



NATIONAL FLOOD INSURANCE REFORM AS A TOOL FOR MUNICIPAL CLIMATE RESILIENCE ENHANCEMENT

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THE NFIP – CHANGE ON THE HORIZON

- Financial stability
 - 2005: \$19B from Treasury, \$2B repaid by 2011
 - 2012: \$10B from Treasury, \$1B repaid by 2014
- Changed land use patterns
 - Extensive coastal development
 - Adverse selection, moral hazard
- Climate change
 - SLR means shifting floodplains
 - Increasing storm intensity means increasing risk
 - Risk assessment accuracy

Three Interesting Reform Proposals

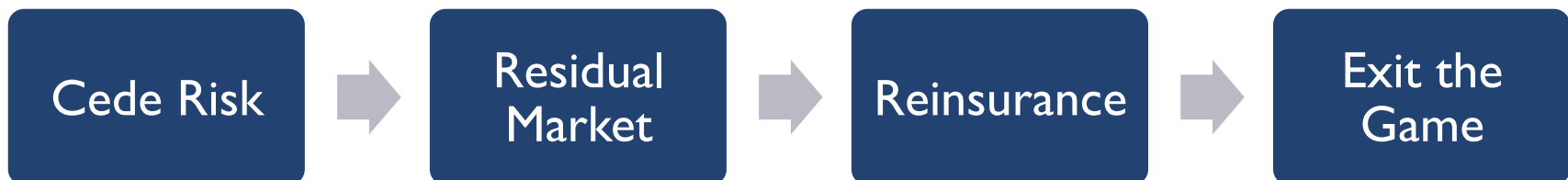
- NFIP Privatization
- Voluntary Floodplain Buyout Commitment
- Community-Based Insurance Policies

WHAT HAS BEEN PROPOSED?

- Actuarial rates
 - At what pace?
 - Discounts, tax breaks, exemptions, grants, loans
- Broader, more resilient property base
 - Increase uptake (reduce adverse selection)
 - Decrease repetitive loss
 - Enhance property resilience
- Mapping reform
 - Digitize mapping process, elevation certification, etc
 - Extend SFHAs according to climate models
- Financial reform
 - Program efficiency improvements
 - Reduce or narrow coverage
 - Forgive the debt
 - PRIVATIZE
- New programs
 - Long-Term Flood Insurance
 - Community-Based Policies

PRIVATIZATION

- Structure:
 - Use existing authority or modify the mandate
 - Sell risk to the private market
 - Change MPR eligibility standards
- Purpose:
 - Preserve financial solvency
 - Increase competition
- Flood Insurance Market Parity and Modernization Act (H.R. 2901)
- Impacts on planning:
 - Change compliance documentation
 - FEMA role transitions to information, enforcement
 - Community influence on rate-setting
 - Decreased rates? Decreased coverage?



VOLUNTARY FLOODPLAIN BUY-OUT COMMITMENT

- Proponent: NRDC
- Structure:
 - Use existing statutory authority
 - Voluntary program for reduced premium
 - After substantial damage, community buys out the property at pre-flood value
 - Means-tested, targeted to RLs and exposed structures
- Purpose:
 - Reduce the burden of repetitive loss structures
 - Incentivize settling out of floodplains
- Impacts on planning:
 - Defer costs to the post-disaster aid window
 - Reduce the immediate shock of rate increases
 - Manage expectations
 - Unclear impact on property values
 - Solves the “property trap”
 - Reduce development in exposed areas
 - An alternative to property resilience building
 - Change post-disaster administrative burden

COMMUNITY-BASED INSURANCE POLICIES

- Structure:
 - Municipality purchases a community-wide policy
 - Pays off premiums with taxes or fees
 - Pays out recovery funds through local program
 - Premium discounts from community resilience projects
- Purpose:
 - More accurate, flexible rate-setting
 - Better integrate community planning with individual property resilience / development decisions
 - Broadens the premium pool
- Impacts on planning:
 - Reward community adaptation
 - Integrate community and property mitigation projects
 - More control over risk management, better planning information
 - Funding flexibility and risk sharing
 - Administrative burden
 - Prioritize resiliency over premium reduction

TAKEAWAYS

- Actuarial Rates
- Tax Revenues \propto Property Values
- Integrating Property-scale and Community-scale Improvements
- Practical Implementation



Janet Freedman: King Tide at Warwick, RI, Oct. 29, 2015
MyCoast.org

THANK YOU!

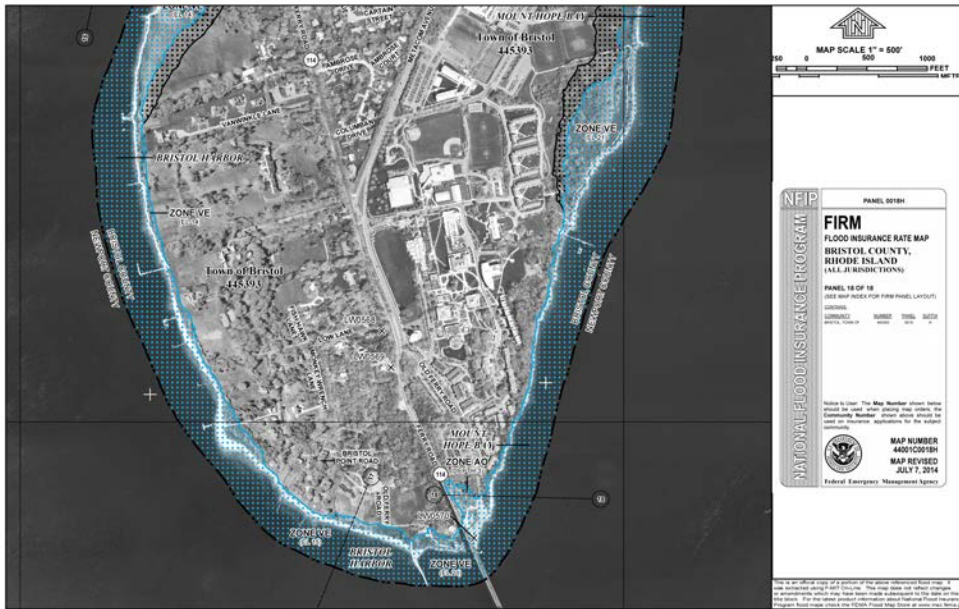
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MUNICIPAL CLIMATE CHANGE ADAPTATION

- Policies and Projects
 - Improved infrastructure
 - Increased open space
 - Adaptive building and zoning codes
 - Hazard mapping
 - Open sp
 - Managed retreat
- Post-catastrophe decision making
- Funding
 - Tax revenue
 - Federal matching funds:
 - HUD, FEMA, SBA
 - Recovery vs. Resilience



NATIONAL FLOOD INSURANCE PROGRAM



- Regulation
 - Floodplain management ordinance
 - Local official as Floodplain Administrator
- Mapping
 - FIRMs delineate SFHAs
 - Historical analysis
- Insurance
 - MPR for mortgages in SFHAs
 - Write-Your-Own program
- Community Rating System
 - Premium discounts, technical assistance
 - Unified Hazard Mitigation Assistance Grant Programs