



# Flood Insurance and Its Role in Recovery

Thursday, May 9, 2024  
9:45 a.m.-10:45 a.m. CDT

**2024 CDBG-DR Problem Solving Clinic**  
**May 7-9, 2024 | St. Louis, MO**



# Presenters



**Lynsey Wallace**

She/Her  
FEMA



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HUD Office of  
Environment and Energy



**Christine Meissner**

She/Her  
HUD Office of Disaster  
Recovery

# Learning Objectives

- Attendees will understand what the National Flood Insurance Program (NFIP) is and how flood insurance helps property owners recover from natural disasters.
- Attendees will understand HUD's flood insurance regulations and how they connect to CDBG-DR funding.
- Attendees will understand how to access NFIP data through the new computer matching agreement between HUD and FEMA.

# Agenda

- National Flood Insurance Program (NFIP) overview
- Federal flood insurance regulations for CDBG-DR assisted projects
- Computer Matching Agreement between FEMA and HUD for NFIP data sharing

# Reducing Administrative Burden Takeaways

## Improving CDBG-DR Grantee Documentation

This presentation educates grantees on the NFIP program and the applicability of flood insurance regulations on CDBG-DR assisted projects in a special flood hazard area, identifying how grantees can use FEMA's MAP Service Center to determine if their project is in one of these designated areas.

# Reducing Administrative Burden Takeaways

## Standardized Process for Accessing Data

This presentation also provides grantees with a standardized process for accessing NFIP data through a HUD-FEMA Computer Matching Agreement to document compliance for CDBG-DR projects.





# National Flood Insurance Program



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# Agenda

- Flooding in America
- NFIP's History and Mission
- Flood Insurance
- Conclusion



An aerial photograph of a coastal town, likely in New England, featuring a large marina filled with sailboats and a prominent church steeple. The town is surrounded by dense green forest. The image is overlaid with a semi-transparent blue filter.

# Flooding in America

# The Reality of Flood Risk

- Flooding is America's most common natural disaster, and among the costliest.
  - The percentage of U.S. counties impacted by a flooding event is 99%, 1996-2022.
  - Just one inch of flood water can cause roughly \$25,000 of damage to a home.
  - It's not just hurricanes. Wildfires, atmospheric rivers, snowmelt, and even severe thunderstorms can all cause a major flood event.
- Most homeowner's and renter's insurance policies don't cover flood damage, leaving Americans financially vulnerable.
- Flooding is getting worse thanks to climate change.
- Despite recent devastating floods, people continue to build in risky areas.
- Flood damage impacts lower-income and underserved communities.

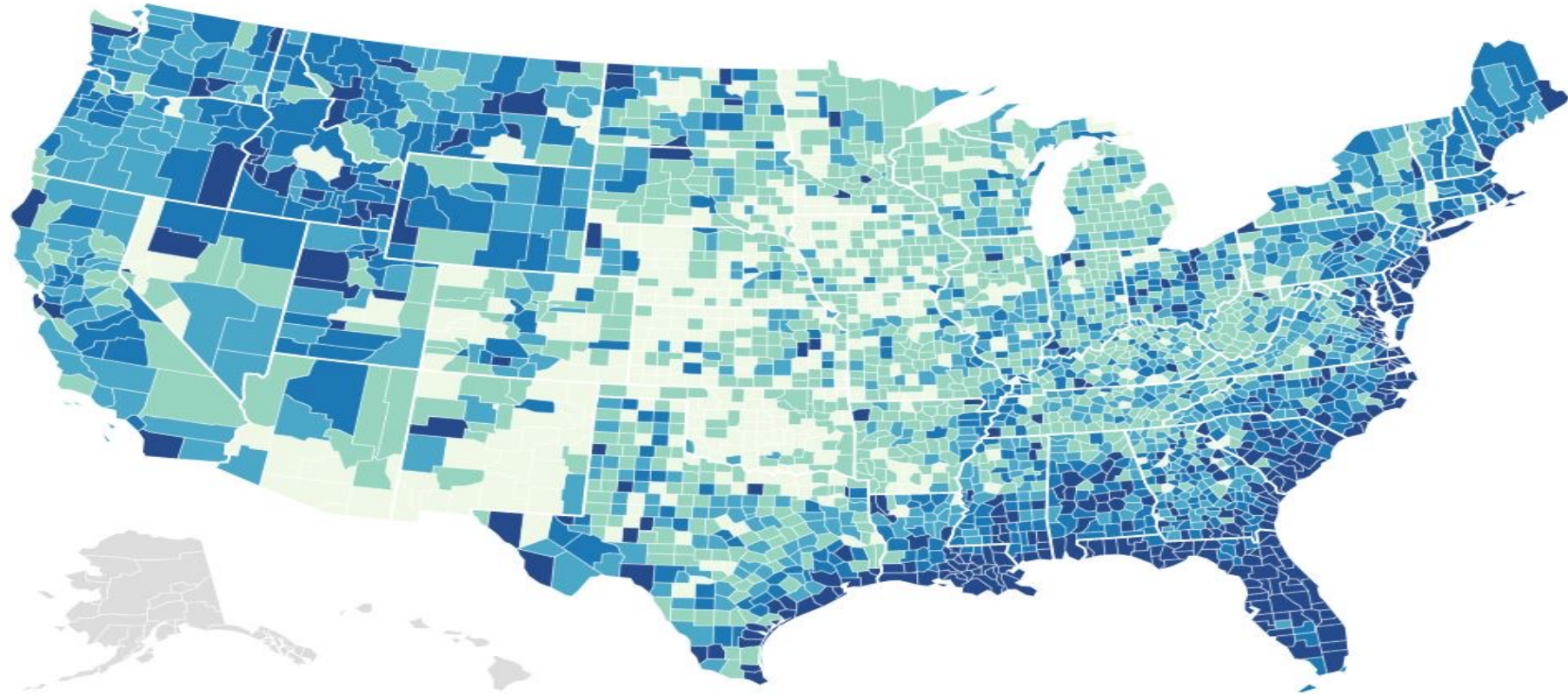
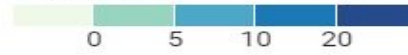


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## Where flood risk is projected to rise fastest in the US

A new analysis projects changes in flood risk between 2020 and 2050 by zooming in on every neighborhood across the U.S.

Percentage rise, 2020-2050



*Flood damage measured in 2020 U.S. dollars.*

Map: The Conversation/CC-BY-ND • Source: [Wing, et al. 2022](#) • [Get the data](#) • [Download image](#) • Created with [Datawrapper](#)



# NFIP History and Mission

# The National Flood Insurance Program

**The NFIP is a federal program created by Congress in 1968 to:**

- **Mitigate** future flood losses across the country.
- **Reduce** future flood damage through enactment and enforcement of floodplain management regulations.
- **Provide** protection for property owners against potential flood losses through federally-backed insurance policies.



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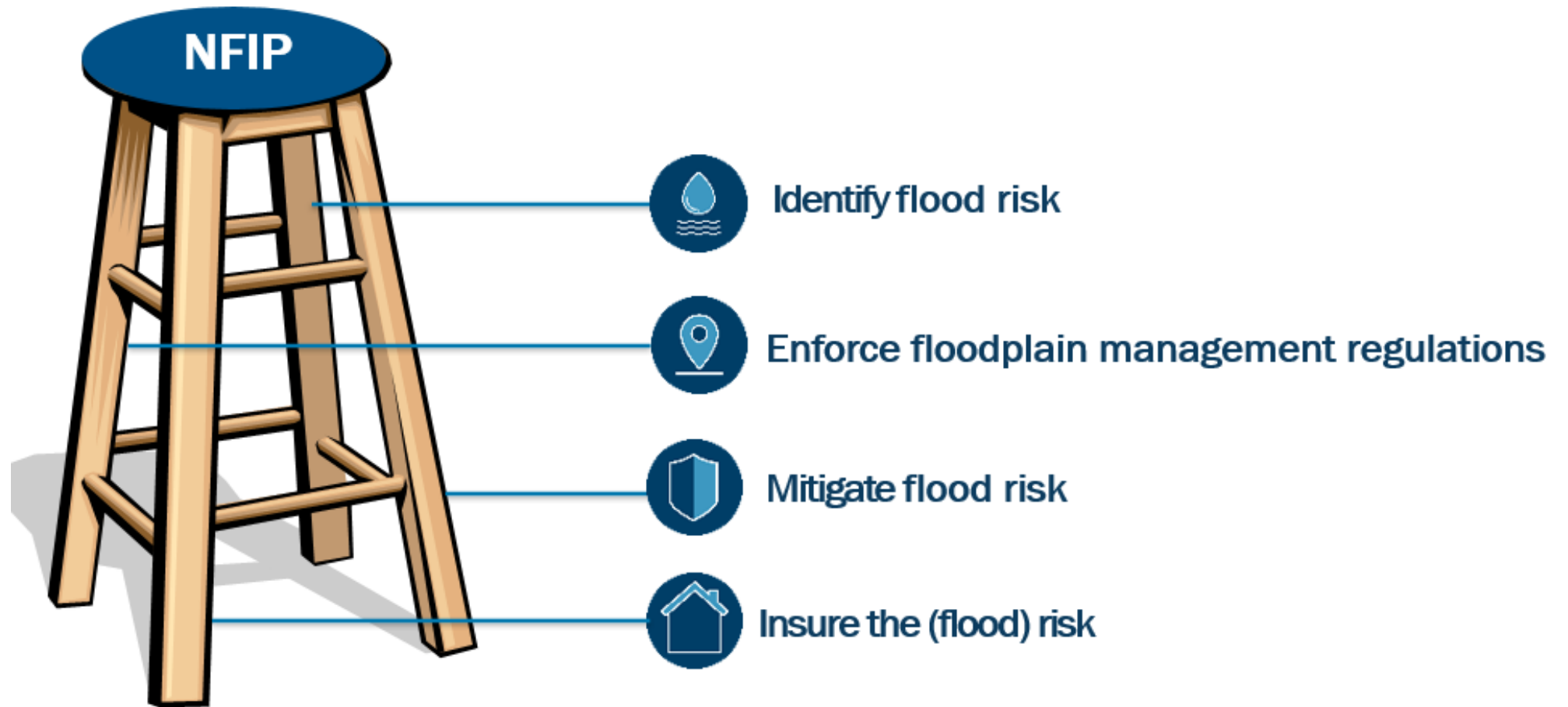
# The NFIP Mission

- **Educate** property owners, renters, communities and others on flood risks
- **Provide** flood insurance to people in partner communities
- **Accelerate** recovery from flood damage
- **Mitigate** future flood losses through floodplain regulation
- **Reduce** the personal and national costs of disaster



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# The four Components of the NFIP



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# A Public-Private Partnership



**The NFIP**



**State, Local, Tribal and Territorial Government**



**Private Insurers and the Business Sector**



**Communities and Individuals**



**FEMA**

# NFIP By the Numbers

4.7 million policies (95% residential and 5% non-residential) with \$1.3 trillion of coverage in 22,625 participating NFIP communities, 15,625 validated claims and \$924 million validated payments on losses occurring in 2023



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# Flood Insurance

# What is Flood Insurance?

- Property insurance covering water damage from overland sources – heavy rains, melting snows, levee or dam failure.
- Available to nearly all properties in Participating Communities – residential and commercial.
- Flooding **IS NOT** covered by standard homeowners' insurance policies.
- Coverage is available separately for structure and contents.
- Flood insurance is available from the NFIP and some private insurers.
- Flood insurance works like most other insurance and isn't dependent on a Federal disaster declaration.



# Who Must Buy Flood Insurance?

- Homes and businesses in high-risk flood areas that are required by lenders to have flood insurance.

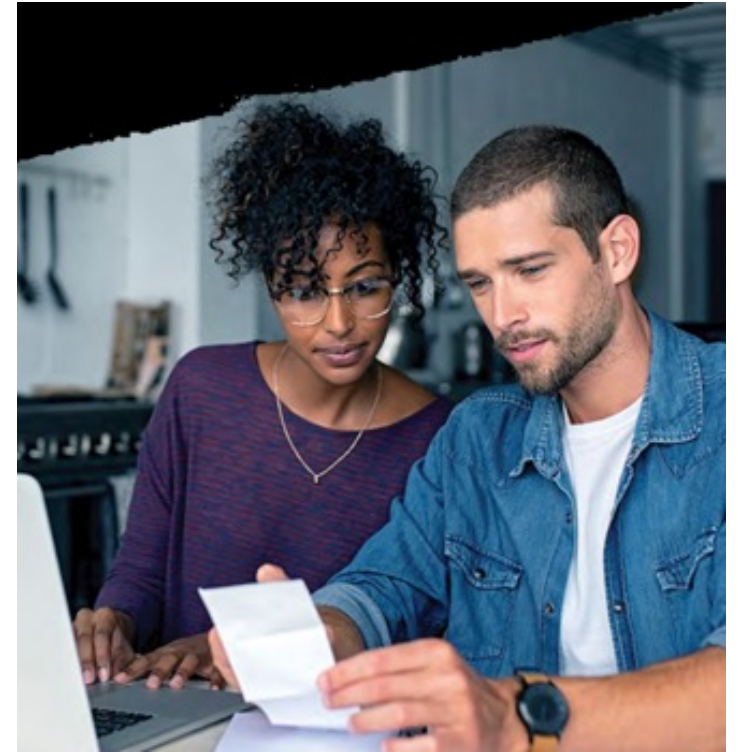
***On average, about 40% of NFIP flood insurance claims come from outside high-risk flood zones, also known as Special Flood Hazard Areas (SFHAs).***



# How to Buy Flood Insurance?

- Insurance Agents
- Write Your Own (WYO) Program  
*Participating insurance companies that write and service NFIP policies*
- NFIP Direct Program

**Remember: There is a 30-day waiting period between submitting the policy application and the effective date.**



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# Group Flood Insurance Policies

- **Part of disaster-assistance package to individuals, who:**
  - Live in a flood-prone area (SFHA).
  - Do not have flood insurance.
  - Suffered property damage from flooding.
  - Are approved for FEMA disaster assistance.
  - Were denied a loan from the U.S. Small Business Administration.
- **Benefits:**
  - Provides 3 years of coverage in the amount of the assistance.
  - Premium cost is deducted from the disaster-assistance package.
  - Policyholder must obtain/maintain future flood insurance coverage for life of property.
  - GFIP policy is underwritten by NFIP Direct.
  - Multiple notices provided to recipients to renew.



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# Flood Insurance vs. Disaster Assistance



## • NFIP

- 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.



## • FEMA/SBA 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.



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# Overcoming Common Flood Insurance Misconceptions

## Myth

*"I have homeowners or renters insurance, so my property is covered."*

*"If my property is hit by a flood, disaster assistance will bail me out."*

*"My house is on a hill, so water drains away. I'm safe."*

*"My area has never flooded, so I've got history on my side."*

*"There was a flood in my neighborhood 20 years ago and I live in a 100-year floodplain. So, nothing's going to happen in my lifetime."*

## Fact

**Most homeowners and renters insurance does not cover damage from flooding.**

**Federal disaster assistance is not a guarantee and has strict eligibility requirements.**

**Your risk may be lower, but not eliminated. Anywhere it rains, it can flood.**

**There are many constantly changing conditions that impact flood risk. The past is not a guarantee.**

**A "100-year floodplain" means there is, on average, a 1% chance of flooding each year.**



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# Key Takeaways and Closeout

# Key Takeaways

1. Flooding can happen **anywhere, to anyone**.
2. NFIP is a unique public-private program in which FEMA teams with industry and communities to **protect Americans from flood damage** by
  - Identifying and educating Americans about **flood risk**.
  - Helping to develop and enforce **floodplain management** regulations.
  - **Mitigating flood risk** through programs and grants.
  - Selling and servicing **flood insurance** policies.
3. It's incumbent on **all of us to be flood smart** by understanding our risk and the ways we can help protect our homes, businesses, and communities.



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# Stay Connected with the NFIP

- Follow NFIP on [LinkedIn](#) to see more of our work.
- Visit our website, [floodsmart.gov](https://www.floodsmart.gov), for resources and information on how to contact an insurance agent near you.
- Download the [FEMA App](#).
- Email us at [nfipcommunications@fema.dhs.gov](mailto:nfipcommunications@fema.dhs.gov).





# Flood Insurance: HUD Regulation and Requirements

# Federal Flood Risk Management Standard (FFRMS) and 24 CFR 55.5 - Flood Insurance

- FFRMS Final Rule: [89-FR-30850](#)
- 24 CFR 55.5 clarifies flood insurance
  - Required within the Special Flood Hazard Area (SFHA), 100-year floodplain.
  - Responsible Entity (RE) must provide a FEMA FIRM where available to confirm the project site location in reference to SFHA.
- HUD or RE may require flood insurance beyond the minimums established in the Flood Disaster Protection Act (FDPA) when necessary to minimize financial risk.

HUD encourages but does **not require** flood insurance outside the SFHA, within the FFRMS.



# Federal Flood Risk Management Standard (FFRMS) and 24 CFR 55.5 - Flood Insurance

## Flood Insurance Coverage: Lesser of

- At least equal to the project cost, less estimated land cost;
- Outstanding principal balance of any HUD-assisted or HUD-insured loan; or
- Maximum limit of coverage available under NFIP.

# Federal Flood Risk Management Standard (FFRMS) and 24 CFR 55.5 Flood Insurance

Section 202(a) of the Flood Disaster Protection Act 1973,  
42 U.S.C. 4106(a)

Proposed assistance in any SFHA shall not be approved in communities identified by FEMA as eligible for flood.

## NFIP Community Status Book

- Participates in the NFIP
- Does not participate in NFIP
- Is suspended or sanctioned

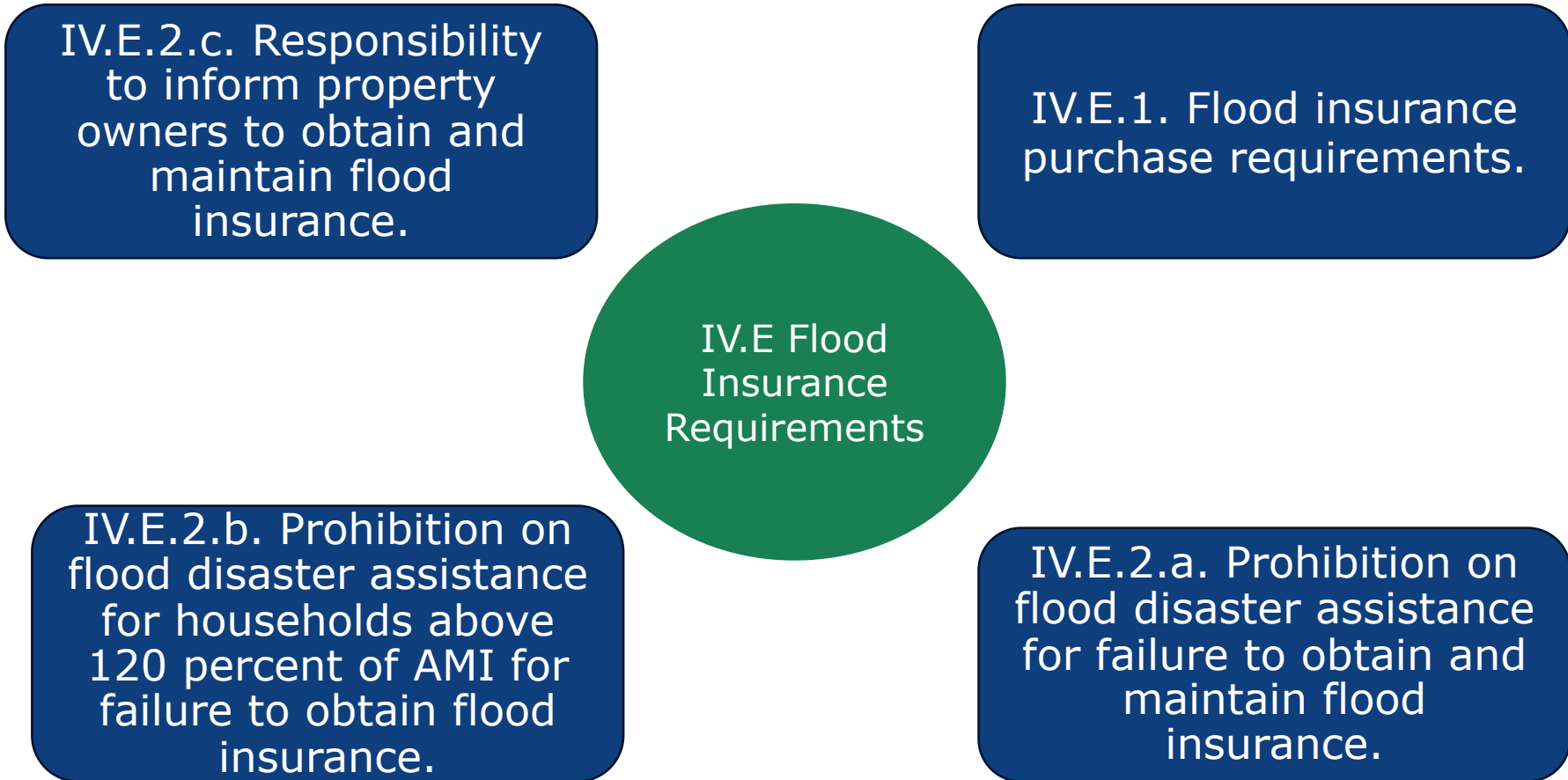
Section 582 of the National Flood Insurance Reform Act of 1994, 42 U.S.C. 5154a

HUD disaster assistance made available in SFHA may not be used to make a payment to a person for repair, replacement, or restoration of damage to any personal, residential, or commercial property if:

1. Person previously received Federal flood disaster assistance conditioned on obtaining and maintain flood insurance; and
2. The person failed to obtain and maintain the flood insurance.



# Appendix B: CDBG-DR Consolidated Notice



# Identifying the Special Flood Hazard Area

## FEMA Map Service Center (MSC)



### FEMA Flood Map Service Center: Welcome!

Looking for a Flood Map? [?](#)

Enter an address, a place, or longitude/latitude coordinates:



Looking for more than just a current flood map?

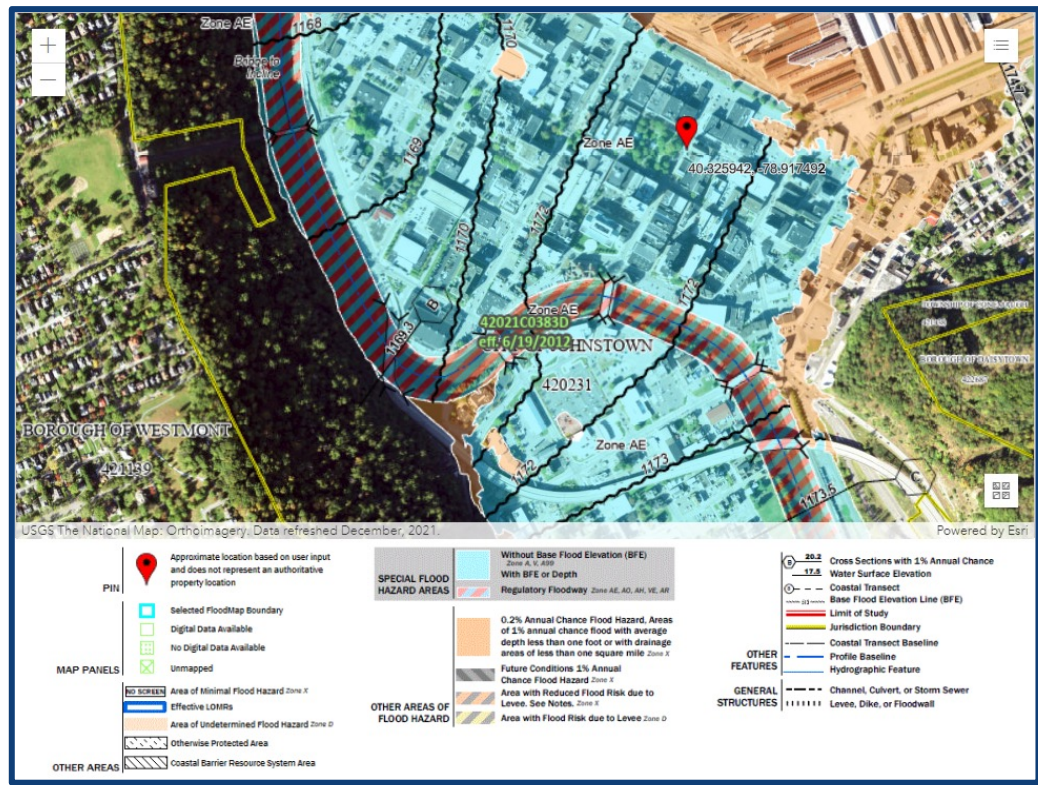
Visit [Search All Products](#) to access the full range of flood risk products for your community.

### About Flood Map Service Center

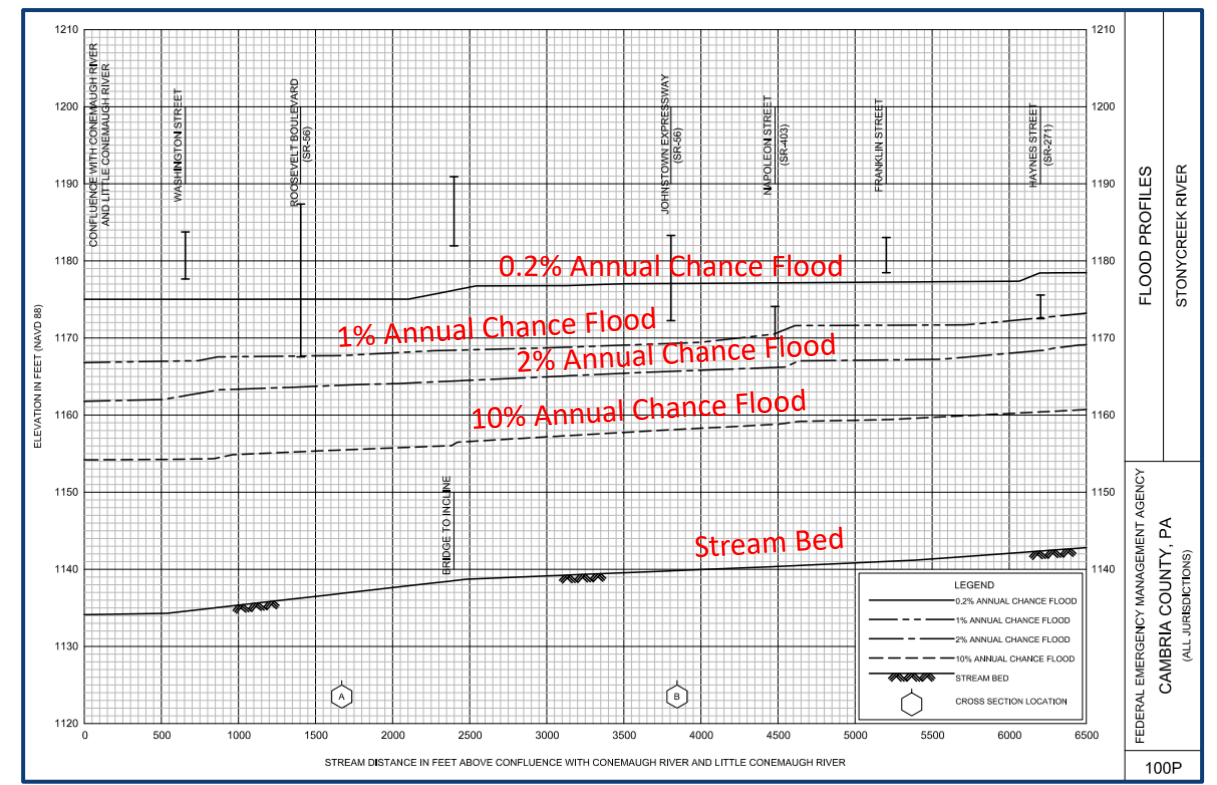
The FEMA Flood Map Service Center (MSC) is the official public source for flood hazard information produced in support of the National Flood Insurance Program (NFIP). Use the MSC to find your official flood map, access a range of other flood hazard products, and take advantage of tools for better understanding flood risk.

FEMA flood maps are continually updated through a variety of processes. Effective information that you download or print from this site may change or become superseded by new maps over time. For additional information, please see the [Flood Hazard Mapping Updates Overview Fact Sheet](#)

# Identifying the Special Flood Hazard Area



Flood Insurance Rate Map (FRIM)



Flood Insurance Study (FIS).



# FEMA and HUD Computer Matching Agreement

# What is a Computer Matching Agreement?

- As of March 11, 2024, CDBG-DR grantees and potential grantees can sign on to the new agreement that has been established.
- View the [Full HUD and FEMA Computer Matching Agreement](#).



SIMPLIFIED PROCESS	ACCESS TO DATA FASTER	STREAMLINED AGREEMENT & EXTENSION
CDBG-DR grantees and potential grantees sign on to the existing FEMA/HUD agreement versus establishing their own individual data sharing agreements and computer matching agreements	CDBG-DR grantees and potential grantees can access data earlier in the disaster recovery process	CDBG-DR grantees and potential grantees will use DocuSign to sign on to the existing FEMA/HUD agreement, so no action necessary from CDBG-DR grantees or potential grantees for an extension

# Purpose of the FEMA-HUD CMA

- New FEMA-HUD CMA took effect March 11, 2024.
  - Remains in effect for 18 months and can be extended 12 months by FEMA and HUD.
  - No action needed by grantees if the CMA is extended.
- Governs the grantee's use of the FEMA data in the administration of CDBG-DR and CDBG-MIT grants for:
  - Planning and marketing recovery programs.
  - Conducting duplication of benefits checks.
  - Verifying flood insurance coverage.

# Flood Insurance Data

- Determine whether an applicant for CDBG-DR assistance to repair, replace, or restore personal residential or commercial property failed to obtain and maintain flood insurance.
- The NFIP data request must be based on the specific program requirements specified in the grantee's approved Action Plan or proposed Action Plan.

# NFIP Data Fields - Location Information

- Agent supplied data
- Geocoded location data
- Potential data quality issues:
  - Location data may be incomplete.
  - Geocoded data may conflict with data supplied by the agent (e.g. NFIP Community not within County).

# NFIP Data Fields - Policy Information

- Policy and insurance company information
- Building information
- Additional FEMA-specific information

# NFIP Data Fields - Claim Information

- Date of loss
- Building and/or contents payment
- ICC payment
- FEMA Declaration Information



# Resources

# Resources

- [Floodsmart.gov](https://www.floodsmart.gov) is the official website for FEMA's NFIP program.
- HUD [Flood Insurance](#) information on the HUD Exchange includes a worksheet for how to document compliance with mandatory purchase requirements.
- [Landing page](#) for the new FEMA/HUD Computer Matching Agreement includes the full agreement.



# Thank You!

If you have any questions, please feel free to send an email to ODR's Policy Division at [ODRPolicyDivision@hud.gov](mailto:ODRPolicyDivision@hud.gov).

A photograph of the St. Louis skyline, including the Gateway Arch, viewed through a white, rounded hexagonal frame. The background of the slide features green and blue geometric shapes.

# Next Session

**The next sessions will begin at 11:00 CDT**

Navigating Compliance to Detect and Prevent Duplication of Benefits: Grand Ballroom DEF  
Streamlining Procurement and Contractor Management in CDBG-DR Home Repair Programs: Grand Ballroom ABC