



## *S.F BAY AREA FLOOD EXPOSURES & INSURANCE STRATEGIES TO ADDRESS THEM”*

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**UCDAVIS**

## Flood Insurance 101

- **National Flood Insurance Program**
  - Federal Program that provides flood insurance to everyone and anyone who wants it.
  - Administered by FEMA.
  - FEMA produces the Flood Insurance Rate Maps.
  - Communities are required to adopt the FEMA Maps and to enact building restrictions based on these maps.
  - New rating methodology starting October 1<sup>st</sup> .
  - Your homeowner policy does not cover flooding.
  - NFIP policies are provided through Write Your Own Companies (Allstate, Farmers, etc.).
- Flood insurance is required if you have a federally backed mortgage.
- Flood insurance is increasingly available through private firms.



## Flood Risk Realities

- Flood risk is a community responsibility not a FEMA responsibility.
- The Federal Government is unlikely to come to your aid.
- I don't need flood insurance because "Good things happen to me; bad things happen to you."
- The NFIP assumes that everyone in the community cares.
- No one cares until they flood – not salient.
- It's complicated and not salient. Local politicians get no reward for dealing with it.
- Funding is increasingly available for mitigation if you have a local cash match. BRIC Grant Program.



**We are in the middle of a drought.**

# **WHY ARE WE TALKING ABOUT FLOOD INSURANCE?**

## The Drought is likely to end with a Godzilla El Nino

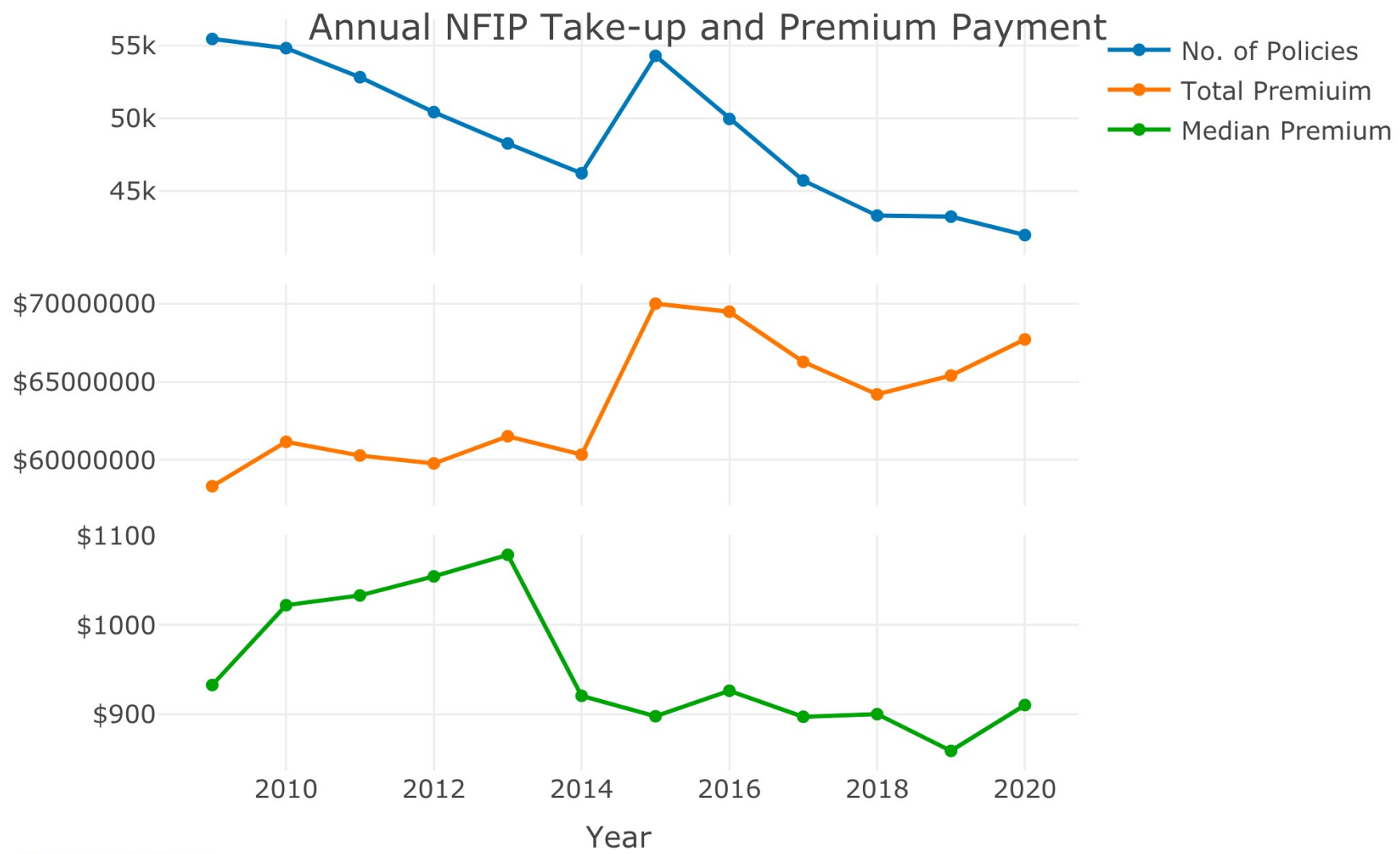


A "Godzilla" El Nino could end a drought-worsening weather pattern affecting California. A persistent mass of high pressure over the Gulf of Alaska has kept wet storms away from California in recent years and has caused a growing "blob" of warmer ocean temperatures in the northeast Pacific Ocean. (Paul Duginski)

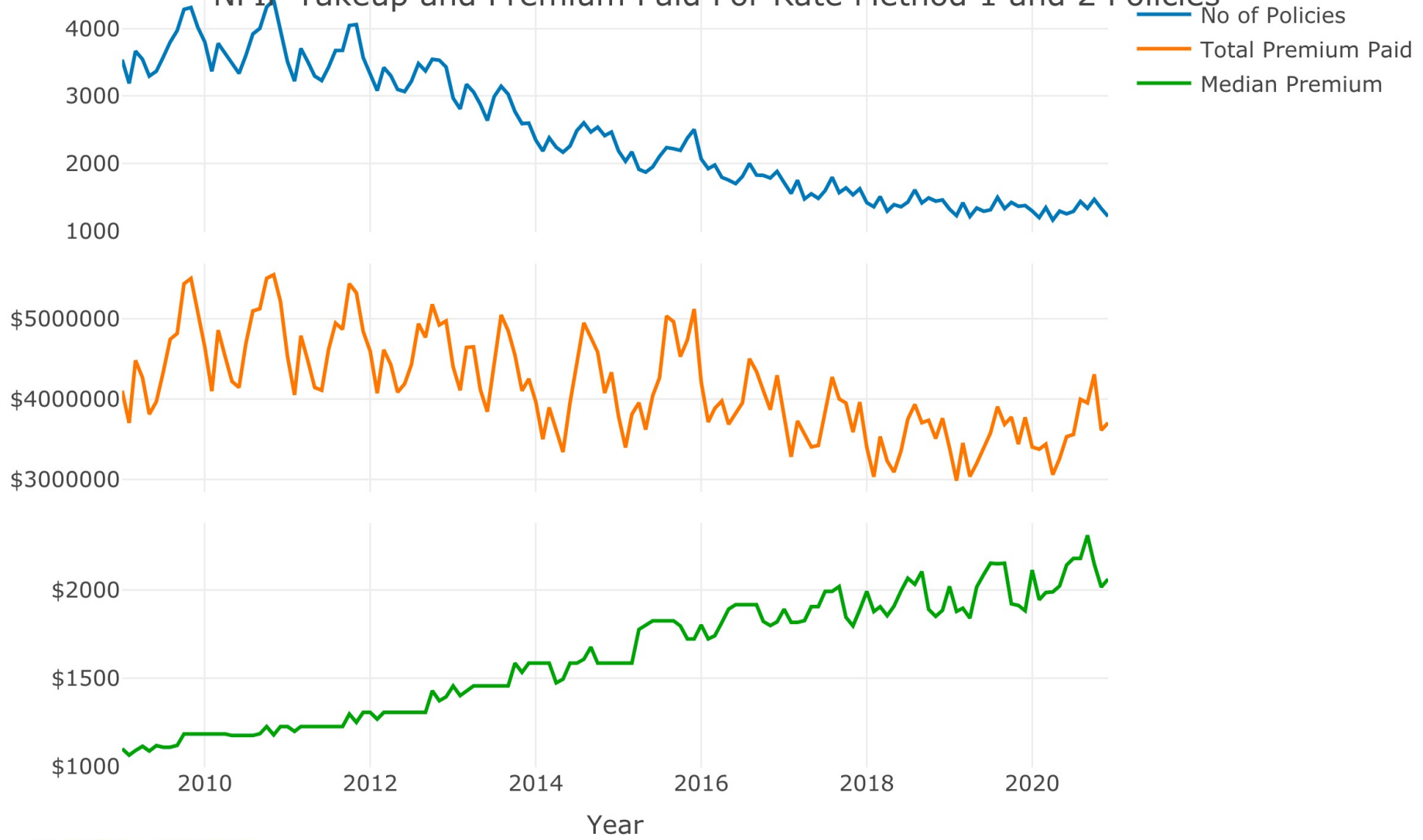


## Problem

- Too Few
- Too Much
- Not Enough
- Can't Hide

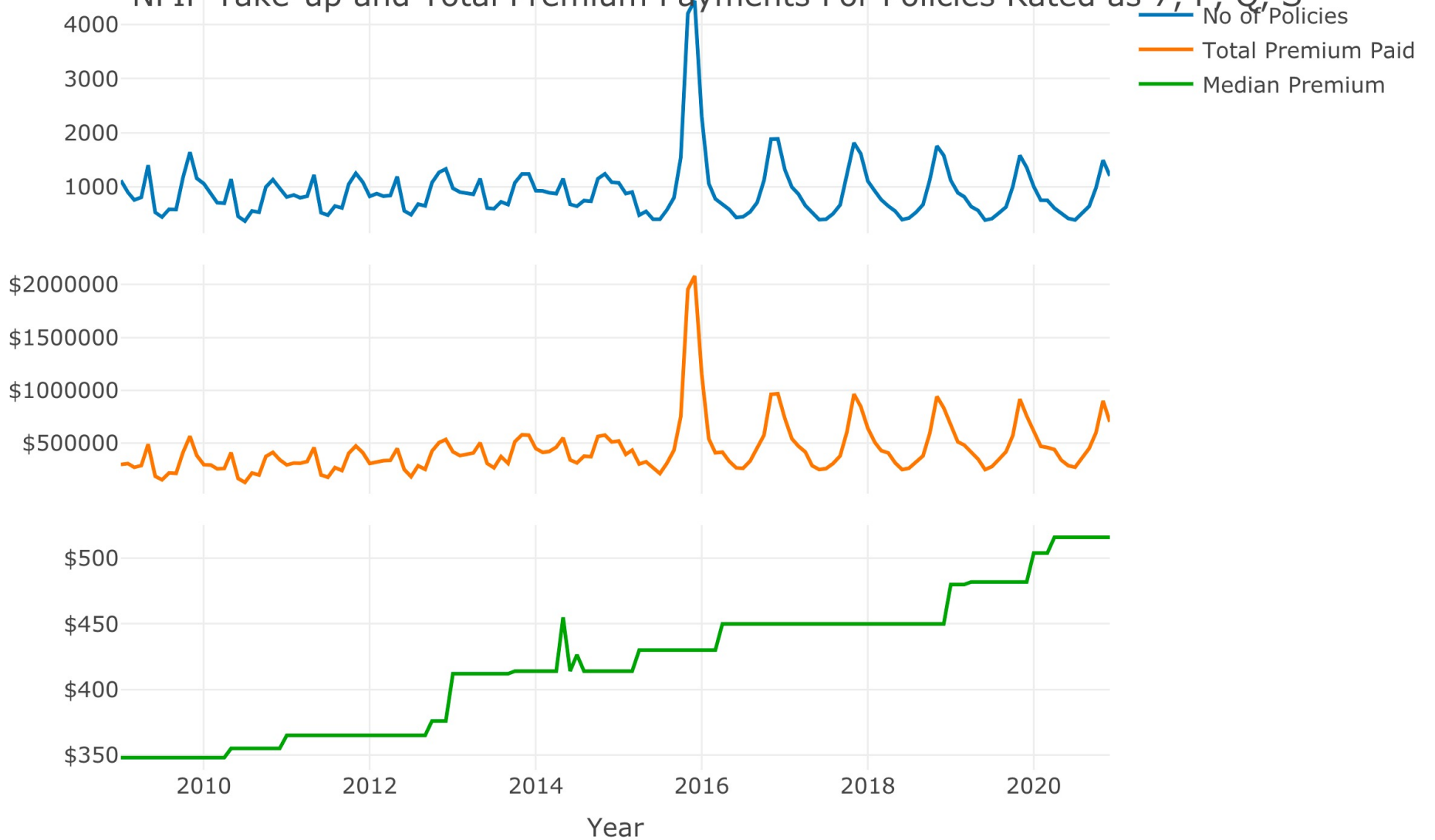


### NFIP Takeup and Premium Paid For Rate Method 1 and 2 Policies

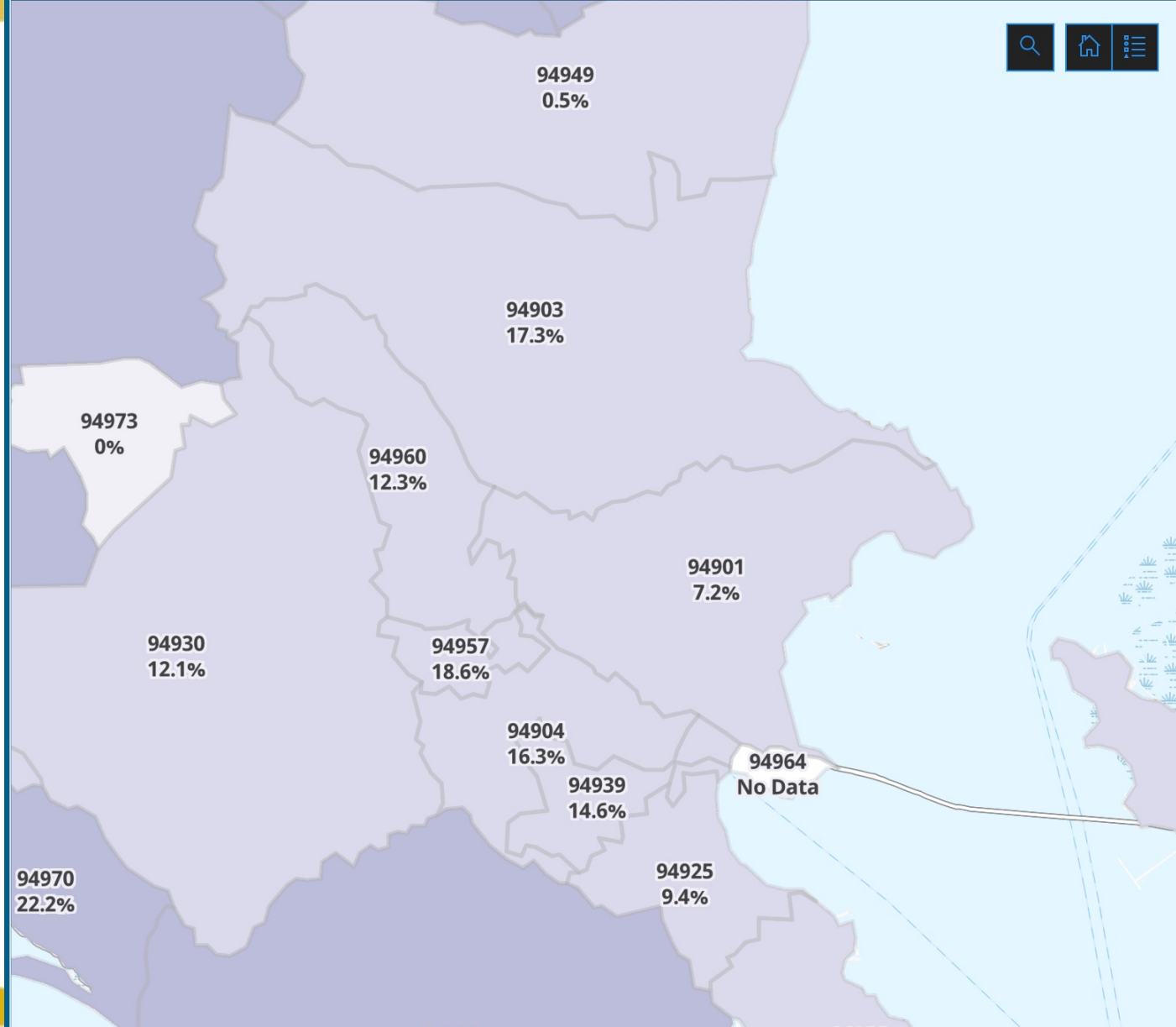




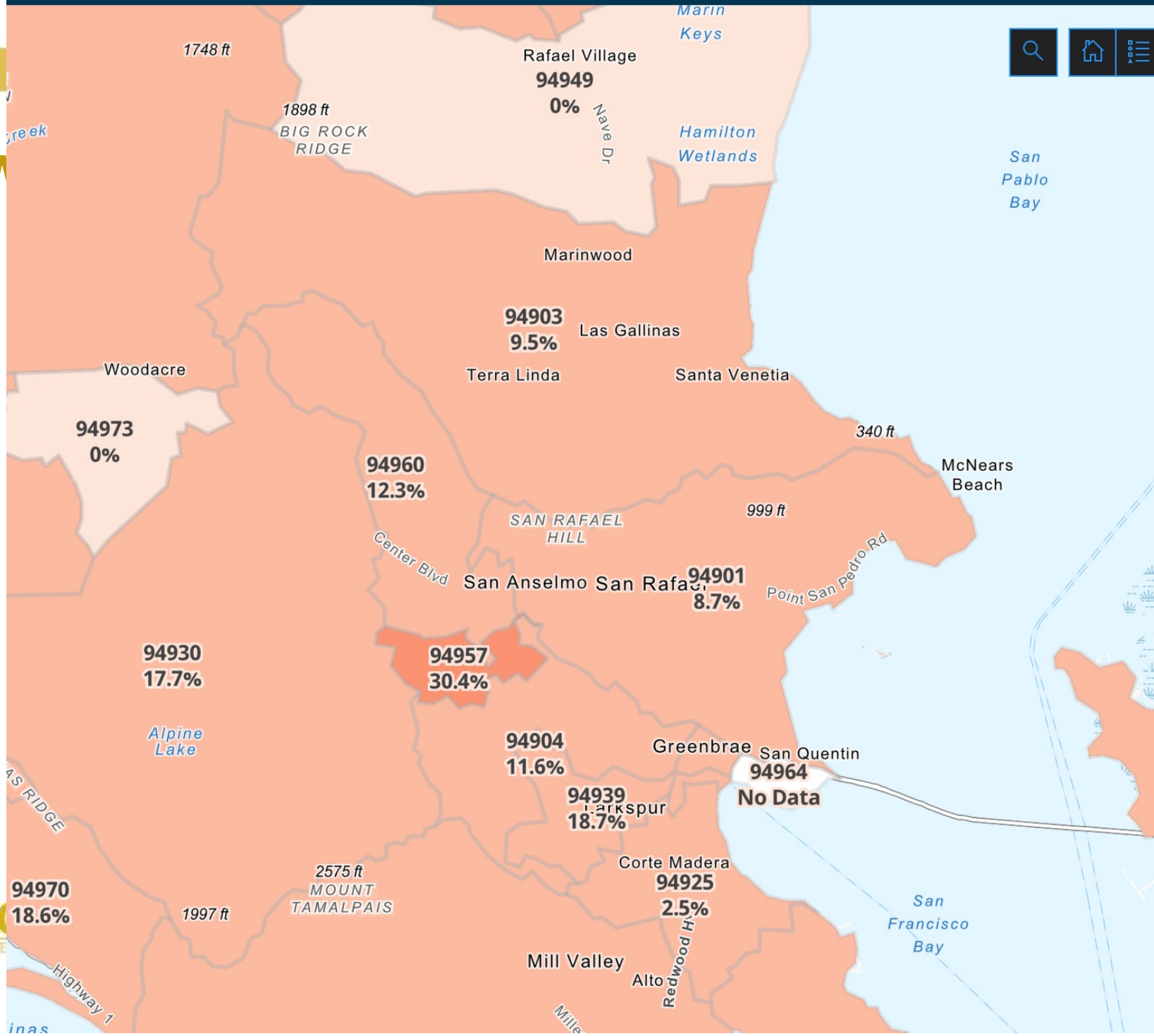
# NFIP Take-up and Total Premium Payments For Policies Rated as 7, P, Q, S



SFH Policies: Percent of Policies w/ Premium Increase \$10-\$20/month




# SFH Policies: Percent of Policies w/ Premium Increase \$20+/month



W  
creek

UC  
UNIVE

Highway 1



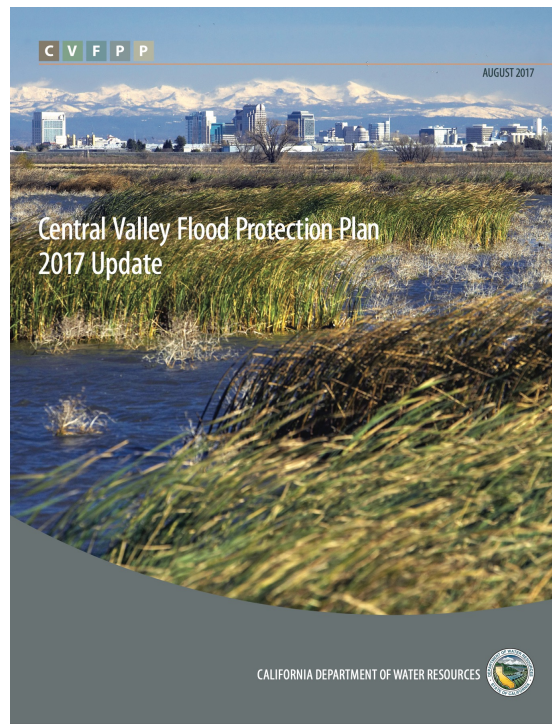
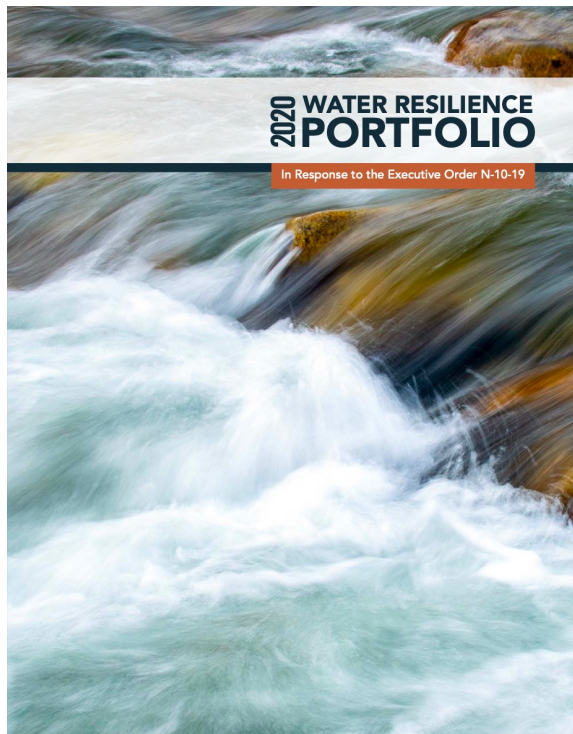
**From 2012 to 2016 California residents paid  
\$963,400,000 In NFIP premiums.  
They received  
\$20,835,233 payments.**

**What if part of the  
\$942,564,126 difference  
had been used to buy down risk?**

## Not Enough



# There is broad support for a Community Based Program



CALIFORNIA DEPARTMENT OF INSURANCE  
CLIMATE INSURANCE WORKING GROUP



## Three Price Components

- **The Risk**
- **The Uncertainty**
- **The Overhead and the Price of Money**



## Geologic Hazard Abatement District

- **Established by the Beverly Act in 1979**
- **Independent, state-level public entity to oversee geologic hazard prevention, mitigation, abatement and control**
- **Easy to form; boundaries drawn to maximize the benefit to voters**
- **Perpetual assessments are collected with property tax payments; eligible for local-tax deduction; bonding ability**
- **No limitation as to number of units, area or contiguity**





# **GHAD Benefits**

- **Mitigates flood hazard and reduce risk**
  - Continuous capital improvements and other mitigations
  - Funds remain under local control by statute
- **Improves resilience and recovery**
  - Flood-fighting exercises and rapid response capabilities
  - Faster initial payouts for deductible claims
- **NFIP compliance at minimum cost**
  - Reduced premiums
  - Deductible coverage
  - Lower cost to administer claims
- **Greater flexibility than NFIP**
  - Broader range of remedial measures
  - GHAD can vote to expand services or geographic reach



## Incentives for Property Owners

- **Immediate NFIP premium savings**
- **Flood risk reduction improvements combined with insurance coverage**
- **Incorporates future resiliency and adaptive management**
- **Better coverage options**



## The Ask

Reach out to me at [kkschaefer@ucdavis.edu](mailto:kkschaefer@ucdavis.edu)

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