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LMA NEWSLETTER

September 18, 2017

### Those Without Flood Insurance Face Tougher Road Ahead in Irma Recovery

Fewer Floridians have flood insurance than five years ago

Insurance adjusters so far say that Hurricane Irma was not the huge flood event in Florida that its predecessor Hurricane Harvey was in Texas, but nonetheless there was significant water damage along with wind damage.

Florida has about 2.5 million homes in flood hazard zones, the most susceptible to hurricanes and other natural disasters. Yet only 42% of these homes are covered by flood insurance, according to a recent Associated Press analysis. Worse, that figure is down from what it was five years ago, especially in South Florida. The AP analysis showed only 13% of the homes in high flood risk areas of Broward County have flood insurance from the National Flood Insurance Program (NFIP). The AP noted it's part of a national trend, especially in coastal areas vulnerable to storm surge.

Congress' Biggert-Waters Act and its associated policy rate increases of 18%-25% along with updated flood maps putting more homes in the higher risk and more expensive "A" and "V" zones may be reasons why fewer homes now have flood insurance. But others legally should have it and don't. Of the approximately 700,000 properties with federally-backed mortgages that are therefore under the mandatory purchase requirement, FEMA says only 57% had flood insurance as of 2015 data.

NFIP Director Roy Wright says he wants to double the number of properties that have flood insurance – whether it be NFIP or true private market alternatives. Congress has temporarily reauthorized the NFIP until December, to allow more time to consider a myriad of reform plans we've outlined in [past LMA newsletters](#).

Without flood insurance, how will property owners pay for repairs from Irma damages? FEMA's disaster grant program isn't meant as a substitute for insurance and typically pays only in the \$4,000-\$6,000 range to cover interim expenses.

The fear is that those who don't have enough in savings to rebuild will be faced with either borrowing money or be forced to sell their damaged property for a loss, or worse, simply walk away. Beyond the personal financial toll this will take on Floridians, will be the potential impact on real estate values, the local government tax base, and economic development and revitalization efforts post-Irma.

As we've said many times, water doesn't follow a flood map. Especially here in Florida, the entire state is practically one flood zone. You're gambling if you don't have flood insurance (a recent Washington Post analysis showed 80% of homeowners living in the eight Texas counties that flooded the worst from Hurricane Harvey didn't have flood insurance). Just because you're in a "low-risk" zone, doesn't mean you're safe from flood water!