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# Everything Old May be New Again



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# The NFIP Now

## What we currently know:

The NFIP is reauthorized until September 2017.

The enactment of the Biggert-Waters Flood Insurance Reform Act of 2012 (BW 12) created sweeping changes to the NFIP designed to address Program financial stability through the elimination of subsidized rates for certain rating categories.



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# The NFIP Now

## What we currently know: (continued)

The enactment of the Homeowner Flood Insurance Affordability Act of 2014 (HFIAA 14) rolled back certain provisions of BW 12 while keeping others intact. Addressing Program financial stability through the elimination of subsidized rates for certain rating categories was delayed in some instances.

HFIAA requires the addition of surcharges.



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# Re-Thinking the NFIP

What alternatives were explored  
prior to BW 12?

Current NFIP (Modified)

Privatization

Federal Assistance

Community Based Insurance



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# Re-Thinking the NFIP

What factors were considered?

## Cost of flood borne by individuals

A national flood insurance policy should encourage individuals to assume the risk of flooding to their property commensurate with the level of risk they **have taken on through personal choices.**



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# Re-Thinking the NFIP

What factors were considered?

**Individuals incur costs of increased risk gradually**

A national flood insurance and mitigation policy that allows for gradually increasing costs may encourage individuals to voluntarily purchase flood insurance



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# Re-Thinking the NFIP

What factors were considered?

**Assistance provided to those who cannot afford the cost of flood**

Some living at risk of flood may not be able to afford the cost of protecting themselves from this risk, nor can they afford the cost to avoid the risk.



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# Re-Thinking the NFIP

What factors were considered?

**Minimize exposure to flood hazards**

Occupancy rates in areas exposed to flood hazards are increasing.



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# Re-Thinking the NFIP

What factors were considered?

**Maximize natural and beneficial functions of the floodplain**

Managing water quantity, water quality, and the habitat of fish and wildlife complement activities to reduce flood losses.



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# Re-Thinking the NFIP

What factors were considered?

**Efficiency - maximize the benefit/cost ratio**

A national flood insurance and mitigation policy should maximize the economic benefits relative to the economic costs.



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# Re-Thinking the NFIP

What factors were considered?

## **Administrative feasibility**

*Administration of the nation's flood insurance and mitigation policy requires involvement by governments at federal, state, tribal, and local levels*



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# Re-Thinking the NFIP

What factors were considered?

## Political acceptability

There are many contradictory viewpoints regarding the solution for addressing flood hazards. A national flood insurance and mitigation policy must balance and preserve these perspectives to ensure its successful adoption, implementation, and long-term sustainability.



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