U.S. Department of Homeland Security
500 C Street, SW
Washington, DC 20472

FEMA

FEB 0 6 2014

Leslie de Moraes
0060 County Road, 149 Chelyn
Glenwood Springs, Colorado 81601

Dear Ms. de Moraes:

Thank you for your correspondence dated October 21, 2013, to W. Craig Fugate, Administrator of the Federal Emergency Management Agency (FEMA), Department of Homeland Security. I apologize for the delay in responding. In your letter, you expressed your concern regarding the impact of the Biggert-Waters Flood Insurance Reform Act of 2012 (BW-12) in conjunction with the revised Flood Insurance Rate Map (FIRM) for Essex County, Massachusetts.

The National Flood Insurance Program (NFIP) is an important program to this country, helping to ensure the adoption of sound building practices across the country, and thereby reducing this country's vulnerability to floods. The flood insurance provided by the NFIP is also vitally important, helping policyholders and their local communities to more fully recover from the devastating damages of flood. The NFIP insures about 5.5 million individuals and has paid over $40 billion in claims in its history.

The passage of BW-12 required many significant reforms to the NFIP that will help increase its financial soundness. The transition to actuarial premiums that more directly reflect the flood risk of individual structures is an important component of those reforms. Affordability must also be an important consideration for the NFIP premium structure, especially for the individuals and communities who can least afford large increases. FEMA was tasked to deliver to Congress an affordability study within 270 days of the date of enactment of BW-12. However, precise data on the flood risk to certain structures and the occupants' ability to afford flood insurance is not readily available and must be researched. When the study is completed, time will be needed to review its results and implement any changes. Many of the recommended changes could require statutory changes, which would further increase the timeline for implementation.

Under the current NFIP rules, policyholders benefit from grandfathering, which applies to structures that were built in compliance with the FIRM that was in effect at the time of construction and/or have maintained continuous coverage through the NFIP. However, it is important to note that BW-12 may affect grandfathering. The provisions of BW-12 that are related to the removal of grandfathering discounts to premium rates based on a previous FIRM (Section 100207) were to become effective upon the enactment of BW-12 (July 6, 2012). However, the NFIP does not currently have a scheduled implementation date for this provision.

Concerning your recommendation to cap replacement coverage for condominium buildings, it may interest you to know that the maximum amount of building coverage that can be purchased on a high-rise or low-rise condominium is the Replacement Cost Value of the building or the total number of units in the condominium building times $250,000, whichever is less.

In your letter you referenced a 2014 flood insurance renewal invoice for $600,000. FEMA contacted the insurance companies insuring Harborside Condominiums to obtain the underwriting files. The documentation provided by the companies did not include a 2014 renewal invoice for $600,000. However, if FEMA receives a copy of the renewal bill, my staff will review it to ensure that the insured buildings are correctly rated.

FEMA Region I recently conducted a new coastal flood hazard analysis in Essex County that incorporates enhanced data and modern coastal engineering techniques to provide a more precise depiction of the flood hazard information than the previous FIRMs for the area. The new Preliminary FIRMs developed as part of this Flood Insurance Study were released for public review on June 3, 2013. FEMA Region I is currently coordinating directly with Essex County communities to resolve all data and comment submissions that were received during the 90-day appeal period.

I hope this information is helpful to you. If you need additional information or assistance in the interim regarding flood insurance, please contact Karolyn Kiss of my staff by telephone at (202) 646-3140.

Sincerely,

Edward L. Connor

Edward L. Connor
Deputy Associate Administrator for Federal Insurance

EC:kk

cc: Paul Ford, Acting Regional Administrator, FEMA Region I
Kerry Bogdan, Senior Engineer, FEMA Region I