

# Merrill, Hannah

---

**Subject:** RE: SMP Insurance? Coverage? and Cost?

---

**From:** pearl hewett [REDACTED]  
**Sent:** Friday, March 15, 2013 8:56 AM  
**To:** zSMP  
**Cc:** Karl Spees; Jo Anne Estes; info@justwateralliance.org; [REDACTED] Brian and Brooke; Sandy Rains; [REDACTED]; Vi; Don; Marv Chastain; Misty Rains; joni howard; Delane Hewett; Tristin Hewett; Jay Petersen; harry bell; mary pierce pfaff; Frank M Penwell; Keith Olson; [REDACTED]; Rick Forschler -; george Chandler; robert crittendend; Dick Pilling; Windy Boulden; Dawn Rains; connie beauvias  
**Subject:** SMP Insurance? Coverage? and Cost?

Updated SMP comment on  
SMP Insurance? Coverage? and Cost?  
Pearl Rains Hewett Trustee  
George C. Rains Sr. Estate  
Member SMP Update Committee

For the understanding of a reasonable person.

- 1, (FEMA) IS THE FEDERAL *INSURANCE* AND **MITIGATION** ADMINISTRATION
2. (NFIP) IS THE NATIONAL FLOOD INSURANCE PROGRAM.
3. PRIVATE INSURANCE AGENCIES SELL FLOOD PROTECTION THROUGH THE NATIONAL FLOOD INSURANCE PROGRAM (NFIP).

---

## **PRECAUTIONARY NOTE TO PRIVATE PROPERTY OWNERS**

Check the FEMA Flood Plain maps for your private property  
FEMA has a little purple flood plain marker.  
FEMA colors your private property on a map flood plain purple.  
WRIA 20, on the Sol Duc River, 40 acres of private property is colored purple? And it has suddenly, AFTER 60 YEARS, become a FEMA identified Flood Plain?

---

## FEMA AND OTHER POLICY SPECIFIC INSURANCE COVERAGE

- 1. FEMA flood specific
- 2. Earthquake specific
- 3. DIC INSURANCE COVERAGE
- 4. Generic specific homeowners insurance

### 1. FEMA flood specific

The FEDERAL *INSURANCE* AND MITIGATION ADMINISTRATION (FEMA) manages the National Flood Insurance Program (NFIP).

Flood coverage costs an average of \$570 a year, up 4% from 2009. And those costs are expecting to keep rising, says Drew Woodbury, an equity analyst covering insurance at Morningstar.

---

(my insert)

FEMA HISTORY June 25, 2012 MANDATORY COVERAGE AREAS. (MANDATORY COVERAGE) PREMIUM ADJUSTMENT in 4 years = 100% increase.

June 25, 2012 - (full text below) Shall be phased in over a 4-year period, at the rate of 40 percent for the first year following such effective date and 20 percent for each of the second, third, and fourth years following such effective date.

2013 raise the rate 40%

2014 raise the rate 20%

2015 raise the rate 20%

2016 raise the rate 20%

---

And those costs are expecting to keep rising, says Drew Woodbury, an equity analyst covering insurance at Morningstar.

Over 10 years, flood insurance premiums could cost up to \$27,340, for a high-risk home with \$250,000 in coverage to rebuild the house and \$100,000 to cover the contents, according to the Federal Emergency Management Agency

Drew Woodbury, an equity analyst covering insurance at Morningstar. On top of that, a proposal in Congress could also boost annual premiums by as much as 20% as part of a plan to overhaul the federal government's flood insurance program, itself (FEMA) underwater by \$18 billion.

---

#### BEFORE HURRICANE SANDY

The last documented information I have Wed, Jun 27, 2012, FEMA was \$18 billion dollars underwater

---

#### AFTER HURRICANE SANDY

By [Ed Beeson/The Star-Ledger](#)

Updated February 24, 2013 at 10:04 AM Polling data that the NFIP collects from Write Your Own carriers show that claims payouts are speeding up. As of Wednesday, nearly **\$4.8 billion in payments have been made**, up from \$3.7 billion at the start of the month. In early January, it was \$1.9 billion But FEMA ALREADY OWES \$18 BILLION TO THE TREASURY DEPARTMENT, thanks to Hurricane Katrina. Currently, insurance experts say FEMA's flood insurance program has access to funds **totaling \$3.8 billion**, much of it in loans.

**If flood claims exhaust the fund, CONGRESS MAY HAVE TO STEP IN WITH ADDITIONAL TAXPAYER MONEY. That will add to the already bloated national deficit, and anger fiscally-conservative members of Congress.**

---

**There is no report online regarding FEMAS DEBT ON MARCH 14, 2013.**

---

FEMA HISTORY Dec 5, 2011 S.1940 -- To amend the National Flood Insurance Act of 1968, to **RESTORE THE FINANCIAL SOLVENCY OF THE FLOOD INSURANCE FUND, and for other purposes.** (Reported in Senate - RS)

---

June 25, 2012

STATEMENT OF ADMINISTRATION POLICY

S. 1940—Flood Insurance Reform and Modernization Act of 2011

(Sen. Johnson, D- (Senate)

SD)The Administration supports Senate passage of S. 1940 to reauthorize the National Flood Insurance Program (NFIP).By requiring the Federal Emergency Management Agency to move to full risk-based premium rates for certain properties, the bill would strengthen the **NFIP's financial position and increase its ability to fund future claims.** The bill would also reduce flood risk and increase the resiliency of communities to flooding. The Administration is pleased that the bill supports transitioning to actuarially sound rates to enable policyholders and communities to adjust to risk-based premiums.

In addition, the Administration supports the bill's measures to strengthen and streamline mitigation programs. As the bill moves through the legislative process, the Administration looks forward to working with the Congress on additional reforms to strengthen the NFIP and help economically distressed homeowners in a manner that is consistent with the President's Budget.

SEC. 107. MANDATORY COVERAGE AREAS. (MANDATORY COVERAGE)

SEC. 108. PREMIUM ADJUSTMENT. Any increase in the risk premium rate charged for flood insurance on any property that is covered by a flood insurance policy on the effective date of such an update that is a result of such updating shall be phased in over a 4-year period, at the rate of 40 percent for the first year following such effective date and 20 percent for each of the second, third, and fourth years following such effective date.

---

**SEC. 107. MANDATORY COVERAGE AREAS.**

**(A) SPECIAL FLOOD HAZARD AREAS- NOT LATER THAN 90 DAYS AFTER THE DATE OF THE ENACTMENT OF THIS ACT, THE ADMINISTRATOR SHALL ISSUE FINAL REGULATIONS ESTABLISHING A REVISED DEFINITION OF AREAS OF SPECIAL FLOOD HAZARDS FOR PURPOSES OF THE NATIONAL FLOOD INSURANCE PROGRAM.**

**(b) Residual Risk Areas- The regulations required by subsection (a) SHALL REQUIRE THE EXPANSION OF AREAS OF SPECIAL FLOOD HAZARDS TO INCLUDE AREAS OF RESIDUAL RISK THAT ARE LOCATED BEHIND LEVEES OR NEAR DAMS OR OTHER FLOOD CONTROL STRUCTURES, AS DETERMINED BY THE ADMINISTRATOR.**

(c) Mandatory Participation in National Flood Insurance Program-

(1) IN GENERAL- Any area described in subsection (b) **SHALL BE SUBJECT TO the MANDATORY PURCHASE REQUIREMENTS** of sections 102 and 202 of the Flood Disaster Protection Act of 1973 (42 U.S.C. 4012a, 4106).

(2) LIMITATION- The mandatory purchase requirement under paragraph (1) shall have no force or effect until the **mapping of all residual risk areas in the United States** that the Administrator determines essential in order to administer the National

Flood Insurance Program, as required under section 118, are in the maintenance phase.

(3) ACCURATE PRICING- In carrying out the mandatory purchase requirement under paragraph (1), the Administrator shall ensure that the price of flood insurance policies in areas of residual risk accurately reflects the level of flood protection provided by any levee, dam, or other flood control structure in such area, regardless of the certification status of the flood control structure.

(d) Decertification- Upon decertification of any levee, dam, or flood control structure under the jurisdiction of the Army Corps of Engineers, the Corps shall immediately provide notice to the Administrator of the National Flood Insurance Program.

#### SEC. 108. PREMIUM ADJUSTMENT.

Section 1308 of the National Flood Insurance Act of 1968 (42 U.S.C. 4015), as amended by section 106(c), is further amended by adding at the end the following:

“(h) Premium Adjustment To Reflect Current Risk of Flood- Notwithstanding subsection (f), upon the effective date of any revised or updated flood insurance rate map under this Act, the Flood Disaster Protection Act of 1973, or the Flood Insurance Reform and Modernization Act of 2011, any property located in an area that is participating in the national flood insurance program shall have the risk premium rate charged for flood insurance on such property adjusted to accurately reflect the current risk of flood to such property, subject to any other provision of this Act. Any increase in the risk premium rate charged for flood insurance on any property that is covered by a flood insurance policy on the effective date of such an update that is a result of such updating shall be phased in over a 4-year period, at the rate of 40 percent for the first year following such effective date and 20 percent for each of the second, third, and fourth years following such effective date. In the case of any area that was not previously designated as an area having special flood hazards and that, pursuant to any issuance, revision, updating, or other change in a flood insurance map, becomes designated as such an area, the chargeable risk premium rate for flood insurance under this title that is purchased on or after the date of enactment of this subsection with respect to any property that is located within such area shall be phased in over a 4-year period, at the rate of 40 percent for the first year following the effective date of such issuance, revision, updating, or change and 20 percent for each of the second, third, and fourth years following such effective date.’.

---

#### THE CREDIBILITY OF FEMA?

[Tim Leeds](#)

Published: Wednesday, April 11th, 2012

Montana’s senior U. S. senator, Democrat Max Baucus, When the town of Livingston was forced to pay \$270,000 dollars to have a private engineering firm certify its flood wall, **the results showed FEMA errors had misplaced the majority of the town within the flood plain, when in fact it was not.**

---

#### THE REALITY OF FEMA....

FEMA has a little purple flood plain marker.

FEMA colors your private property on a map purple.

WRIA 20, on the Sol Duc River 40 acres of private property is colored purple? And it has suddenly, AFTER 60 YEARS, become a FEMA identified Flood Plain?

## A FEMA MANDATORY COVERAGE AREAS with FEMA (MANDATORY COVERAGE)

(Is this important?)

Well, not only is our property FEMA flood plain purple?

The owner printed on the map is DNR?

I ask the county to fix the owner on the map? And, they say they can't, because it is a University of WA map.

I say the property is NOT a flood plain. I as a private property owner have to fight with FEMA to prove it is not a Flood plain?

---

## **2. Earthquake specific**

Earthquake insurance premiums jumped by as much as 58% in some regions, says Mike Chaney, commissioner of insurance for Mississippi.

### **Washington State Office of the Insurance Commissioner.**

#### **taken out of context**

Home policies typically **don't cover quakes**

While insurance policies with **earthquake coverage** are fairly easy to obtain, **they have extremely high deductibles, high premiums and offer relatively little coverage**, leaving some to wonder whether earthquake insurance is actually worth the price.

"There is widespread belief among **homeowners that earthquake insurance is included in their policy, but it almost never is. It's an add-on that you have to buy.** Most homeowners are just not covered," says Rich Roesler to Insurancequote.com. Roesler is a spokesman for the **Washington State Office of the Insurance Commissioner.**

### ***California Earthquake Authority (CEA)***

CEA Premiums based on science, not profit.

Per my research consultant, **earth quakes are policy specific insurance.**

**Earth movement, like slides, mud slides, caused by water or erosion, or your home sliding off of a Clallam County priority feeder bluff (PFB), are NOT Covered. See DIC insurance below.**

---

## **3. DIC INSURANCE COVERAGE**

(Difference in Conditions Coverage)

Per my research consultant, DIC insurance covers devastating, catastrophic damage to your private property. DIC gives you insurance coverage, **that is not** covered on any of your other policy specific insurance policies.

### **EXAMPLE OF DIC INSURANCE POLICY COVERAGE ON A CLALLAM COUNTY PRIORITY FEEDER BLUFF**

**The insured house is on a Clallam County Priority Feeder Bluff**

**The house is valued at \$700,000.00**

**The yearly premium for DIC insurance coverage on that property is \$2600.00**

**This DIC insurance policy DOES cover earth movement, like slides, mud slides, caused by water and/or erosion, AND it DOES insure your home if it slides off of a Clallam County Priority Feeder Bluff (PFB)**

---

#### 4. Generic specific homeowners insurance

My research consultant , advises you to read your homeowners policy, you will never know what is covered if you don't read your policy.

---

- **MARCH 15, 2011, 6:57 P.M. ET**
- **Do You Need Disaster Insurance?**

By [ANNAMARIA ANDRIOTIS](#)

The earthquake and tsunami in northern Japan has prompted homeowners everywhere to double-check their coverage. But those who decide that more coverage will help them sleep better may find an unpleasant surprise: Premiums are expected to spike.

The costs of earthquake insurance and flood coverage were already climbing, even before the disaster in Japan (and that, analysts say, won't help pricing either). Earthquake insurance premiums jumped by as much as 58% in some regions, says Mike Chaney, commissioner of insurance for Mississippi. They now cost anywhere from \$100 to \$3,000 annually depending on where you live. Flood coverage costs an average of \$570 a year, up 4% from 2009. And those costs are expected to keep rising, says Drew Woodbury, an equity analyst covering insurance at Morningstar.

What's driving the uptick? Insurance premiums move up after more claims are filed, and over the past few years U.S. homeowners have filed thousands of claims related to the series of hurricanes in the South and Midwest, says Chaney. Another jump in claims is expected next year if more devastating hurricanes and other natural disasters occur. On top of that, a proposal in Congress could also boost annual premiums by as much as 20% as part of a plan to overhaul the federal government's flood insurance program, itself underwater by \$18 billion.

These higher premiums come just as natural disasters are happening more frequently, says David Neal, director at Oklahoma State University's Center for the Study of Disasters and Extreme Events. There is now a 50% chance that at least one major hurricane will hit the East Coast this year, up from 31% historically, according to a study from Colorado State University. Earthquakes are also becoming more common: On average, 15 magnitude-7 earthquakes occur worldwide each year, says Dr. Harley Benz, a seismologist at the U.S. Geological Survey. But in 2010, that number spiked to 21, and already this year there have been seven, according to the USGS.

Not every homeowner needs the extra coverage. But while basic homeowners' insurance usually protects against fire and lightning, it often doesn't cover floods, earthquakes and other natural disasters. Consumers instead need to purchase additional policies. One thing to consider, say experts: Do you stand to lose more paying premiums every year or saving that money to possibly pay for repairs should a disaster occur? **Over 10 years, flood insurance premiums could cost up to \$27,340, for a high-risk home with \$250,000 in coverage to rebuild the house and \$100,000 to cover the contents, according to the Federal Emergency Management Agency**, which runs the National Flood Insurance Program. The typical cost to repair a basement after a flood of six inches is about \$25,000, not including the cost of replacing furniture, appliances or belongings, according to FEMA.

Of course, homeowners can also avoid these expenses by moving to less disaster-prone areas. Individuals can research the country's [earthquake](#) and [flood zones](#) for safer places to live. Also,

before moving, check with a lender; most will tell borrowers they're moving into a high-risk flood zone and make sure they sign up for flood insurance.