

National Committee on Levee Safety

Levee Safety and the NFIP

August 26, 2010
NAFSMA Annual Meeting, San Diego



Presentation Overview

- How the NFIP has Contributed to Flood Risk in Leveed Areas
- NCLS Recommendations Pertaining to FEMA/NFIP
- Concluding Thoughts on Challenges and the NFIP



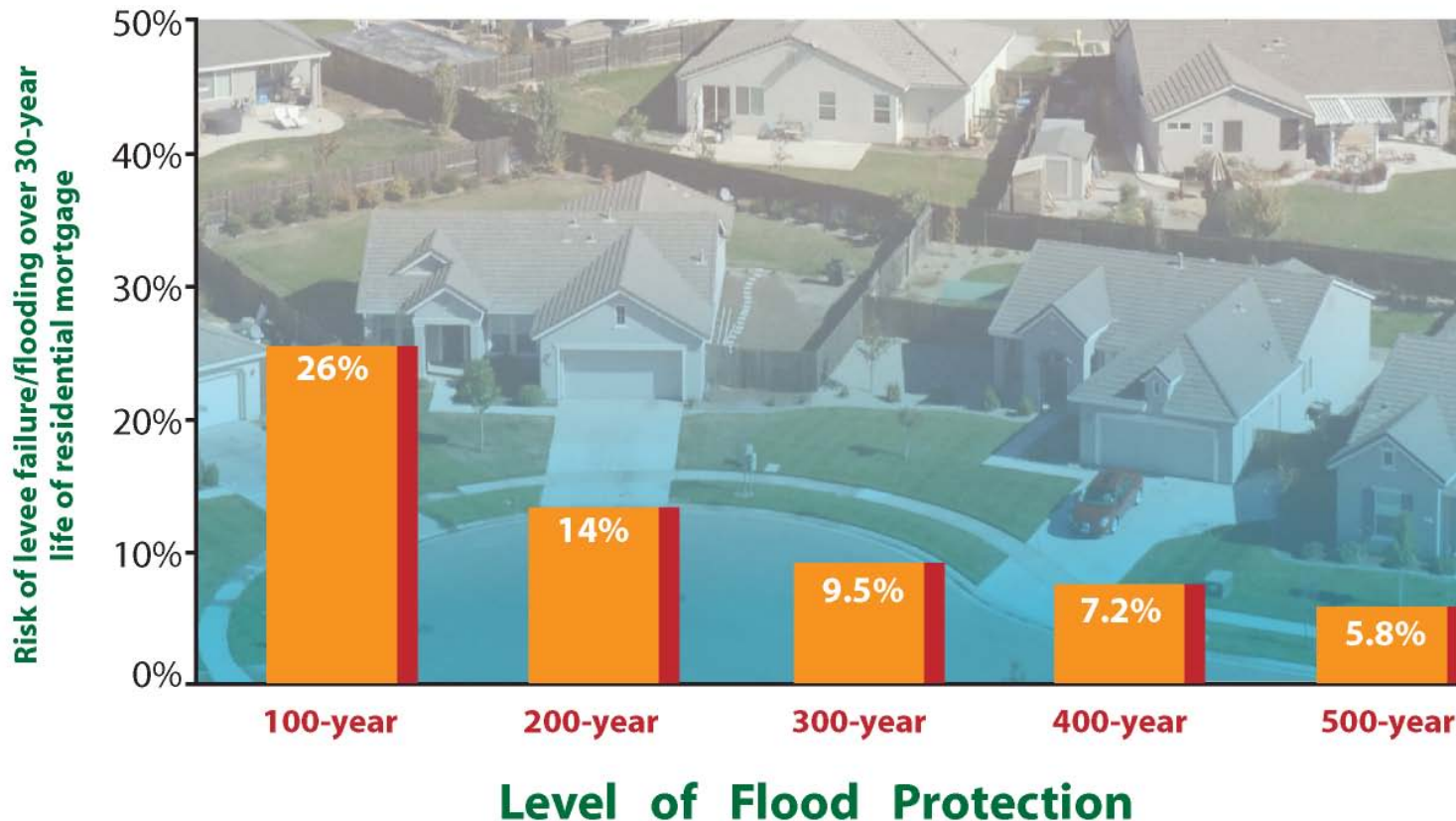
The National Flood Insurance Program

Unintended Consequences (1960's – present)

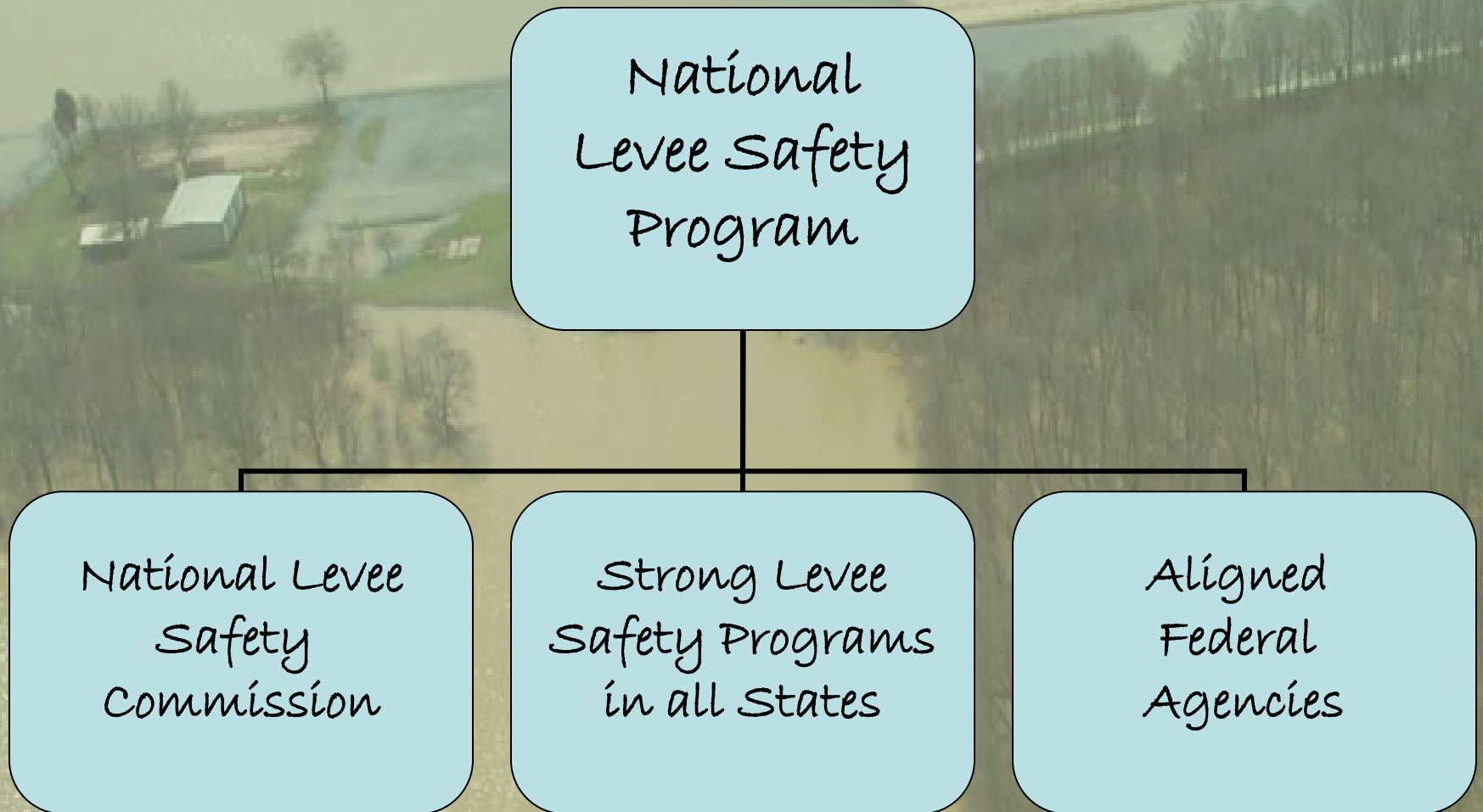
- **Fact:** 1968 establishment of FEMA's National Flood Insurance Program and selection of 100-year flood protection for voluntary purchase, preferred rates, and no development limitations
- **Fact:** 1986 Water Resources Development Act established non-federal cost sharing for federal flood control projects
- **Result:** *Made people feel as though they were "safe" if they lived behind an accredited levee*
- **Result:** *Led communities and public agencies to only seek the 100-year level of flood protection*

100-year flood is not a Safety Standard

Unintended Consequences of the NFIP



Major Recommendations



Principle of Aligned Federal Programs

- Federal agencies should adopt standards
- Federal programs with investments protected by levees, should:
 - Align themselves toward engaged public & reliable levees; and
 - Be used as an enticement for responsible levee safety behavior.

Good Government

Continued federal investment in leveed areas that do not invest in protecting people and property behind them is fiscally irresponsible and places citizens at unacceptable risk.

Recommendation No. 6

Replace Certification Term

Use “Compliance Determination” in lieu of “Certification” Term:

- “Certification” implies there may be a warranty and liability insurers have reacted to this implication via constraints and higher insurance rates
- “Compliance Determination” more accurately reflects the nature of the levee evaluations and decisions regarding providing 1% base level protection

Recommendation No. 7

Implement Peer Review of Levee Compliance Determinations

Subject all Compliance Determinations (“Certifications”) in FEMA’s National Flood Insurance Program to Independent Peer Review:

- Increases Confidence in Technical Evaluations
- Assures Adherence to National Standard
- Helps Address Liability

Recommendation No. 17

Explore Incentives/Disincentives

Promote good practices and behavior by alignment of existing federal programs through:

- Savings/funding to communities, eligibility for federal funding, priority for federal funding, and cost sharing requirements
- Exclude emergency related programs/funds
- Potential Programs:
 - FEMA Disaster Assistance Funds such as Individual Assistance, Public Assistance, and Mitigation Grants
 - Corps Programs such as PL84-99, new projects, and Section 216
 - Other Federal Programs such as Highway funds, HUD Grants, SBA loans for other than disaster recovery, and federal loan guarantees
- Proposals intended to be revenue neutral, encouraging investment in safe areas, discouraging in risky areas

Recommendation No. 18

Mandatory Risk-Based Insurance

Require flood insurance for structures in leveed areas, with risk-based premiums:

- Raises awareness -- all levees can fail/overtop
- Motivates communities to lower risk in order to lower premiums
- Reduces taxpayer burden for disasters
- Speeds post-flood recovery

Insurance and Shared Responsibility

Flood insurance is a key part of the shared responsibility for managing flood risk:

- Protecting assets through insurance ensures that those who live at risk help bear the cost associated with the risk.
- Communities and levee owners may have reduced financial exposure should a flood occur.

Recommendation No. 19

Augment FEMA's Mapping Program

Improve risk identification and communication in leveed areas:

- Identify levee systems and associated consequence failure zones
- Re-designate existing Zone A/AE or X areas as either AL or XL respectively if in leveed area
- Depict on FEMA web-site additional flood hazard information that may be provided by state and local entities

Recommendation No. 20

Align CRS to Reward Safety Programs

Revise FEMA's Community Rating System Program to credit communities in states with levee safety programs and for exceeding minimum requirements:

- Incentivize establishment of state levee safety programs
- Further incentivize superior performance in communities and states
- Reduce flood insurance premiums for individuals in communities with strong levee safety programs, including individuals behind accredited levees

Challenges

- Public dialogue on insurance and risk is confused and heated.
- Misperception that risk is low.
- Affordability of flood insurance is a real concern for many.
- Not clear how to fully implement insurance for all structures in leveed areas.
- Work to be done on risk-based premiums.

FEMA: A Critical Link

- Alignment of federal programs is important to the success of a National Levee Safety Program.
- NCLS identified ways to align NFIP with a National Levee Safety Program.
- NFIP “rethink” activities provide a great opportunity to evaluate these and other ideas for improving the NFIP.

Thank You

Questions?
