

## **SMP Public Comment #165**

Posted on March 15, 2015 12:08 pm by Pearl Rains Hewett [Comment](#)

SMP Public Comment #165

To and for the 3300 Private Shoreline Property home owners in Clallam County

### **THAT SHALL BE SUBJECT TO FEMA MANDATORY HOMEOWNER FLOOD INSURANCE**

**Jan 16, 2015** SMP public comment #159 – **If the SMP relies exclusively on the FEMA map to identify the floodway, DO ...** [www.behindmyback.org/2014/03/22/2014-femas-warped-data/](http://www.behindmyback.org/2014/03/22/2014-femas-warped-data/).

**In answer to posted SMP Public Comments “so many questions”**

**I have researched and documented, I have answers.**

**I submit this as an update for SMP Public Comment #165**

**Clallam County DCD has not responded to SMP posted question?**

**Pearl Rains Hewett**

**(As one of the Clallam County 3300)**

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For the understanding of a reasonable person.

### **THAT SHALL BE SUBJECT TO FEMA MANDATORY HOME OWNERS FLOOD INSURANCE**

1. (FEMA) IS THE FEDERAL *INSURANCE* AND **MITIGATION** ADMINISTRATION
  2. (NFIP) IS THE NATIONAL FLOOD INSURANCE PROGRAM.
  3. (WYO) Write Your Own, are private insurers and agencies for servicing flood policies PRIVATE INSURANCE AGENCIES SELL FLOOD PROTECTION THROUGH THE NATIONAL FLOOD INSURANCE PROGRAM (NFIP).
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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%

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(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).

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

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## THE REALITY OF FEMA

**PURPLE FLAG WARNING TO THE 3300 PRIVATE SHORELINE PROPERTY HOMEOWNERS IN CLALLAM COUNTY and in fact to all private shoreline property owners across the entire United States of America**

FEMA HAS designated **FLOOD PLAIN MAPS WITH** mandatory coverage areas with FEMA mandatory HOMEOWNERS insurance coverage

**CHECK THE FEMA FLOOD PLAIN MAPS FOR YOUR PRIVATE SHORELINE PROPERTY.** FEMA has a little **PURPLE** flood plain marker. FEMA may color your private SHORELINE property on a their **FLOOD PLAIN MAP PURPLE.**

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## 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.**

[\*\*Behind My Back | 2014 FEMA's Warped Data?\*\*](#)

[www.behindmyback.org/2014/03/22/2014-femas-warped-data/](http://www.behindmyback.org/2014/03/22/2014-femas-warped-data/)

**Mar 22, 2014** – From Maine to Oregon 2014 *FEMA FLOOD MAPS* have often been built using outdated, inaccurate *data*. Homeowners, in turn, have to bear the ...

[\*\*Behind My Back | SMP Public Comment \(159\)\*\*](#)

[www.behindmyback.org/2015/01/16/3152/](http://www.behindmyback.org/2015/01/16/3152/)

Jan 16, 2015 – If the SMP relies exclusively on the FEMA map to identify the floodway, DO ....  
[www.behindmyback.org/2014/03/22/2014-femas-warped-data/](http://www.behindmyback.org/2014/03/22/2014-femas-warped-data/).

Below Feb 20, 2015 – MORE CONFIRMATION ON FEMA'S INACCURATE MAPS

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THE REALITY OF FUTURE CONGRESSIONAL ACTIONS.

Updated February 24, 2013 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.

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AS USUAL... CONGRESS KICKED THE CAN DOWN THE ROAD...

IN MARCH 2014, CONGRESS [passed the Homeowner Flood Insurance Affordability Act \(HFIAA\)](#),

Feb 20, 2015.....

[FEMA Shows Some Progress Implementing Flood ...](#)

[www.insurancejournal.com/news/.../2015/.../358147.ht...](http://www.insurancejournal.com/news/.../2015/.../358147.ht...)

Insurance Journal

snippet (full text below)

Feb 20, 2015 – In February and September 2015, the National Academy of ... in the *debt*, Biggert-Waters required that FEMA create a reserve fund that ...

**The Biggert-Waters Act, enacted in July 2012**, was an attempt by Congress to strengthen the finances and administration of the NFIP, which has had its share of challenges and critics over the years. Biggert-Waters required FEMA to phase-out almost all discounted insurance premiums and establish a reserve fund.

However as these changes were being implemented, a number of communities and interests complained about [unaffordable premiums](#), [lost home sales](#), **INACCURATE MAPS**, lack of community input and other issues. In response, **IN MARCH 2014, CONGRESS** [passed the Homeowner Flood Insurance Affordability Act \(HFIAA\)](#), which restored premium subsidies and rolled back increases while altering other Biggert-Waters requirements.

<http://www.insurancejournal.com/news/national/2015/02/20/358147.htm>

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Hmmm.. 2009

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.

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**June 25, 2012** (my insert)

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

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.

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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.

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**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.'

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Jun 27, 2012 BEFORE HURRICANE SANDY

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

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February 24, 2013 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.

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my comment

**AS OF THE END OF 2014, NFIP'S DEBT TO TREASURY TOTALED \$23 BILLION.**

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.

IF FEMA exhausts the fund?

**WHEN FEMA ALREADY OWED \$18 BILLION TO THE TREASURY DEPARTMENT BEFORE HURRICANE SANDY?**

**INDEED THE CONGRESS MUST STEP IN WITH ADDITIONAL TAXPAYER MONEY TO RESTORE THE FINANCIAL SOLVENCY OF THE FLOOD INSURANCE FUND, and for other purposes.**

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

**AS OF THE END OF 2014, NFIP'S DEBT TO TREASURY TOTALED \$23 BILLION.**

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It could happen to you...

Clallam County WA, in WRIA 20, on the Sol Duc River 40 acres of private SHORELINE property is was colored purple by FEMA? And AFTER 60 YEARS, with no notification from any government agency, our families 40 acres of private UNDEVELOPED SHORELINE property become a PURPLE MARKED FEMA identified Flood Plain?

When we say our 40 acre property is NOT a flood plain? What happens next? Then, we as a private shoreline property owners have to fight FEMA, at our own expense, to prove our private shoreline property is not a Flood plain.

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**February 20, 2015** FEMA Shows Some Progress Implementing Flood Insurance Changes: GAO

By [Andrew G. Simpson](#) | February 20, 2015

**THE AGENCY RESPONSIBLE FOR MANAGING THE FEDERAL FLOOD INSURANCE PROGRAM** has made progress in carrying out key changes mandated by Congress in two recent laws but lacks resources and data to completely implement others, a government report says. [See copy of report at end of story.]

For instance, the Federal Emergency Management Agency (FEMA) repealed certain rate increases and got [premiums refunds to policyholders](#) of the National Flood Insurance Program (NFIP) as promised under the law. Refunds began in October 2014 and, according to FEMA, almost all refunds were issued by December 2014.

**But FEMA said has been unable to make insurance rate changes for business properties because it cannot distinguish among policies for businesses, NONPROFITS, and other nonresidential properties.**

According to the [Government Accountability Office \(GAO\) report](#), **FEMA has improved its mapping process but still has along way to go in this area. FEMA estimates that mapping requirements are about 30 percent complete and that it will take several years to finish. The study cites inadequate data and funding.**

Progress has been mixed in the area of reserves also. While FEMA has set up a required reserve fund intended to **keep the NFIP's \$23 billion debt to the federal government from growing**, it has not met the yearly target for reserve fund contributions, according to GAO. **IT HAS, HOWEVER, BEGUN RAISING ASSESSMENTS AND SURCHARGES TO BOOST THE FUND.**

Also, the report says the government has made little progress in a key expense area: how it compensates Write Your Own (WYO) private insurers and agencies for servicing flood policies so that the cost is more in line with the private industry's actual expenses. Citing data quality and reporting issues, FEMA told GAO it expects it to be years before it can better evaluate these WYO expenses. It has, however, reduced the expenses on certain very high-risk policies.

On the other hand, the agency has almost fully implemented mitigation assistance requirements and has [established an interim consumer advocate office](#), despite no funding for this office, according to the GAO.

FEMA has taken some action on an affordability study that the law requires, but says data challenges have delayed that also. In February and September 2015, the National Academy of Sciences is to deliver two reports that identify approaches for both an NFIP affordability framework and nationwide affordability study.

### **Amended Law**

The Biggert-Waters Act, enacted in July 2012, was an attempt by Congress to strengthen the finances and administration of the NFIP, which has had its share of challenges and critics over the years. Biggert-Waters required FEMA to phase-out almost all discounted insurance premiums and establish a reserve fund. However as these changes were being implemented, a number of communities and interests complained about [unaffordable premiums](#), [lost home sales](#), inaccurate maps, lack of community input and other issues. In response, in March 2014, Congress [passed the Homeowner Flood Insurance Affordability](#)

[Act \(HFIAA\)](#), which restored premium subsidies and rolled back increases while altering other Biggert-Waters requirements.

Members of the House Financial Services Committee asked GAO to assess FEMA's implementation of the laws.

#### Progress Report

FEMA estimated that it has completed almost half of Biggert-Waters Act sections and about one-third of HFIAA sections as of December 2014, and said it is taking action on others, including required studies.

However, FEMA and representatives of organizations with flood insurance expertise told GAO that the agency also faces challenges related to resources, the complexity of the legislation, and the need to balance NFIP's financial solvency goal with its affordability goals.

FEMA was implementing the Biggert-Waters Act when HFIAA was passed and had to undo some of its previous actions. FEMA was operating within the budget for fiscal year 2014 that was approved prior to HFIAA and while HFIAA made funding available for certain requirements, it did not do so for others such as the flood insurance advocate position.

#### Reserve Fund

**As of the end of 2014, NFIP's debt to Treasury totaled \$23 billion.** To avoid large increases in the debt, Biggert-Waters required that FEMA create a reserve fund that maintained at least one percent of total annual potential loss exposure.

FEMA is supposed to phase-in the reserve fund over time, with at least 7.5 percent of the total added yearly, but it is not permitted to exceed annual rate increase caps to build up the reserve fund. GAO's report says **THE NFIP'S CURRENT EXPOSURE IS \$1.3 TRILLION**, meaning the reserve fund eventually would need to hold \$13 billion, and FEMA would have to collect approximately \$975 million annually (7.5 percent of \$13 billion) in order to meet statutory targets.

FEMA says the reserve fund has been created. However, FEMA has not yet met the yearly statutory target for reserve fund contributions, according to GAO. FEMA has plans in place to implement a reserve fund assessment and a reserve fund surcharge.

**Effective April 2015**, policies that had been charged a 5 percent reserve fund assessment will be charged an additional 10 percent. For preferred-risk policies, the reserve fund assessment will increase from 0 percent to 10 percent. FEMA has issued guidance to the WYOs and will begin charging a reserve fund surcharge that is separate from the reserve assessment **beginning in April 2015.**

**Primary residential properties are subject to a \$25 surcharge, while all nonprimary residential and nonresidential properties are subject to a \$250 surcharge.**

FEMA officials estimate that reserve fund contributions will total approximately \$500 million in fiscal year 2015 and that **ABOUT \$1 BILLION will be contributed to the reserve fund in fiscal year 2016.**

#### Write-Your-Own

Biggert-Waters required FEMA to develop a methodology for [compensating WYOs using actual flood insurance expense data](#). FEMA currently provides approximately 13 percent of collected premiums to the WYOs carriers to cover operating expenses.

FEMA said it is still developing a final methodology based on actual expenses but it has reduced the operating expense charge on the highest-risk policies effective this coming April.

Other than the change on highest-risk policies, WYO carriers are continuing to receive approximately 30 percent of premiums for expense and commissions, a percentage that was written into the agreements between WYOs and FEMA, according to GAO.

### **FEMA OFFICIALS TOLD GAO THAT ONCE THE WYO COMPENSATION METHODOLOGY WAS COMPLETE, THE RULEMAKING PROCESS WOULD TAKE SEVERAL ADDITIONAL YEARS.**

#### Grandfathered Policies

FEMA never initiated rate increases to phase-out grandfathered policies as required by Biggert-Waters because the HFIAA nixed this requirement. Grandfathered properties are those that had been re-mapped into higher flood-risk zones but continued paying lower-risk premium rates.

However, FEMA says it would have faced challenges in phasing-out grandfathered policies **as it does not have the elevation data necessary to determine full risk rates for all of these policies**. Not all policyholders have elevation certificates that show this information in part because certificates are not required for all properties, FEMA told the GAO.

Meanwhile, Washington continues to explore ways to shrink the government's role in flood insurance program and [bring more private insurers](#) into the mix.

Private insurance carriers do currently provide some flood coverage but typically only for commercial properties and excess homeowners flood coverage above the maximum \$350,000 of building and contents coverage provided by the NFIP. According to various experts and studies, **the major obstacle to private sector flood insurance is that private carriers can't compete with the subsidized premiums offered by the NFIP**. Private (re)insurers will only write significant flood business if they are allowed to charge actuarially sound rates, industry experts say.

#### **Related:**

[With Premium Refunds in Process, Washington Criticism of Flood Insurance Ebbs](#)

[With Fix for Flood Insurance Program Deficit Delayed, Now What?](#)

[How to Encourage Private Flood Insurance; Why Delaying Biggert-Waters Is Not the Answer](#)

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