliance on flood control, or structural measures, to one using a combination of many tools. The creation of the National Flood Insurance Program in 1968 was a landmark step in this evolution. Some of the objectives that Congress addressed by creating the NFIP include:

- Establishment of an insurance program as an alternative to disaster relief paid out of the Treasury, and thus burdening all federal taxpayers
- Providing those at risk of flooding with better financial protection than can be offered only through disaster assistance (higher dollar amounts and insurance is effective whenever a qualifying event occurs, not only when the President declares a disaster)
- Assurance that those living in "at risk" flood-prone locations would contribute toward their recovery from damage, a cost of living at risk
- Distribution of responsibility for managing flood hazard areas among all levels of government, with particular emphasis on local land use controls
- Establishment of a national standard for regulating new development in floodplains
- Development of a comprehensive flood hazard mapping program to identify areas that are at risk of flooding where land use controls apply and where insurance is appropriate financial protection for floodplain occupants

Today, the NFIP is a well-founded, three component program:

- Flood hazard maps that are used to identify the flood hazard from the 1% annual chance flood (misleadingly referred to as the 100-year flood) in an area and published as a Flood Insurance Rate Map. FIRMs may also identify other detailed flood hazards such as a 10-year or 500-year flood, or may simply show an "approximate" flood zone where it is suspected flooding would occur during a 100-year event. Flood mapping methods and technologies have changed significantly over the past 20 years no longer are maps "hand drawn;" rather, technology has allowed for much better flood mapping to be produced.
- Flood insurance that is underwritten by the NFIP whereby rates are set utilizing the flood hazard maps. Flood insurance rate setting accounts for the presence of the extensive building stock that pre-dated the creation of the NFIP by allowing for those structures to have a subsidized (or, more precisely, cross-subsidized within the NFIP) rate, while structures built after the date the flood maps are effective are rated actuarially, or based on their actual risk. Flood insurance is largely dependent on the network of private insurance companies (also called Write Your Own or

WYO) to understand the flood insurance program, to market flood insurance, to write accurate flood insurance policies, and to communicate the benefits to policy holders

■ Floodplain management / mitigation that allows for communities throughout the nation to "join" the NFIP by adopting and enforcing local land use regulations that apply to all development and redevelopment in the mapped flood hazard areas. Joining the NFIP is what makes flood insurance available throughout the community. The reason that buildings constructed after the date of effective maps are actuarially rated is that new structures built to those standards are more resilient to the 100-year flood event than if there were no regulations in place. Also, the local floodplain manager is key, in a post-disaster environment, to unlocking the benefits of the mitigation aspect of the flood insurance policy – Increased Cost of Compliance coverage.

The three components of the NFIP work together to provide an insurance alternative to disaster assistance, both in an attempt to reduce the taxpayer cost of disasters and to allow for property owners to more fully recover from flood events, and to distribute the responsibilities to all levels of government and the private sector.

The NFIP is one tool in a toolbox that is used in the United States to manage flood risk. Non-structural hazard mitigation programs, hazard mitigation planning, structural flood control systems, stream gaging, flood warning, weather forecasting, and watershed management all bring resources to bear on the flood problems that are experienced in the United States. Interestingly, these efforts are often integrated and dependent on one another. For example, stream gaging provides the data that is necessary for many uses, including: flood warning systems; modeling for flood mapping that is part of the NFIP; design input for structural flood control systems; and data for benefit-cost analysis used in hazard mitigation programs.

EVALUATIONS OF THE NFIP

Detailed evaluations and analyses are important so that policy makers can make informed decisions as to the future direction of any government program. For the NFIP, several recent such evaluations, both large and small, have occurred.

American Institutes of Research

ASFPM had long urged a comprehensive evaluation of the NFIP and we are pleased that FEMA undertook such an effort which has resulted in the recent release of 14 reports (online at http://www.fema.gov/business/nfip/nfipeval.shtm). More than 100 recommendations were made by the independent researchers. FEMA has indicated that it has evaluated the recommendations and is determining priorities and plans of action. ASFPM applauds FEMA's willingness to have so many aspects of the program examined in this manner and we look forward to FEMA's efforts to implement and improve the NFIP. We suggest that the Committee request a briefing from FEMA on its plan of action, and monitor progress in the coming years.

ASFPM

We will be reviewing the NFIP evaluation reports and proposed plans of action in light of ASFPM's recently completed "National Flood Programs and Policies in Review, 2007" (online at http://www.floods.org). This document contains our long-term policy positions on all aspects of national flood policy and floodplain management, including the NFIP.

OVERVIEW OF NFIP REFORMS

The nation has been served well by the NFIP. It is vital that reforms of the NFIP consider strengthening all three components of the program based on experience from flood catastrophes such as Katrina, as well as ongoing program evaluations. Despite the NFIP's significant <u>insurance</u> loss experience after Hurricane Katrina, it is evident that the program does work as intended. Consider the following:

- Immediately after Katrina, FEMA embarked on a large scale effort to provide recovery mapping to affected areas, updating some maps that were over 20 years old. What effect will use of these maps have on the recovery and reconstruction effort? ASFPM believes that it will be positive and lead to more disaster resilient communities.
- Every year the land use and building requirements that are part of the NFIP result in over \$1 billion in avoided losses.
- A significant number of the nation's buildings that pre-date the NFIP and that have received multiple NFIP claim payments were in the Katrina affected area. What will the future cost savings be when those structures are rebuilt to the NFIP's standards which require elevating to the 100-year flood elevation vs. remaining at a much higher risk level? ASFPM believes it could be significant, especially if substantially damaged pre-FIRM repetitive loss structures are rebuilt to current codes and standards.

In the near term future, the insurance component needs to be altered to improve the financial stability of the NFIP. These efforts must be carefully crafted to avoid the unintended consequence of pricing the policy far above that which policy holders will pay which could lead to a reduction in the number of flood policies (and thus fewer people with the financial protection against future floods). Flood map modernization must be recognized as an ongoing investment. And, while updating the maps, we need to examine and identify flood-related hazards so that people have risk information available when making decisions to build – and rebuild – in the nation's flood hazard areas. Finally, the floodplain management standards of the NFIP need to be reviewed and revised to incorporate what flood risk managers know are sensible changes to better protect structures against flooding and to recognize the function of the natural floodplain.

The U.S. House of Representatives recently approved a bill that would add wind coverage to the NFIP. ASFPM has grave concerns about that concept and can no longer support H.R. 3121. We have provided details of our concerns in an appendix to this testimony.

THOUGHTS ON IMPROVING THE NATION'S FLOOD MAPS

One of the NFIP's most significant responsibilities that benefits the public is the creation and publication of the Flood Insurance Rate Maps (FIRM). Since the NFIP's inception, the FIRM has become the primary source of flood hazard information used by individuals to make management decisions, by communities to administer floodplain management requirements, by emergency managers to develop evacuation scenarios, by environmental programs to protect coastal and riparian habitats and wetlands, and by lenders to comply with mandatory purchase requirements of the law. The daunting task of developing the nation's initial flood data layer (floodplain information that was developed and published on individual paper flood maps) was the primary focus of the early mapping efforts of the 1970s and 1980s.

From the late 1980s through the 1990s, flood mapping made little progress largely because funds were limited to a portion of the income generated by the policy service fee assessed on NFIP flood insurance policies. The approximately \$50 million a year available for maps from this source was largely consumed by processing Letters of Map Change for individual properties made necessary because the flood maps had become outdated. In the early 2000s, a growing awareness of the inability of the FEMA to keep paper flood maps accurate in light of ongoing development, land use changes, and other factors, led to the five-year initiative now known as Map Modernization. The goal was to improve the flood maps by updating and improving the flood data layer and by converting data to a common, electronic GIS-based platform. A standard task when updating maps is to identify available flood hazard information and, where necessary, to conduct new studies which include hydrology, hydraulics, and engineering.

In recent years it has become clear that, for a number of reasons, the initial expectations for map modernization accomplishments cannot be fully achieved in a five year period. The number and scope of map needs that were identified by states and communities in order to reduce exposure of new development and to mitigate existing exposure proved to be greater than originally estimated. A mid-course adjustment was made to assure map quality since a "population-mapped" metric was found to be leading towards digitizing existing data, rather than towards more time-consuming but necessary engineering flood studies. Hurricanes Katrina, Rita and Wilma necessitated a major unanticipated and unprecedented effort and diversion of funds from the nationwide effort to develop advisory maps for the affected areas of the Gulf Coast.

Funding for map modernization is limited and priorities must be made. ASFPM believes that the funds appropriated for map modernization and any subsequent, ongoing mapping funds, should be focused on updating the flood hazard data layer. Where existing flood data are not adequate, new flood studies are necessary. The most critical needs are to address outdated flood models, to identify all of the floodplains, and to convert maps to a GIS platform. ASFPM notes – but disagrees with – recommendations by some to acquire new nationwide ground elevation data as part of FEMA's mapping program.

State and local governments are increasingly purchasing topographic data to meet many needs. Just two examples among many, the State of North Carolina has made such an investment, and the State of Ohio is developing statewide data. ASFPM recommends that if a large scale investment in ground elevation data is deemed appropriate by others, the effort should:

- be led at the federal level by the U. S. Geological Survey, which is the agency traditionally charged with such a mission;
- leverage state and local mapping investments that have already been made; there should not be a system of licensure and every effort must be made to ensure that the data are open source, so that they can be made widely and freely available;
- require contribution by the various agencies that would benefit from the updated maps, such as the Departments of Interior, Agriculture, Transportation, Commerce, Homeland Security, and others.

THOUGHTS ON IMPROVING FLOOD INSURANCE

We wish to emphasize that FEMA reports that the program has been self-supporting for 20 years, since 1986. Prior to Hurricane Katrina, income from policyholders covered claims and all operating expenses, including salaries and expenses of the Federal employees who administer the NFIP and floodplain management programs. From time to time the NFIP exercised its authority to borrow from the U.S. Treasury when claims exceeded short-term income. Importantly, the program was praised for its ability to repay debts ahead of schedule and with interest. This is exactly the way the program was intended to function.

While the original framers of the NFIP discussed the impact of catastrophic losses, it was determined that the program could not concurrently meet a goal of "affordability" while also addressing catastrophic losses. We urge that the Committee keep in mind that the NFIP has multiple goals, and providing flood insurance that is reasonably priced in order to avoid direct government subsidy of flood damage is an important goal. A number of studies have concluded that if premiums rise too steeply or become too costly, many policyholders will find ways to avoid buying flood insurance. The consequence of having fewer people insured against known risks would be greater reliance on tax-payer funded disaster assistance and an increase in casualty loss tax deductions.

Whether the NFIP is effective in providing flood insurance to those at highest risk must be analyzed from the standpoint of two different types of risk: (1) those properties at highest physical risk – such as those that are in deep floodplains, and velocity riverine and/or coastal flood zones; and (2) those whose occupants are at highest financial risk should a flood loss occur – primarily those who are at lower or moderate incomes. In the case of the first, there must be a recognition that there are areas where the flood risk is very high, which is why a V-zone policy rate is usually higher than an A-zone rate. In the case of the second, a selective reduction of the pre-FIRM subsidy and preserving it for owner-occupied residences (which in many flood-prone areas tend to be low to moderate income households), is a sensible approach. Perhaps a better approach is using the NFIP-funded mitigation grant programs (see below) and FEMA's other mitigation grant programs to, in the long term, address those at highest risk from flooding through such projects as

floodplain buyout, elevation-in-place, relocation, demolition and rebuilding, drainage improvements, and other measures.

Ensuring that people with properties in flood-prone areas buy flood insurance is a vexing problem that the NFIP and floodplain managers have faced for years. After nearly 40 years of the NFIP, the number of flood insurance policies is still unacceptably low. It is estimated that about 50% of structures in Special Flood Hazard Areas nationwide are covered by flood insurance. Yet the basic premise of using an insurance pooling mechanism to shift the risk of flood damage from all taxpayers to those who have chosen to live at risk remains good public policy. The 1994 National Flood Insurance Reform Act included provisions for greater lender compliance (including stiffer penalties) with the mandatory purchase requirement. The NFIP's statistics show the consequent growth in policies, both in mapped flood hazard areas and on buildings outside of those areas. Part of the low percent of property owners with flood insurance is due to the number of mortgages that are not subject to the mandatory purchase requirements; part is because many owners drop their policies when they pay off their mortgages.

THOUGHTS ON IMPROVING THE NFIP'S FLOOD MITIGATION

ASFPM has long appreciated Congress's recognition that the NFIP can be strengthened by helping communities undertake mitigation projects to work with owners of older, at-risk buildings reduce their exposure through mitigation. Flood mitigation projects include such measures as floodplain buyout, elevation-in-place, relocation, demolition and rebuilding, drainage improvements, and other measures. The benefits accrue to all policy holders because, as FEMA reports, 2% of insured properties receive about 30% of claims. The pressure to raise the rates on everyone will be reduced through mitigation. Hundreds of communities and thousands of flood-prone homes have benefited.

The NFIP currently contains two mechanisms to help mitigate pre-FIRM buildings, with particular focus on those that are characterized as "repetitive loss" properties because they have received multiple flood insurance claim payments. The Flood Mitigation Assistance Program, authorized in 1994 and modified in 2004, now makes available \$40 million a year from the National Flood Insurance Fund. The Severe Repetitive Loss Pilot Program, authorized in 2004, is intended to make available \$40 million a year for 5 years, but FEMA has not yet issued regulations and guidance. The Repetitive Flood Claims program, also authorized in 2004, was intended to provide \$10 million a year from the Fund to allow FEMA to focus on projects that are in the best interests of the NFIP but are located in communities that do not meet the requirements for other programs. ASFPM suggests that these programs require some adjustments to be more effective:

- For the Severe Repetitive Loss Pilot, ASFPM members have growing concerns that the program as specific in statute may be so constrained as to make implementation impossible.
- For the Repetitive Flood Claims program, ASFPM believe that the guidance and regulations implementing program do not clearly reflect Congressional intent.

The Increased Cost of Compliance (ICC) coverage was authorized in 1994. It is triggered when the degree of damage is such that the local floodplain management ordinance requires the building to be brought into compliance (e.g., by raising the building on a higher foundation). At present, ICC offers up to \$30,000 although FEMA reports that average claim payments are considerably less. When a property that is eligible for ICC is part of a community's buyout project, the ICC payment can be used as part of the non-federal cost share to cover a few of the costs of such projects. ASFPM suggests that ICC requires some adjustments to be more effective.

NFIP REFORMS ASFPM COMMENDS FOR CONSIDERATION

A. REFORM THE PREMIUM RATE STRUCTURE

ASFPM supports gradual movement to actuarial rates for pre-FIRM non-residential buildings and non-primary residences (and for owners that decline a mitigation offer under the Severe Repetitive Loss grant program authorized in 2004). ASFPM supported the provision of the Flood Insurance Reform Act of 2004 which requires that actuarial rates be phased-in for severe repetitive loss properties that have declined an offer of mitigation assistance (although authorized in 2004, this grant program is not expected to be operational until later this year or next year). We believe it is appropriate to see several years of experience with states and communities focusing mitigation grant funds on severe repetitive loss properties before such properties are moved to actuarial rates.

At this time, ASFPM does not support charging actuarial rates on other categories of properties, specifically we do not support it for new and lapsed policies, and for properties that have received multiple claim payments. We believe that the cumulative impacts of the above (and other suggested proposed changes) should be examined before additional categories of subsidized buildings are addressed. We are particularly concerned with charging actuarial for new and lapsed policies, in part because it may have a particularly adverse impact on low and moderate income families. A number of studies have reported on the impact of charging actuarial rates on all policies; the potential adverse economic impact should be better understood before such a change is made.

B. EXPAND MANDATORY PURCHASE OF FLOOD INSURANCE TO "RESIDUAL RISK" AREAS

Nearly every year, somewhere in this country flooding occurs that exceeds the 1%-annual chance level (100-year) or results from failure or overtopping of a flood control structure. ASFPM is very supportive of expanding the requirement that lenders require borrowers to purchase flood insurance in "residual risk" areas. The importance of flood insurance for these areas was evident in after Hurricane Katrina and other locations where dams and levees have failed. It is readily apparent in areas like Sacramento, where the State of California and its citizens are engaged in heavy discussion on this important issue. They recognize that if property owners are not insured for flood damage, the consequences of levee failure would have a devastating impact on the State's economy

Care must be taken in defining such areas and they must not be confused or combined with "special flood hazard areas." The term "special flood hazard areas" (and the term "areas of

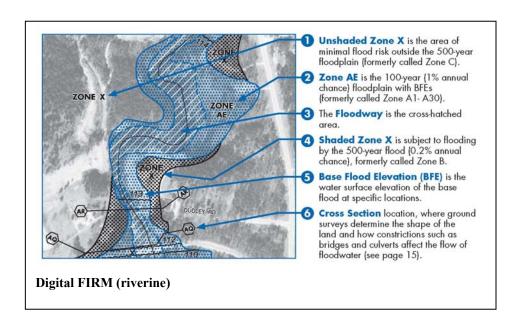
special flood hazard") is a technical term used specifically to refer to the floodplain associated with the Base Flood, which is the 1%-annual-chance flood. The term is used throughout the statute and the NFIP regulations, in both the land management and the insurance requirements.

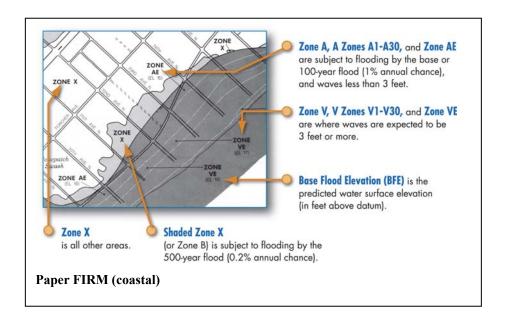
ASFPM recommends that the residual risk areas in which flood insurance would be required are those where the probability is known to be lower than the 1%-annual chance, including the 0.2%-annual chance flood hazard area (500-year floodplain), and what is now called the "natural 100-year floodplain" to denote areas that would be subject to flooding except for the presence of a flood control structure. In terms of the effort required, it is important to note that delineating the 0.2%-annual chance floodplain is not an entirely separate operation from delineating the 1%-annual chance floodplain; it will not significantly increase the cost of mapping if both are done at the same time.

Many current Flood Insurance Rate Maps include the 500-year floodplain (see "shaded X Zone" in examples below), and many more maps are being revised as part of FEMA's multi-year Map Modernization initiative. ASFPM urges that the requirement to purchase flood insurance in these residual risk areas be instituted immediately so that those property owners have greater financial protection. Lenders charge borrowers a fee to check every mortgage application to determine whether improvements securing loans are located in the special flood hazard areas (A and V Zones). Therefore, requiring insurance in mapped residual risk areas will not increase lender or borrower costs.

Recommendations:

- Direct the Director to define "residual risk areas" to include areas that are subject to flooding by the 0.2%-annual chance flood, areas subject to coastal storm surge flooding, and areas that would be subject to flooding but for the presence of flood control structures such as levees, dams, and other man-made structures.
- Require lenders to require insurance in mapped residual risk areas.
- Require FEMA to report to Congress on the rate structure for residual risk areas and how it compares to the current rate structure for policies written outside of special flood hazard areas (100-year floodplain).





C. INCREASE MINIMUM DEDUCTIBLES FOR CERTAIN PROPERTIES

Increasing the minimum deductibles for claims made on pre-FIRM buildings has merit in that it will reduce the number and total payments for small losses (which are a considerable part of the repetitive loss problem). However, doing so could have a disproportionate negative impact on low and moderate income people who do not own high-value homes or the disposable income necessary to provide the deductible. One option to limit this adverse effect might be to increase the minimum deductible for policies above a certain amount of coverage (e.g., median coverage amount).

D. EXPAND AND STRENGTHEN MANDATORY PURCHASE

ASFPM concurs with the proposals in last year's S. 3589 to extend mandatory purchase requirements to non-Federally regulated lending entities and to include the allowance to escrow flood insurance premiums. Although lender compliance has improved, increased penalties on lenders for non-compliance deserve consideration.

E. FORGIVE THE NFIP'S CURRENT DEBT

Between the late 1980s and Hurricane Katrina, the NFIP was self-supporting (income covered claims and expenses, including federal salaries). During those years, the program operated as envisioned by the original framers – when claims exceeded income, the NFIP borrowed from the Treasury, paying back with interest. Only a few times in the program's history has Congress forgiven debt, estimated to be approximately \$2 billion. While we acknowledge the burden of the NFIP's debt, we believe the program should be credited with the savings of over \$1 billion per year that the NFIP's actuaries have reported. Those savings largely are associated with state and local administration of the land use and control measures that they use to determine how development is undertaken in mapped flood hazard areas.

F. PROCEED CAUTIOUSLY REGARDING A RESERVE FUND

ASFPM recognizes that, even with long-term investment in mitigation to reduce repetitive claims, the NFIP will be faced with financial challenges in coming years. However, we are concerned the a very large premium increase would be required to build a reserve fund in just ten years of the size anticipated in last year's bill. Based on current total exposure*, the reserve fund that was proposed in last year's bill would need to collect approximately \$1 billion a year for 10 years. This suggests that (in the absence of a mandated annual cap on rate increases) a rate increase on the order of 40% would be required (or \$190 increase on the average premium of \$480). Absent rate increases, building a reserve by \$1 billion per year would consume more than one-third of the annual premium income (currently on the order of \$2.4 billion). This would make it even less likely that the NFIP would be able to pay claims even from the average loss year.

Key aspects of the viability of the NFIP are affordability, expansion of the policy holder base, and the *quid pro quo* with communities that manage flood hazard areas. Previous studies have shown that significant premium increases will lead to more people finding ways to avoid flood insurance and to drop existing policies. Further, in some areas citizens may pressure communities to drop out of the program entirely, which would lead to less floodplain management, more at-risk construction in flood hazard areas, and greater burden on the federal taxpayer through disaster assistance and casualty loss deductions on income tax returns.

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^{*} Policy Information by State at http://www.fema.gov/business/nfip/statistics/pcstat.shtm; current Total Insurance in Force as of June 30, 2007 is \$1,070,650,596,700.

Recommendations:

- Evaluate the effects on the NFIP, policyholders, and the federal taxpayer, of redesigning the program to accommodate catastrophic losses through creation of a reserve fund
- If, after study, a reserve fund is deemed appropriate, reduce the total amount to be collected, delay initiation of the fund, and require it to be funded over a period longer than 10 years
- Provide flexibility for the Director to direct income slated for the reserve fund to payment of claims in years that claims exceed income (i.e., payment of current claims takes priority over funding the reserve)
- Make clear that the a reserve fund shall only be used to pay claims on NFIP policies and associated expenses it is vital that such a reserve, funded by only 5 million or so policyholders, be expressly protected from any and all other uses
- Provide that the reserve fund may be invested and the interest earned shall be deposited in the reserve fund (see similar language in 42 USC 4017 (Sec. 1310)).

G. IMPROVE THE NFIP'S FLOOD MAPPING PROGRAM

Upon completion of the initiative to modernize the maps, FEMA will need an ongoing program to review, update, and maintain the maps. Program authorization should make clear the ongoing nature and need.

Recommendations:

- Incorporate into the Committee's flood insurance reform bill the text of the National Flood Mapping Act of 2007 (S. 1938), introduced by Senator Reed of Rhode Island
- Clarify that the NFIP's mapping program is an <u>ongoing</u> effort necessary to
 maintain the maps and incorporate new data, notably new information related to
 levee locations and certification status and new data reflecting watershed
 development and other factors that increase flood levels
- Remove a limitation on state contributions to updating maps by striking language that specifies that such contributions may not exceed 50% of the cost; in Sec. 1360(f)(2) of the National Flood Insurance Act of 1968 (42 USC 4101(f)(2))

H. EXAMINE SEVERE REPETITIVE LOSS PILOT TO IDENTIFY BARRIERS TO IMPLEMENTATION

Recently, a growing number of ASFPM members and State Hazard Mitigation Officers are concerned that the Flood Insurance Reform Act of 2004 may have so constricted the program as to jeopardize implementation. (The State Hazard Mitigation Officers are those typically assigned the responsibility to manage FEMA's grant programs at the state level.) As part of the effort to improve the NFIP-funded mitigation programs, ASFPM urges the

Subcommittee to invite FEMA for a discussion of this program and the complexities and barriers to implementation. Several times in the last two years FEMA has implied that the regulations for this program were to be published and final comments accepted during the initial implementation period. This suggests there are ongoing difficulties that may, in part, stem from the language in the statute.

I. CLARIFY THE REPETITIVE CLAIMS PROGRAM

Clarify that the authority in Sec. 1323 for the Repetitive Flood Claims program is intended to allow FEMA to work directly with property owners, upon a finding that communities do not have the capacity to manage mitigation activities or in communities where the requirements of the NFIP's Flood Mitigation Assistance Program authorized in 1994 are not being met. Current NFIP-supported mitigation grant programs provide funds to communities – and thus successful projects depend on community participation. ASFPM has long supported community-based mitigation; however, we recognize that some repetitive loss properties are in communities that may not have the resources to participate. In order to achieve the goal of reducing the repetitive loss drain on the National Flood Insurance Fund, we urge that it be made clear that FEMA has the authority to work directly with certain property owners under this program, which was authorized at \$10 million each year.

J. CLARIFY THE FLOOD MITIGATION ASSISTANCE PROGRAM

Under the Sec. 1366 Flood Mitigation Assistance Program (FMA), amend to:

- Clarify eligible activities by adding "demolition and rebuilding of properties to at least Base Flood Elevation or greater, if required by any local ordinance" to achieve consistency with the Severe Repetitive Loss program. FEMA has interpreted the difference in the two lists of eligible activities to mean that it cannot approve the measure under FMA. This creates unnecessary confusion and restricted options in communities, especially where the desire is to preserve tax base and improve liveability and community integrity. Elevation-in-place is a feasible measure for many buildings; however, for many older buildings and certain types of buildings, it is more feasible or cost-effective to demolish and rebuild a new building. The new building will be in full compliance with floodplain requirements and building codes which address fire resistance, energy efficiency, and where appropriate, resistance to other hazards such as hail, high winds, and seismic forces. The use of demo/rebuild would be restricted to areas other than high risk floodways and V zones.
- Clarify that the source of funds for FMA may be both policy fee income and premium income. Although the Congress stipulated only that the funds should be transferred from the National Flood Insurance Fund, FEMA has determined that funds for the Flood Mitigation Assistance program (Sec. 1366) can only come from the fee income to the NFIF, not premium income. The two newer repetitive loss programs (Sec. 1361A and Sec. 1323) can be funded by transfer from both fee and premium income. Report language could explain that it is the Committee's intent the FEMA fully fund this program and that both fee and premium income can be used.

The Flood Mitigation Assistance program (Sec. 1366) has per state and per community caps established in the National Flood Insurance Reform Act of 1994 on the amounts that can be approved to resolve repetitive loss problems. Since the Reform Act of 2004 doubled the FMA authorization from \$20 million to \$40 million, those caps should be removed. The states and communities with the many repetitive loss properties and active mitigation programs are hitting their caps.

K. CLARIFY THE ADDITIONAL COVERAGE FOR COMPLIANCE WITH LAND USE AND CONTROL MEASURES (aka Increased Cost of Compliance (ICC))

ICC coverage (§1304(b)) was authorized by NFIRA94 and modified by the Reform Act of 2004. ICC coverage has been part of all policies on buildings in mapped special flood hazard areas since about 1997. In recent years total income associated with ICC premiums is estimated to exceed \$72 million a year (premium ranges from \$1 to \$75 per policy). Total payouts are far less than total income. FEMA recently reported that approximately \$167 million in ICC claims have been paid to settle 8,518 claims (another 3,223 claims are pending). FEMA has adjusted the maximum coverage twice; currently, the coverage is capped at \$30,000.

- <u>Direct FEMA to Implement Section 1304(b) Paragraph 3.</u> This section authorizes FEMA to trigger payment of an ICC claim for properties that have sustained flood damage on multiple occasions if it is determined that it is cost-effective and in the best interests of the National Flood Insurance Fund to require the implementation of such measures. The original text was enacted in 1994 and amended in 2004. FEMA initially suggested that experience with ICC was necessary before implementing this provision the agency now has 10 years of experience.
- Direct FEMA to Implement Sec. 105 of the 2004 Reform Act. Sec. 105 directed FEMA to pay ICC claims when an offer of mitigation assistance is made under FEMA's various mitigation grant programs. FEMA has not yet implemented this provision.
- Increase Eligibility for ICC Payments When Used to Match Buyout Projects. ICC claim payments can be assigned by the policyholder to communities so that the payment can be used as the non-federal cost-share of FEMA's various mitigation grant programs. For floodplain acquisition projects, FEMA has narrowly constrained cost elements that can be used to determine the amount of the ICC claim payment. It is our understanding that the average ICC claim payment for buyouts is on the order of \$13,000 far below the maximum coverage of \$30,000. Despite FEMA's indication to ASFPM in 2004 of willingness to expand the cost elements of a buyout project that are used to determine the amount of the ICC claim payment, FEMA has yet to undertake such changes.
- Direct FEMA to Submit the Study Required in Sec. 206 of the 2004 Reform Act. Sec. 206 directed FEMA to study and report on the use of the cost of compliance coverage under section 1304(b), barriers to using the funds, and recommendations to address those barriers. This study was to have been submitted not later than 1 year after enactment.

- Clarify When Payments of Additional Coverage for Compliance with Land Use and Control Measures (ICC) are Made. FEMA has narrowly interpreted the statute to preclude payment of the ICC claim unless the damage that triggers "substantial damage" is solely due to flooding. Thus, homes that are damaged by both wind and flooding do not qualify for ICC unless the flood-related damage alone triggers the 50% rule. As modified in the Reform Act of 2004, the definition of "substantially damaged structure" at §1370(a)(15) does not support this position.
- Technical Amendment. Make a technical amendment in Sec. 1304(b) to replace (B) with the correct references to the Severe Repetitive Loss program (Sec. 1361A) and the Repetitive Claims Program (Sec. 1323).

L. DO NOT STUDY MAKING FLOOD INSURANCE AVAILABLE TO INDIVIDUALS IN NON-PARTICIPATING COMMUNITIES

The cornerstone that makes the NFIP more sound than many give it credit is the *quid pro quo* that communities must manage identified flood hazard through administration of local floodplain management ordinances and the flood provisions of the building codes in order for citizens to be eligible for federal flood insurance. Last year's bill included a GAO study "on the feasibility of allowing individuals residing in communities not currently participating in the NFIP to purchase flood insurance from the NFIP on an actuarially sound basis." ASFPM considers this would be the first step on a slippery slope that could reduce pressure on communities to join the NFIP (or prompt pressure for currently participating communities to drop out). If individuals could purchase flood insurance without community participation, a significant objective (land use controls applicable to new development) of the NFIP would be undercut.

M. OPPOSE EFFORTS TO ALLOW INDIVIDUALS TO "OPT OUT"

The proposal in the Flood Insurance Choice Act of 2007 (S. 1890) introduced by Mr. Lott of Mississippi would allow individual property owners to "opt out" of the requirement to purchase flood insurance, while acknowledging that doing so eliminates eligibility for other forms of disaster assistance. One consequence of not having flood insurance is a direct burden on the U.S. Treasury because uninsured losses qualify for a deduction as a casualty loss on income taxes (despite the fact that public flood maps should blunt characterizing flood losses as "unanticipated"). Most people find it difficult to fully understand low probability events – often referred to as the "it won't happen to me syndrome." Although a 1%-annual chance event may seem remote, floods of that frequency (and even lower probability) occur somewhere in the U.S. every year. It is common for us to hear variations of this misinterpretation: "we just had a 100-year flood, now we're safe for 99 years." Importantly, the occurrence of a big flood does not change the probability that another flood of equal or greater magnitude may occur at any time. Indeed, we've heard frequently-flooded property owners express misunderstanding of probability because they had experienced more than one flood that rose as high as or higher than the "100-year" flood in period of just a few years.

ASFPM strenuously opposes a provision in S. 1890 that would allow individuals who opt out of flood insurance to build new buildings without regard for the NFIP's base flood elevation requirements. The purpose of sound floodplain management is to reduce

damage, not simply to avoid claims against the NFIP. Allowing blatant disregard for sound construction requirements, even under such limited circumstances, would severely weaken the premise of the NFIP and burden the general taxpayer because of greater exposure to disaster costs.

N. OTHER RECOMMENDATIONS

- Increase the civil penalties on lending institutions related to mandatory purchase requirements.
- Increase the maximum limits on coverage for both residential and nonresidential structures.
- Provide for optional coverage at actuarially-rated cost for additional living expenses and replacement cost of contents. EXCEPT: ASFPM does not endorse coverage for improvements in basements, crawlspaces, and other enclosed areas under elevated buildings, even at actuarial rates. For new construction and improved buildings, the NFIP rules do not allow such areas to be improved (finished and habitable). Providing even optional coverage would create a slippery slope that could lead to more illegal conversion of enclosures to uses other than those allowed by regulation and building codes. Such coverage will encourage owners to occupy below grade areas which are most at-risk of flood damage.
- Require landlords to notify tenants of the availability of federal flood insurance to cover their contents.
- Extend the Severe Repetitive Loss program authorized in Sec. 1361A to at least 2013 to preserve the intent that it be a 5-year program. Strike the limitation in subsection (l) so that all appropriated funds can be used to reduce the repetitive loss burden on the NFIP even if it takes several years.
- Authorization for additional FEMA staff. The salaries and expenses of a significant number of FEMA staff in the National Office and all ten Regional Offices who are involved with the NFIP are funded by policy service fees that are assessed on every flood insurance policy. As the NFIP policy base grows, and as the NFIP-funded mitigation grant programs are implemented, FEMA needs to be able to expand its staff to support the increased workload.

O. DO NOT EXTEND THE DEADLINE FOR FILING PROOF OF LOSS

The Director has authority to extend the filing period for damage claims, and does so for large events. There is no need to extend the period for all events, including minor floods. ASFPM is concerned that extending the period to file claims encourages owners to undertake repairs without permits. In addition, it could lead to postponing eligibility for NFIP insurance payment known as Increased Cost of Compliance, which provides owners whose buildings have sustained substantial damage with additional funds to to help pay costs associated with bringing the buildings into compliance, as required by regulations.

P. PROVIDE FOR DELEGATION OF FLOOD MITIGATION PROGRAMS ADMINISTRATION

FEMA is authorized to delegate to qualified states the administration of the post-disaster mitigation grant program authorized in the Stafford Act and known as the Sec. 404 Hazard Mitigation Grant Program. If selected states develop the capacity necessary for that delegation, it is appropriate that FEMA also delegate the authority to administer the NFIP-funded grant programs. ASFPM continues to focus on building state capacity. We believe that those states that have developed the capacity to assume program administration are in the best position to efficiently and effectively carry out the purpose of the reducing flood losses.

O. RE-ESTABLISH THE TECHNICAL MAPPING ADVISORY COUNCIL

The National Flood Insurance Reform Act of 1994 created the Technical Mapping Advisory Council to make recommendations to FEMA on many aspects of improving the flood hazard maps and using technologies to accomplish that goal. The council, authorized for a period of 5 years, proved very valuable as FEMA developed and initiated the map modernization effort. ASFPM recommends that the council be reauthorized.

R. PROVIDE FOR DELEGATION OF MAP PROGRAM ADMINISTRATION

A number of states have had long-standing flood hazard identification and mapping programs – some even pre-date the NFIP. Many of those states are willing and able to take on more responsibility for the flood data and maps prepared under the map modernization and ongoing mapping efforts for the NFIP. FEMA has encouraged cooperative partnerships, executed mapping partnership agreements with some states, and implemented small-scale delegation of some functions. In order to move to more extensive delegation, ASFPM suggests that the Committee direct FEMA and the Technical Mapping Advisory Council to develop the necessary framework and metrics.

S. USE OF ADVISORY AND PRELIMINARY MAPS IN MAJOR DISASTER AREAS

The standard process that leads to adoption of revised Flood Insurance Rate Maps takes at least a year after preliminary maps are issued. When advisory or preliminary maps are issued for areas impacted by major disasters, it is in the interest of public safety, as well as in the interest of lessening confusion over where building standards apply, to either (1) give the FEMA Director discretionary authority to require NFIP participating communities to use the advisory or preliminary maps while the formal map adoption is ongoing, or (2) require that NFIP communities advise property owners and buildings who apply for building permits that if they do not use the advisory elevation information, they will have to pay actuarial rates for flood insurance once the new maps are adopted. ASFPM considers the latter option is less desirable because it appears likely to pose significant difficulties for insurance agents, mortgage lenders and policyholders.

In order to rebuild more safely after the catastrophic storms of 2005, it has been necessary that the NFIP utilize FEMA's advisory base flood elevation maps or the preliminary new flood maps. FEMA has issued guidance for its Stafford Act mitigation programs that

requires use of the advisory flood maps, issued after the hurricanes of 2005, in any reconstruction utilizing federal mitigation funds. ASFPM supports linking the use of the new flood data to the availability and use of mitigation program funds.

T. INADEQUATE SHARING OF CLAIMS INFORMATION WITH STATE AND LOCAL NFIP COORDINATORS

Local floodplain management officials are responsible for making determinations as to when damage to floodplain buildings is substantial damage (when the cost to repair equals or exceeds 50% of the market value of the building). Substantially damaged buildings are to be brought into conformance with the requirements for floodplain development. Especially after floods that damage many buildings, this process can be difficult to manage. In 2001 FEMA issued a directive to claims adjusters to complete the "Adjuster Preliminary Damage Assessment" form when it appeared that damage may qualify as substantial damage (FEMA Form 81-109, OMB No. 1660-006).

It is not the responsibility of the adjusters to make the substantial damage determination, but they often are the first to evaluate damage and the collect information about the nature and extent of damage. The intention was that FEMA would forward the Adjuster Preliminary Damage Assessment forms to community officials to facilitate making the formal determinations. As far back as 1994 the Senate Banking Committee noted problems with lack of information sharing related to claims. Failure to share damage information causes a significant disconnect between FEMA's oversight role for local administration of floodplain ordinances and FEMA's role as the NFIP insurer.

U. TESTING OF NEW FLOODPROOFING TECHNOLOGIES

Dry floodproofing of residential structures is not allowed under the NFIP regulations or the International Building Codes. The primary rationale is related to safety of occupants if floodproofing measures fail or are overtopped by bigger floods than the event for which the measures were designed. There also are concerns about structural integrity of the typical residential construction and its ability to withstand the large forces exerted by floodwaters; this is particularly problematic for retrofitting older homes. In addition, the U.S. Corps of Engineers and Underwriters Laboratory, with input from ASFPM, have developed a testing protocol and standard for testing floodproofing products at the Corp's testing facility in Vicksburg, MS. The first product is in the process of being tested (costs covered by the manufacturer). Because of the presence of this standardized testing methodology, it is unnecessary to provide for construction of a noncompliant residential structure, even if such structure would be demolished at a later date (as was provided in last year's bill).

For any further questions on this testimony contact Larry Larson, ASFPM Executive Director at (608) 274-0123; Meredith Inderfurth, ASFPM Washington Liaison at (703) 448-0245; or Rebecca Quinn, ASFPM Legislative Officer at (434) 296-1349.

APPENDIX: OUESTIONS ABOUT WIND COVERAGE AND THE NFIP

In ASFPM's testimony before the Subcommittee on Housing and Community Opportunities of the Financial Services Committee regarding a proposal to add wind coverage to the NFIP, we raised 19 questions that we feel strongly should be answered before burdening the NFIP with a poorly framed approach (copied below). The NFIP resulted from many years of evaluation – rushing to address a poorly understood problem with an even more poorly understood "solution" likely will jeopardize the benefits that the program does provide. We are convinced that the wind provisions in H.R. 3121 would significantly affect the stability and functioning of the National Flood Insurance Program. The potential ramifications for over 5.4 million policyholders – and many millions more in the floodplain who should have flood insurance – are unknown, but can easily be assumed to be dramatic. The ramifications of a wind-generated catastrophe on taxpayers, who may already be faced with addressing the NFIP's debt, need to be assessed. Many questions need to be answered before proceeding.

ASFPM understands that consumers in coastal areas are faced with a growing problem of private insurance availability and affordability. We suggest that this problem needs thoughtful analysis and development of recommendations, perhaps in the context of overall provision for catastrophic losses. However, it is too big a step to simply offer Federal wind and flood coverage without analysis of the effects on consumers, on the insurance industry, and on the National Flood Insurance Fund.

The following is excerpted from ASFPM's July 17, 2007 testimony before the Subcommittee on Housing and Community Opportunities, House Committee on Financial Services

Our Primary Question is This: We are very aware that wind versus flood problems have arisen in the settlement of Katrina claims. But if the fundamental problem that prompts H.R. 920 is how the NFIP and private insurers do or do not collaborate to adjust claims to allocate wind and water damage, why is a statutory change required? Shouldn't administrative solutions be exhausted before determining that legislation is necessary?

We note that FEMA has recognized the wind versus water issue since at least the late 1970s and developed the "single adjuster" program to address it. As part of the comprehensive evaluation of the NFIP that was recently released by FEMA, a report titled "A Chronology of Major Events Affecting the National Flood Insurance Program" (December 2005) notes the following pertinent milestones:

June, 1980: FIA's management explores ways in which the private insurance industry's state windpools can be used to assure prompt claims service in a major post-flood hurricane disaster. The Single Adjuster Program is established. In this voluntary program, individual windpools, or coastal plans, and the NFIP agree in advance on the use of single adjusters to adjust both the wind and water damage from hurricanes and to recommend the claim payments by each insurer for risks that both a coastal plan and the NFIP insure.

June, 1988: The Claims Coordinating Office (CCO) is developed to facilitate the entrance of multiple WYO companies into the Single Adjuster Program. When major storm events occur, a CCO will be established within Integrated Flood Insurance Claim Offices (IFICO) to provide a central clearinghouse for loss adjuster assignments and data sharing, for the use of WYO companies, coastal plans, and certain other property insurers willing to participate in coordinating a claims-oriented response to the catastrophe. Subsequent experience indicates that IFICO handle losses efficiently while coordinating activities with private sector windpool associations, WYO companies, and FEMA's Disaster Field Office and Disaster Assistance Centers.

September, 1989: The first major test of the Claims Coordinating Office (CCO) system occurs when a CCO is established to coordinate the assignment of a single adjuster to handle the wind and flood claims in North and South Carolina. The system works well and proves that cooperation between windpool and WYO companies through the CCO benefits insured individuals by simplifying the claims process with the use of a single adjuster. [emphasis added]

Other Significant Questions: In addition to the primary question above, ASFPM believes there are many other questions that must be answered prior to further consideration of the proposal in H.R. 920, including the following:

- 1. Congress created the NFIP to fill a gap the private insurance industry declined to offer flood coverage. While private or state-supported wind coverage may be expensive compared to past pricing, reflecting high risk along the coasts, it is available. HR 920 makes wind coverage available in all of the nation's floodplains, not just coastal floodplains, in direct competition with the private sector. Is that the appropriate role for the Federal government?
- 2. How big is the potential market for Federal wind and flood insurance? What is the potential new loss exposure? How high would premiums for the wind coverage have to be "actuarial"?
- 3. Sec. 2 includes a section on "Nature of Coverage" that specifies it is to cover losses from flooding or wind. This makes it unclear whether any property owner in the Nation would be able to purchase the new wind coverage or would it be available only for buildings that are located in floodplains?
- 4. Would there be a separate fund to collect the premiums for this coverage or would premiums collected from flood-only policies be tapped to pay wind-only damage?
- 5. Would the Federal wind and flood program be authorized to borrow from the U.S. Treasury to cover shortfalls?
- 6. The insurance industry spends millions to develop assessments of risk in order to set rates for wind insurance. Does the bill anticipate that the Federal government would have to undertake similar studies? How will the cost of conducting those assessments be paid?

- 7. While it seems simple to say that H.R. 920 is revenue neutral because it calls for actuarial rates, in fact, without loss experience with a combined wind and flood policy, how would FEMA develop appropriate rating for the wind coverage? Would FEMA require additional staff for this purpose and to administer the new type of policy?
- 8. Is the new wind coverage supposed to cover wind damage even if there is no associated flooding (e.g., microbursts, tornadoes, hurricanes, nor'easters, etc.)? Would hail damage be included? If no flooding was involved, would a floodplain home in Tornado Alley that suffers damage from a tornado be covered? Would any floodplain home that has a tree blown onto it or shingles blown off by high wind be covered?
- 9. Insurance companies pay a lot to cover claims due to rain intrusion into buildings after high winds have damaged roofs and windows. Is it anticipated that this type of damage is "wind damage" that would be covered?
- 10. Would the private insurance industry be likely to develop a homeowner's policy that covers fire and other liabilities, but excludes wind damage or would homeowners have to buy two policies, one homeowner's policy with wind and other standard coverage and one to cover wind and flood damage? What assurance is there that the combined coverage would be comprehensive?
- 11. Flood insurance is mandatory when a mortgage is federally regulated or insured, but the multi-peril coverage is optional. The cost of setting up entirely new coverage seems very high, given no guarantee that property owners will opt for this combined coverage. Who would pay for the up-front investigations and administrative costs? Wouldn't it be unfair to expect the NFIP to pay for it out of policy service fee income charged to current flood insurance policy holders?
- 12. Under the NFIP, "actuarial rates" are charged on "post-FIRM" buildings (built after adoption of a Flood Insurance Rate Map and floodplain management ordinance). To rate policies for post-FIRM buildings, homeowners provide surveyed elevation data so that the insurance agent can write the policy based on risk. Does the bill anticipate that owners of older buildings will have to provide some form of certification that the home meets certain wind resistant construction methods in order to determine appropriate, actuarial rates for wind coverage? What would it cost a homeowner or business to have such a certification prepared by a qualified engineer or architect?
- 13. Isn't it contradictory and confusing that the bill would simply "encourage" adoption of adequate mitigation measures, while requiring "effective enforcement measures" as a condition of community participation? There would be nothing to enforce if mitigation measures were not adopted.

- 14. Sec. 5 calls for the Director to determine appropriate land use, zoning and damage prevention measures. This would seem to call for a new "Federal building code." Would communities be required to adopt such a new "Federal building code" to require construction to meet certain wind resistant standards? How would a community handle conflicts between such a new Federal building code" and currently adopted State or local building codes?
- 15. Sec. 2, Limitations of Amount of Coverage, specifies that the liability is the lesser of replacement cost or specified amounts. The NFIP statute does not currently specify "replacement cost." Would the flood coverage be expected to change to match?
- 16. The bill specifies coverage limits which are different than those specified elsewhere for flood insurance (e.g., \$500,000 versus \$250,000 for structure coverage for residences). If a house covered by a Federal wind and flood policy sustains just flood damage, do the new limits mean the flood-only claim could exceed the limits specified in statute for flood insurance?
- 17. The bill specifies business coverage for business interruption based on loss of profits, with a maximum coverage of \$750,000. If a business covered by a Federal wind and flood policy sustains just flood damage, does the new coverage mean a business could receive a flood-only claim payment to cover loss of profits?
- 18. The bill uses the term "windstorm zoning" that is not used by land use planners. Zoning typically identifies allowable uses in different areas of a community. Is it anticipated that local jurisdictions would be required to adopt "windstorm zones" that might limit uses of land exposed to high wind risk, such as open shorelines? Who would undertake the analysis to identify those zones and who would pay for those analyzes?
- 19. How would the NFIP compliance responsibilities of lenders be affected if a mortgagee initially elects the new Federal wind and flood coverage, and then subsequently drops the wind coverage?