



# DRISCOLL

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INSURANCE & BONDS

## Changes to the Flood Insurance Program

There has been a lot in the news recently about changes regarding flood insurance. The Driscoll Agency would like to provide you with this information to review details on what can be a challenging insurance issue.

- The National Flood Insurance Program (NFIP) is a federally run program providing flood insurance to properties designated by FEMA to be located in flood areas. Flood insurance is excluded from your homeowner's policy, necessitating a separate policy.
- The program has historically been a significant money losing operation, currently running with a significant deficit. The government has taken action steps to reduce this deficit with the Biggert-Waters Reform Act of 2012 (BW12). The intent of the BW12 is to reduce the deficit by raising rates to reflect true flood risks. The process will also factor in those locations that have exposure to severe repetitive loss, the current height of home versus base flood elevation and also primary versus secondary house usage. Among other factors, the Federal government is no longer going to subsidize vacation homes that have waterfront exposure and have suffered multiple claims, as increased premium rating factors will be applied on renewal policies. On these homes, previous premiums did not reflect the home's full flood risk and now premiums will increase (25%) per year until it reaches the full risk rate.
- Additionally, in many locations, flood maps are being updated to reflect recent data on flood risk in that particular area. This has occurred in many towns located on the coast of Massachusetts, resulting in increased premium for the homeowner. Your mortgage company would notify you of any zone or map change, or you can check with your town officials to review any mapping changes.
- Not everyone will be affected immediately by the new law as only 20% of NFIP policies receive subsidies.

***For existing flood policy owners, it is imperative that you do not allow your current policy to lapse.*** Doing so could eliminate any subsidized or grandfathered premium you may be receiving and a lapse may require you to provide an elevation certificate to replace coverage. While this notice is not all encompassing, please note we are working diligently to secure the best options for our Flood Insurance policyholders. If you have any questions you may contact our Agency at your convenience.