

National Flood Insurance Program (NFIP)

In 1968, Congress created the National Flood Insurance Program (NFIP) in response to the rising cost of taxpayer funded disaster relief for flood victim and the increasing amount of damage caused by floods. The Federal Insurance and Mitigation Administration (FIMA) a component of the Federal Emergency Management Agency (FEMA) manages the NFIP, and oversees the floodplain management and mapping components of the program.

Communities participate in the NFIP by adopting and enforcing floodplain management ordinances to reduce flood damage. In exchange, the NFIP makes federally subsidized flood insurance available to homeowners, renters, and business owners in these communities. Flood insurance, Federal Grants and loans, Federal disaster assistance and federal mortgage insurance is unavailable for the acquisition or construction of structures located in the floodplain shown on the NFIP maps for those communities that do not participate in the program.

To get secure financing to buy, build or improve structures in the Special Flood Hazard areas, it is legally required by federal law to purchase flood insurance. Lending institutions that are federally regulated or federally insured must determine if the structure is located in the SFHA and must provide written notice requiring flood insurance. Flood insurance is available to any property owner located in a community participating in NFIP.

Flood damage is reduced by nearly \$1 billion a year through partnerships with communities, the insurance industry, and the lending industry. Further, buildings constructed in compliance with NFIP building standards suffer approximately 80 percent less damage annually than those not built in compliance. Additionally, every \$3 paid in flood insurance claims saves \$1 in disaster assistance payments.

The NFIP is self-supporting for the average historical loss year, which means that operating expenses and flood insurance claims are not paid for by the taxpayer, but through premiums collected for flood insurance policies. The program has borrowing authority from the U.S. Treasury for times when losses are heavy, however, these loans are paid back with interest.

Repetitive Loss Properties

A specific target group of repetitive loss properties is identified and serviced separately from other NFIP policies by the Special Direct Facility (SDF). The target group includes every NFIP insured property that, since 1978 and regardless of any change(s) of ownership during that period, has experienced four or more paid losses, two paid flood losses within a 10-year period that equal or exceed the current value of the insured property, or three or more paid losses that equal or exceed the current value of the insured property, regardless of any changes of ownership, since the buildings construction or back to 1978. Target group policies are afforded coverage, whether new or renewal, only through the SDF.

The FEMA Regional Office provides information about repetitive loss properties to State and local floodplain management officials. The FEMA Regional Office may also offer property owners building inspection and financial incentives for undertaking measures to mitigate future flood losses. These measures include elevating buildings from the flood area, and in some cases drainage improvement projects. If the property owners agree to mitigation measures, their property may be removed from the target list and would no longer be serviced by the SDF.

Floodplain Management Goals/Reducing Flood Risks

A major objective to floodplain management is to continue participation in the NFIP. Communities that agree to manage Special Flood hazard Areas shown on NFIP maps participate in the NFIP by adopting minimum standards. The minimum requirements are the adoption of the floodplain Ordinances and Subdivision/Site Plan Review requirements for land designated as Special Flood hazard Areas. Under Federal Law, any structure located in the floodplain is required to have flood insurance. Federally subsidized flood insurance is available to any property owner located in a community participating in the NFIP. Communities that fail to comply with the NFIP will be put on probation and/or suspended. Probation is a first warning where all policy holders receive a letter notifying them of a \$50 increase in their insurance. In the event of suspension, the policyholders lose their NFIP insurance and are left to purchase insurance in the private sector, which is of significantly higher cost. If a community is having difficulty complying with NFIP policies, FEMA is available to meet with staff and volunteers to work through the difficulties and clear up any confusion before placing the community on probation or suspension.

Potential Administrative Techniques to Minimize Flood Losses in Rye

In order to reduce flood risks, the zoning enforcement officer should be familiar with the Floodplain Ordinance and the NFIP. In addition, **the Planning Board should be familiar with the NFIP policies**, especially those regulations that are required to be incorporated into the Subdivision/Site Plan Review regulations. A workshop sponsored by the NH Bureau of Emergency Management or the NH Office of Energy and Planning would be appropriate to educate current staff and volunteers on a bi-yearly basis. An essential step in mitigating flood damage is participating in NFIP. Rye should work to consistently enforce NFIP compliant policies to continue its participation in this program.