

Biggert-Waters Flood Insurance Reform Act (BW12)

July 6, 2012 law enacted

Authorized NFIP until 9/30/2017

Goal to make the NFIP more financially stable

What to expect:

- * Rate increases will occur for many policyholders
- * Subsidies eliminated
- * Certain actions will trigger rate changes.
- * Communities must make smart decisions to reduce cost.

BW12 Impacts

The Triggers

Resident owners can keep subsidized rates until:

- Sell their property
- Allow their policy to lapse
- Suffer severe, repeated flood losses
- Purchase a new policy



Second homes, business properties, buildings with repeated severe flood losses:

Rates will increase 25% each year until subsidy is eliminated

Building an NFIP Policy

Rate comparisons – AE Zone – Pre-BW12 vs. Post-BW12

Subsidized Rates

Pre-FIRM

\$3,600/yr



\$3,600/yr



\$3,600/yr



4 foot above BFE

At BFE

4 feet below BFE

Non-Subsidized Rates

Post-FIRM

\$553/yr



\$1,815/yr



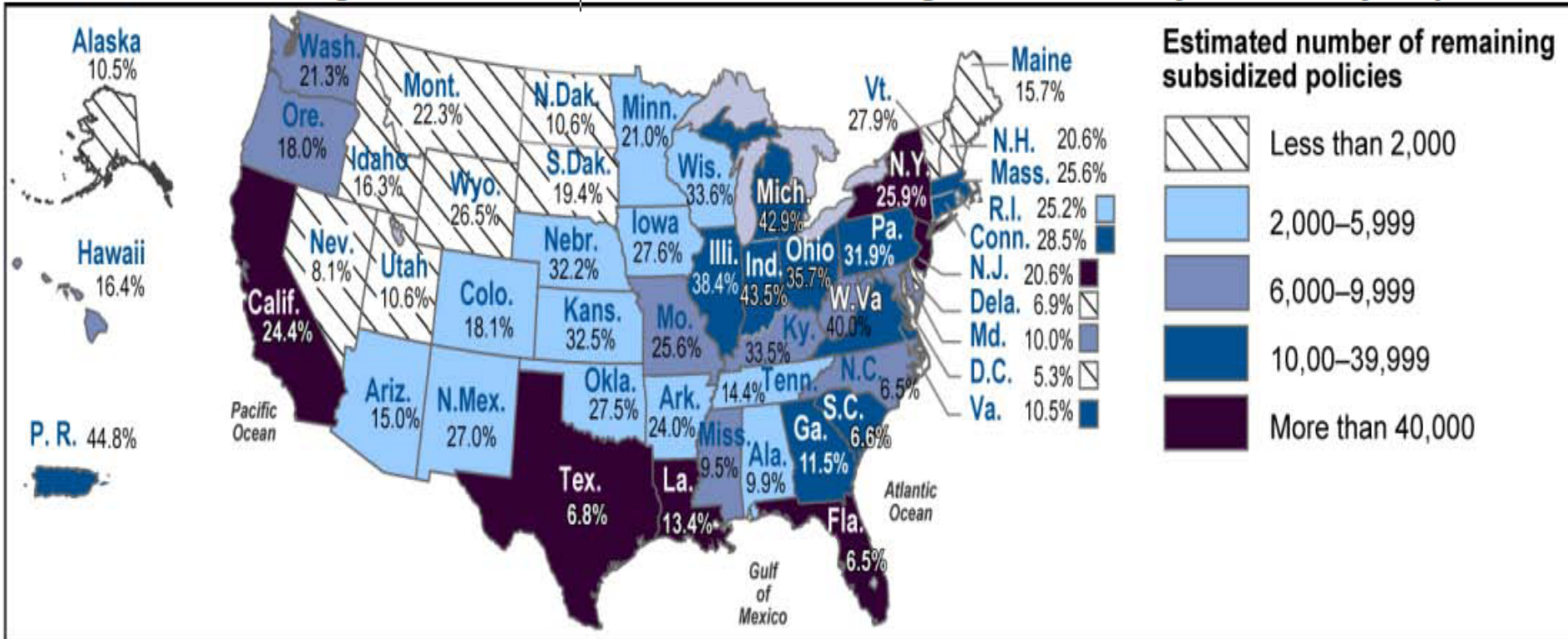
\$10,723/yr



Bldg- \$250,000 Contents- \$100,000; \$1,000 deductible; Single-story with no basement, crawlspace or enclosure; Zone AE

Who Will Be Affected by Subsidy Changes?

Estimated Remaining Subsidized Policies and Percentage of Policies by State They Represent



Sources: GAO analysis of FEMA data; Map Resources (map).

Not Everyone.....Yet.

Recent Congressional Actions

From the Senator who introduced the original bill:

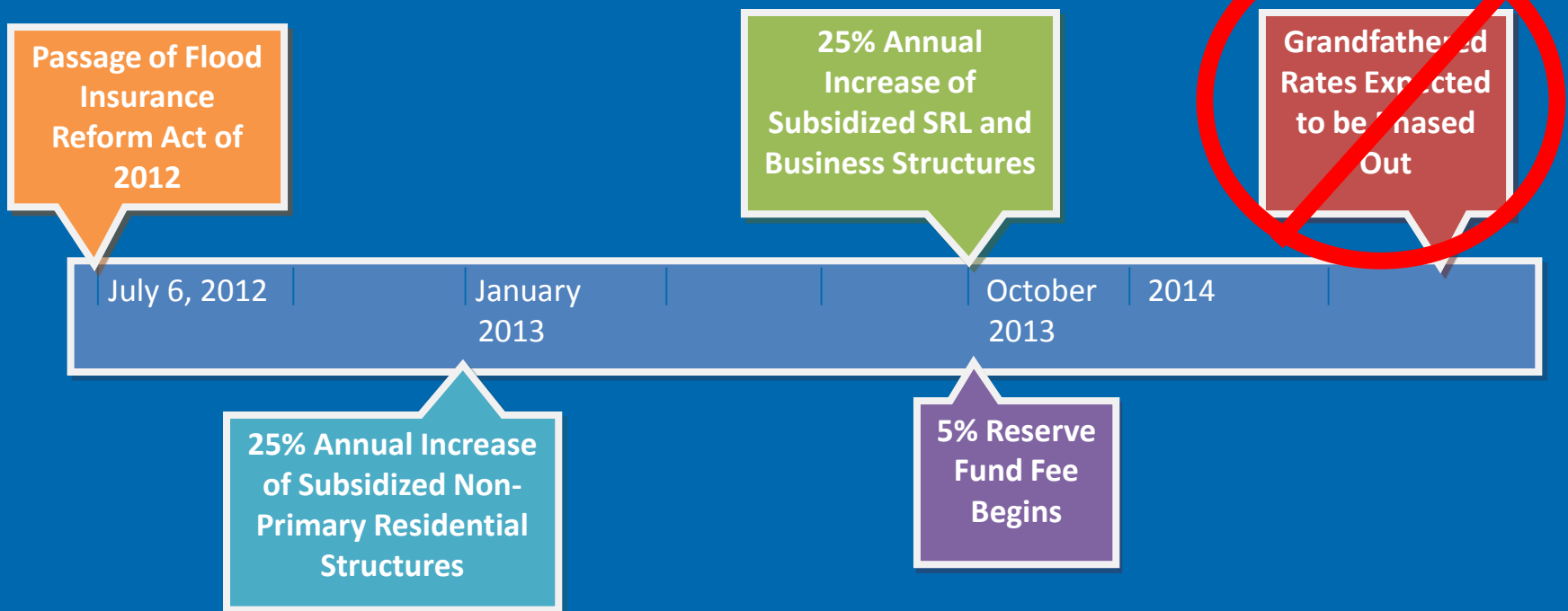
While flood insurance reform was well intended, FEMA's poor implementation, inaccurate mapping and incomplete data have led to unreasonable and unimaginable increases in premiums. Today the Senate took a major step forward to ensure that not one more family suffers from increased premiums, depressed home prices, or the inability to buy or sell their home". (i.e. - it's FEMA's fault)

Maxine Waters

January 2014 – Senate passes bill to delay BW12 premium increases. House won't even discuss changes per Speaker.

Funding bill prevents FEMA from spending money on the implementation of Section 207 (Grandfathering).

BW12 Timeline



Late 2014

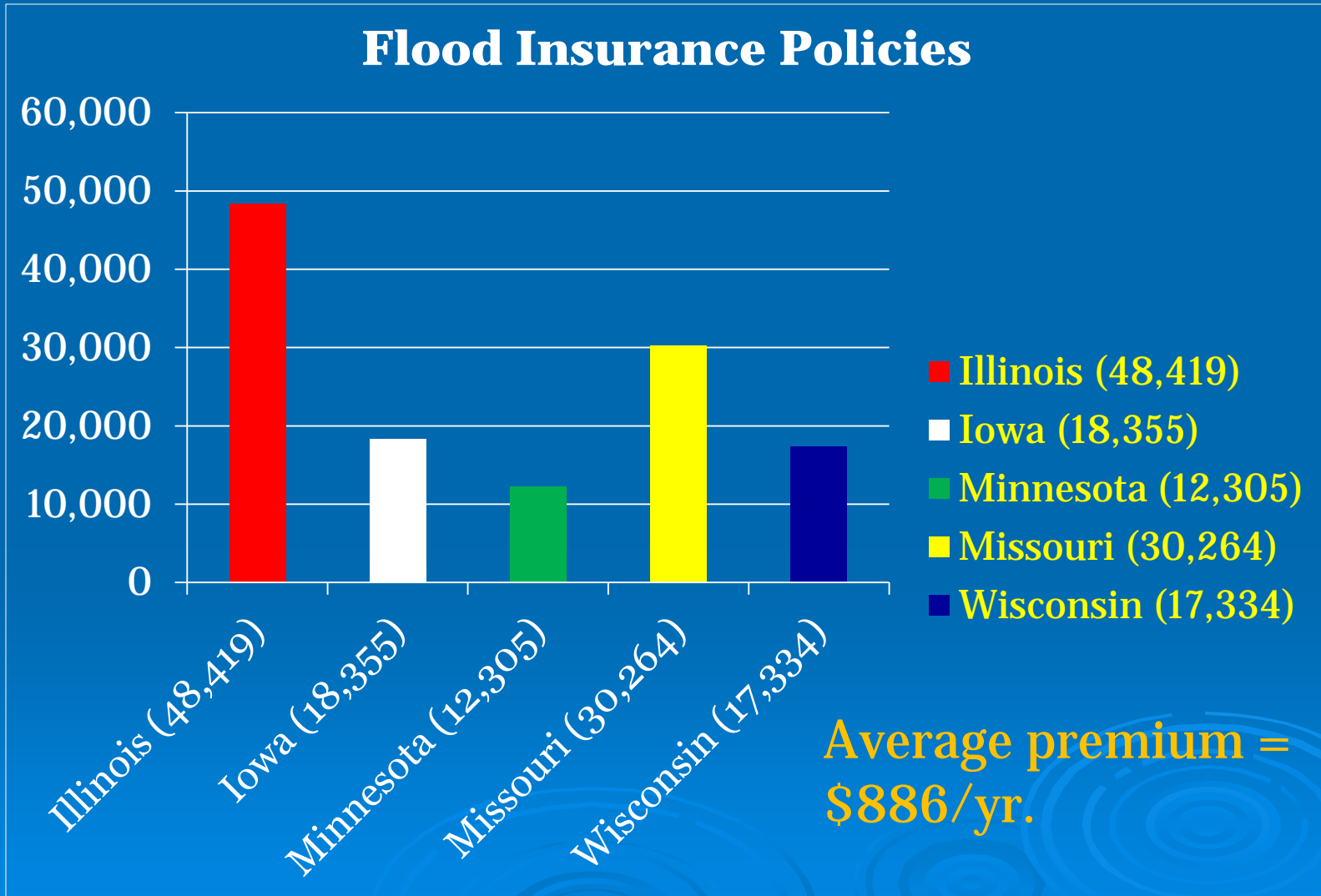
- Premiums for properties affected by map changes will increase over five years at a rate of **20 %** per year to reach full-risk rates
- Grandfathered rates planned to be phased out

The Bottom Line

- **Building or rebuilding higher can lower flood risk and could save money**
- **Know how to make smart floodplain management and insurance decisions**
- **Communities can lower flood risk and flood insurance premiums through:**
 - Building and rebuilding to mitigate future flood damage
 - Various mitigation grants



NFIP Policies by state



NFIP Claims \$\$ by state

Flood Insurance Claims

