

## **Flood Insurance Reform**

**By Claire Jubb, Customer Service Manager, Charlotte County Community Development**

Although Charlotte County has not yet had any severe flooding events such as were seen during Hurricane Sandy along the east coast last year, our area and the majority of the state of Florida is at a high risk of flooding. In Charlotte County we have a lot of water to deal with due to our relatively low elevations, proximity to the Gulf of Mexico, and the Peace and Myakka rivers which run through the County and into Charlotte Harbor.

According to FEMA, around 29 percent of the County is within a designated area called the Special Flood Hazard Area along with 60 percent of our population. This area has a higher risk of flooding and is defined as having a 1 percent chance of flooding to a given level within any one year.

Homeowners in those areas will probably already know that in order to get a mortgage, purchase of flood insurance is required. This is because a regular home owner's insurance policy does not include coverage for flooding.

The National Flood Insurance Program (NFIP) is administered through the Federal Emergency Management Agency (FEMA). The rates set by the NFIP are done so nationally according to the flood zone, year of construction and the elevation of the structure, along with the owner's choices of the amount of coverage and deductible.

Over the past few years, the NFIP has seen a large amount of claims, predominantly from catastrophic flooding events like Hurricane Katrina, Hurricane Irene and Hurricane Sandy. Partly as a result of this, and partly because some policies receive subsidized premiums, the program is heavily in debt. Estimates indicate that the program will be \$25 billion in debt following the losses resulting from Hurricane Sandy.

As a result, last year legislation was approved to reform the NFIP and part of that legislation was direction to move all policies to a premium that truly reflected the level of risk. This impacts approximately 20 percent of policy holders in Charlotte County and primarily concerns structures built prior to January 1, 1975. Because these structures existed when the initial flood risk maps were produced, they were given special subsidized flood insurance rates. Part of the reform act requires these policies be increased by 25 percent per year until the premium reflects the risk to the property, which is to be determined primarily by the current elevation of the structure in relation to the flood zone.

Initially, these increases only applied to residences that are not lived in by the owner for more than 80 percent of the year (which NFIP is considering a primary residence), nonresidential structures, and various other structures that have experienced a large amount of flooding loss. In Charlotte County, this is around 1350 structures.

Other older structures will see changes either when they are sold, if significant improvements are made, if the policy lapses for any reason or if they incur repeated flood losses. If any of these things happen, the premium will automatically move to the full risk rate (or actuarial rate). This applies to a little less than 3000 home and condo owners in Charlotte County.

Other changes include elimination of certain grandfathered rates where a structure was compliant when it was built, but mapping changes have made it non-compliant. This potentially impacts an additional 700 structures that may see increases of 20 percent starting in 2014.

So what can you do? Contact your insurance agent and see what increases may apply. You may be able to adjust the coverage and deductible to bring the premium down. Your insurance agent will most likely ask for an elevation certificate which shows the elevation of the structure and your level of risk. It is possible, especially if some work has been done on your structure, that the Charlotte County community development department may have a copy of this on file so check with us first. If you have done all of this, and there is nothing to do to reduce your premiums, you could consider elevating your property. There are various grant programs available. If this may be an option for you, the Charlotte County Emergency Management department will be able to assist you.

Charlotte County and the City of Punta Gorda are drafting a joint letter to our legislative delegation highlighting the impact that these changes are having on some of our citizens and asking for help in making the implementation more affordable.

If you have questions, please do not hesitate to contact us. Contact Community Development for information and elevation certificates at 941.743.1201, or Emergency Management at 941.833.4000. You may also email me at [Claire.jubb@charlottefl.com](mailto:Claire.jubb@charlottefl.com).