

June 2, 1999

SUMMARY OF THE NATIONAL FLOOD INSURANCE PROGRAM (NFIP) REPETITIVE LOSS STRATEGY

TARGET PROPERTIES

- NFIP Repetitive Loss Properties are defined as those that have had at least two losses of \$1,000 or more within any 10-year period.
- The strategy targets a subset of these properties that includes:
 - Properties that are currently insured that have 2 or 3 losses where the cumulative flood insurance claim payments are greater than the building value.
 - Properties that are currently insured properties that have had 4 or more losses.
- In both cases, mitigation for these properties is nearly always cost effective and results in significant savings to the National Flood Insurance Fund.

INTERACTION OF MITIGATION AND INSURANCE

- Insurance data will be used to target repetitive loss properties for mitigation action.
- FEMA intends to issue a Notice of Proposed Rulemaking proposing that, if a target property is offered mitigation assistance through the Flood Mitigation Assistance Program or the Hazard Mitigation Grant Program and the offer is declined, flood insurance for the property will only be renewed or rewritten at a full-risk premium. Systems will be developed to track offers of mitigation assistance by property address to assure that this happens.

MITIGATION ASSISTANCE

- **Flood Mitigation Assistance Program (FMA)**
 - For the existing \$20 million authorization for FMA Regions have been directed to have states use FMA funding for target properties first. For FY2000 similar direction will be provided.
 - FY2000 Budget Proposal – The President's FY2000 Budget Proposal includes an additional \$12 million appropriation for FMA to be used for repetitive loss.
 - FEMA intends to direct these funds to projects that address specific repetitive loss properties that it identifies. Prioritization of properties will initially be based on the severity and number of losses incurred.
 - FEMA has proposed legislation to increase the authorization for FMA and focus the program more directly toward repetitive losses.

COMMUNITY INCENTIVES

- Under the NFIP Community Rating System (CRS), credits have been increased for acquisition, relocation, and retrofitting with bonuses added for addressing repetitive loss buildings.
- FEMA will work with Project Impact communities with large numbers of repetitive losses should include strategies to address those losses in their Memorandums of Agreement. Some Project Impact communities already have initiatives underway to address repetitive losses.