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Insurance Commissioner Updates Boroughs On Flood Insurance Issue

<http://paenvironmentdaily.blogspot.pt/2016/06/insurance-commissioner-updates-boroughs.html>

Insurance Commissioner Teresa Miller Monday updated borough leaders from across Pennsylvania on the Wolf Administration's support for [private market flood insurance](#) and encouraged borough officials to take this information to their constituents to help homeowners save money and preserve property values.

"I encourage borough officials to join us in making information on flood coverage available to their constituents, to help homeowners find the coverage that best suits their needs at the lowest cost," Commissioner Miller said. "This is an important issue for borough leaders, as lowering property values can impact the amount of revenue available to provide important community services, such as police and fire protection, snow removal, and street maintenance."

In a speech to the [PA State Association of Boroughs](#) at their annual conference in Hershey, Commissioner Miller briefed borough leaders on her department's recent creation of a one-stop [webpage for flood insurance](#).

This webpage includes contact information for both insurers licensed in Pennsylvania who are now selling private residential flood coverage, and companies licensed elsewhere selling this coverage through what is known as surplus lines insurance.

Prior to 2013, residential flood insurance was sold almost exclusively through the federal government run National Flood Insurance Program (NFIP). Under this program, higher risk properties received subsidies to keep their premiums lower.

However, due in part to overwhelming claims from Hurricane Katrina and Superstorm Sandy, the NFIP has fallen approximately \$24 billion in debt. This led Congress to pass a law phasing out subsidies, leading to rising premiums for many homeowners.

Commissioner Miller noted that at the same time subsidies are being phased out, the Federal Emergency Management Agency re-mapped the country, using 100-year flood projections, placing many properties in flood zones that were not there previously.

Homes in federally-designated flood zones with mortgages backed by the federal government are required to have flood insurance, meaning many homeowners now must purchase flood coverage who never needed it before.

"The combination of rising premiums for NFIP insurance, and many homeowners being mapped into flood zones who have rarely or never experienced flooding, is bringing private insurers into the residential flood insurance market for the first time," Commissioner Miller said. "We are finding, in many cases, comparable private coverage is available for significantly lower cost than NFIP insurance."

For example, Commissioner Miller found that in one instance, a homeowner in Dauphin County who had owned his home for 17 years and never experienced significant flooding, was notified by his bank that he had been mapped into a flood zone, and now needed flood insurance.

NFIP insurance would have cost this homeowner \$2,700 a year, but he was able to find private coverage for just \$718 annually.

In another case, a homeowner in Carbon County told her local newspaper much of her community had been re-mapped into a flood zone, and a neighboring property,

appraised five years ago at \$110,000, sold for just \$45,000, due to the high cost of flood insurance.

Homeowners can appeal a flood zone designation to FEMA.

The homeowner must show that the lowest adjacent grade to their home – or the lowest ground that actually touches the structure -- is above the base elevation to which water is projected to rise in the 100-year flood projection used to create the flood zone map.

The property owner must file the appeal, and likely would need to hire a professional geologist or surveyor to determine whether the designation is accurate.

However, a municipality can assist a homeowner or group of homeowners with preparing the appeal.

It is important to note that private insurance may not be available for higher risk properties. Also, a homeowner who now has NFIP coverage with a subsidy and moves to private insurance, will likely not be eligible for a subsidy should the coverage switch back to NFIP.

Federal grants for flood mitigation work, such as raising a home on stilts, are currently only available for properties covered by NFIP plans.

For more information, visit the Insurance Department's [Flood Insurance](#) webpage for more information.