

**Joint Meeting of the Catastrophe Insurance (C)  
Working Group and the NAIC/Federal  
Emergency Management Agency (FEMA) (C)  
Advisory Group**

***Monday, December 12, 2022***

***Tampa, Florida***

**CONSIDER ADOPTION OF 2022  
SUMMER NATIONAL MEETING  
MINUTES**

Draft: 8/16/22

Catastrophe Insurance (C) Working Group  
and the NAIC/Federal Emergency Management Agency (FEMA) (C) Advisory Group  
Portland, Oregon  
August 9, 2022

The Catastrophe Insurance (C) Working Group of the Property and Casualty Insurance (C) Committee met in Portland, OR, Aug. 9, 2022, in joint session with the NAIC/FEMA (C) Advisory Group of the Catastrophe Insurance (C) Working Group of the Property and Casualty Insurance (C) Committee. The following Working Group members participated: David Altmaier, Chair, and Christina Huff (FL); Mike Causey, Vice Chair, represented by Tracy Biehn (NC); Lori K. Wing-Heier and Sian Ng-Ashcraft (AK); Brian Powell (AL); Alan McClain (AR); Ricardo Lara, Lucy Jabourian, and Lynne Wehmuller (CA); George Bradner and Amy Waldhauer (CT); Martha Im and Kathleen Nakasone (HI); Travis Grassel (IA); Judy Mottar (IL); Julie Holmes (KS); James J. Donelon and Tom Travis (LA); Joy Hatchette (MD); Jo LeDuc and Lori Cray (MO); Andy Case (MS); Tom Botsko (OH); Glen Mulready (OK); Tricia Goldsmith (OR); David Buono, Michael McKenney, and Shannen Logue (PA); Alexander S. Adams Vega (PR); Beth Vollucci (RI); Stephanie Cope (TN); Mark Worman (TX); David Forte and Matt Stoutenburg (WA); and Greg Elam (WV). The following Advisory Group members participated: Glen Mulready, Chair (OK); Carter Lawrence, Vice Chair, represented by Stephanie Cope (TN); Lori K. Wing-Heier and Sian Ng-Ashcraft (AK); Brian Powell (AL); Lucy Jabourian (CA); George Bradner (CT); David Altmaier and Christina Huff (FL); Travis Grassel (IA); Julie Holmes (KS); Tom Travis (LA); Joy Hatchette (MD); Lori Cray and Jo LeDuc (MO); Tricia Goldsmith (OR); Beth Vollucci (RI); David Forte and Matt Stoutenburg (WA); and Greg Elam (WV). Also participating was: Jennifer Catechis (NM).

1. Adopted the Working Group's and Advisory Group's Spring National Meeting Minutes

Mr. Botsko made a motion, seconded by Mr. Bradner, to adopt the Working Group's and Advisory Group's April 4 minutes (see *NAIC Proceedings – Spring 2022, Property and Casualty Insurance (C) Committee, Attachment Two*). The motion passed unanimously.

2. Heard an Update on Federal Legislation

Brooke Stringer (NAIC) said the U.S. Senate (Senate) passed the Inflation Reduction Act of 2022, which is significant to climate. It is expected to head to the U.S. House of Representatives (House) Aug. 12 and pass. Ms. Stringer said the Act includes funding for climate and clean energy programs and funding for resilience block grants, which include forest restoration and resilience project and coastal community resilience building, among other grants.

Ms. Stringer said the National Flood Insurance Program's (NFIP's) extension expires Sept. 30, and a short-term extension is expected. She said U.S. Sen. Bill Cassidy (R-LA), U.S. Sen. John Kennedy (R-LA), U.S. Sen. Marco Rubio (R-FL), and U.S. Sen. Cindy Hyde-Smith (R-MS) have introduced legislation to reauthorize the NFIP until Sept. 30, 2023. Additionally, Sen. Cassidy has called for Risk Rating 2.0 to be rolled back.

Ms. Stringer said this spring, FEMA sent Congressional leaders a list of 17 legislative proposals for NFIP reauthorization. These proposals would require legislation to become law and have mixed reviews from the U.S. Congress (Congress). Ms. Stringer said FEMA is asking for a 10-year reauthorization, and its proposals focus on improving the NFIP's sound financial framework, risk analysis and communication, resilience, and technical/operational enhancements.

Ms. Stringer said one proposal that has garnered significant attention would prohibit NFIP coverage for new construction in the highest-risk areas and for commercial properties. FEMA says this will help to promote the

growth of the private flood insurance market by creating an inventory of new properties for which private insurers could compete. Ms. Stringer said some members of Congress are strongly opposed to this provision.

Ms. Stringer said FEMA included a proposal the NAIC supports, which would ensure that private flood insurance meets the continuous coverage requirement, so policyholders have a choice to return to the NFIP without losing any subsidy they previously had with the NFIP.

Ms. Stringer said the House passed the Wildfire Response and Drought Resiliency Act (H.R. 5118) on July 29. This bill includes 40 bills aimed at addressing the escalating wildfire and drought in the West. She said this measure faces uncertainty in the Senate. She said this House wildfire package would require FEMA to collaborate with the National Academies of Sciences, Engineering, and Medicine to study wildfire insurance and potential solutions to address affordability and availability, including considering a national “all hazard” insurance program. She said this wildfire package would require FEMA and the National Academies of Sciences, Engineering, and Medicine to consult with state insurance regulators, the insurance industry, and consumers.

Ms. Stringer said the House Committee on Financial Services Chairwoman Maxine Waters’ (D-CA) Wildfire Insurance Coverage Study Act of 2022 was included. This Act requires FEMA and the U.S. Government Accountability Office (GAO) to conduct studies assessing the danger wildfires pose to communities and how the market for homeowners insurance is responding to this growing threat. Ms. Stringer said the report required by FEMA is focused on wildfire assessment, and the report required by the U.S. GAO focuses on assessing the state insurance regulatory response to increased premium rates, cost-sharing, or both for the insurance coverage provided or excluded in a homeowners policy for damage from wildfires. She said even if the bill does not pass, Chairwoman Waters can ask the U.S. GAO to study these items.

### 3. Discussed *Catastrophe Computer Modeling Handbook* Updates

Aaron Brandenburg (NAIC) said the drafting group formed to consider revisions to the *Catastrophe Computer Modeling Handbook* has held several conference calls. He said Nicole Crockett (FL) has agreed to lead the drafting group.

The drafting group decided to make the *Catastrophe Computer Modeling Handbook* into a primer, which will focus on providing departments of insurance (DOIs) with the information needed to address the basics of catastrophe modeling and serve as a resource available to inform new and non-expert staff about the basics of catastrophe modeling. The Center for Insurance Policy and Research’s (CIPR’s) Catastrophe Modeling Center of Excellence (COE) has been approved, and the primer will serve as a transition to the COE, which will provide more technical training beyond the scope of this primer.

The drafting group has met on several occasions and plans to meet once or twice a month to work on the primer. The next meeting of the drafting group will be held on Aug. 16. Additionally, drafting group members will have access to a SharePoint site, which will allow for improved collaboration.

The drafting group has created an outline that will be used to discuss the items that are determined necessary to include in the primer. A copy of this outline is included in the materials and includes topics such as: 1) what a catastrophe model is and what it is designed to answer; 2) how catastrophe models are used and why they are important and useful; 3) advantages of catastrophe models; 4) the type and complexity of catastrophe models and their components; 5) the types of losses modeled; 6) key metrics; and 7) model usage and regulatory interaction.

Anyone that has not joined the drafting group but has contributions on the outline should reach out Sara Robben (NAIC).

#### 4. Heard an Update from the Alabama DOI Regarding its Private Flood Insurance Initiatives

Mr. Powell provided an update from the Alabama DOI regarding its private flood insurance initiatives. Alabama experiences both coastal and inland flooding, less than 2% of the single-family residences have flood insurance through the NFIP, and consumers have limited choices for flood insurance through private insurers, particularly in the admitted market.

Mr. Powell said the private flood insurance market is relatively underdeveloped and does not bridge much of the flood protection gap. The direct written premium written in the private flood insurance market in Alabama was just over \$6 million, representing less than one-fifth of the NFIP premiums written.

Mr. Powell said the private flood insurance market has grown significantly in recent years across the country. He said this has likely been spurred by the advancement of flood risk modeling and increases in reinsurance capacity. However, the private flood insurance market is not as competitive as other property lines of business, making it difficult for consumers to obtain flood insurance outside of the NFIP.

Mr. Powell said the DOI surveyed the private insurance market to determine some of the regulatory concerns with developing a private flood insurance market so it could prioritize some actions of the DOI to help close the flood protection gap. The Alabama DOI engaged the services of an outside consulting firm to survey insurers, reinsurers, and managing general agents (MGAs) to help the DOI determine the concerns and perspectives regarding writing private flood insurance in the state.

Mr. Powell said there were four recommendations the DOI received from the survey to help increase the writing of private flood insurance in Alabama. The first recommendation was to develop and communicate a long-term strategy for flexible rate and form filing requirements that would reflect the unique nature of flood perils and the underserved flood insurance market. Respondents consistently asked for flexibility in rates, forms, and exposure management. Other concerns expressed were to treat rate and rules pages as confidential in the filings, as well as the ability to cancel, non-renew, or surcharge prior loss properties.

Mr. Powell said the second recommendation was to develop a plan to increase consumer awareness regarding flood risks. Those responding to the survey suggested that the DOI consider creating a risk disclosure that is provided to policyholders when purchasing or renewing property insurance. It was also suggested that it would be effective to highlight that there are differences in coverage depending on the policy and whether a property is inside or outside of a Special Flood Hazard Area (SFHA).

Mr. Powell said the third recommendation was for the DOI to collaborate with insurance agents, insurance industry groups, real estate professionals, flood plain managers, and other government agencies to increase consumer flood risk and flood insurance awareness. The survey results emphasized that real estate professionals and insurance agents play a crucial role in a consumer's decision regarding the purchase of flood insurance. It was suggested that real estate agents receive training and continuing education (CE) regarding flood risk. The insurance industry believes real estate agents dissuade home buyers from purchasing a flood insurance policy if the home is not in an SFHA.

Mr. Powell said the fourth and final recommendation was to promote mitigation and responsible building and raise the profile of the state's effort to close the flood protection gap and reduce flood risk. Respondents specifically asked for the DOI to be more engaged.

Mr. Powell said the DOI has issued a bulletin intended to spur the growth of the private flood insurance market. This bulletin essentially removed the barriers to entry and exit for insurers willing to write private flood insurance policies. The bulletin stated that insurers are not required to file rates for flood insurance on property other than vehicles. This exemption includes standalone flood insurance policies and endorsements for other property insurance policies. Mr. Powell said the DOI requires an insurer writing a private flood insurance policy to firmly state that the policy will meet or exceed the coverage provided in a standard NFIP flood insurance policy.

Mr. Powell said the DOI works closely with the Alabama Center for Insurance Information and Research (ACIIR), which is associated with the University of Alabama. The DOI is in ongoing conversations with the ACIIR to explore prior research data around private flood to develop a strategy to expand the private flood insurance market.

Mr. Powell said the DOI is working with nonprofit organizations to secure additional funding and assistance to deliver programs that would help to support the private flood insurance market. He said the DOI also created a mitigation resource division that deals not only with mitigation but also with resilience issues. He said the mitigation resource division takes on many tasks, including helping to develop the private flood insurance market. Mr. Powell said the DOI also has a successful wind mitigation program that helps to strengthen homes in the mitigation resource division.

Mr. Powell said the DOI is playing a major role in the creation of a resilience council, which provides a forum for coordinating activities of state government and proactively reimagining the state's approach to harmful societal impacts before they occur. This organization will create a coordinated effort to address issues such as expanding the private flood insurance market and bring multiple resources and experts to assist. The council will also help to address other perils.

Mr. Travis asked if the Alabama DOI has considered enacting any legislation. Mr. Powell said he believes this will happen as the private flood insurance market matures and the DOI has additional conversations with the ACIIR. He said the DOI will likely look at some legislation that will give the DOI a little more authority to help stimulate the private flood insurance market. Mr. Travis said Florida, Louisiana, South Carolina, and possibly Iowa have implemented some private flood insurance legislation. He said the Louisiana DOI would like to see the results of the survey.

Commissioner Mulready asked if the training for real estate agents is being done by the DOI or if they are going through a third party. Mr. Powell said it has not started this program yet; however, the DOI did do some training with real estate agents regarding wind mitigation. He said regarding the wind mitigation training, the DOI developed the criteria for the course and hired a third party to deliver the materials.

Commissioner Altmaier said this is an area of interest for many state insurance regulators, and the Working Group is a good forum to collaborate as Alabama continues its work.

##### 5. Heard an Update from the NAIC on Private Flood Insurance Data

Mr. Brandenburg provided an update regarding the data reported on the Property/Casualty (P/C) Annual Statement blank. Prior to the 2020 data year, the private flood insurance line of the annual statement did not separate the commercial line of business and the residential line of business. The NAIC conducted a data call to obtain 2018 and 2019 data. The data is additionally categorized by standalone, first dollar, excess, and endorsement. The NAIC also collected several new data elements; i.e., number of policies, number of claims opened, and number of claims closed with payment. As of the 2020 data year, the annual statement Private Flood Insurance Supplement collects this information. The supplement is due by April 1.

Mr. Brandenburg said there are some caveats. He said last year, there were some insurers that did not file correctly; therefore, there were some errors and missing data within the dataset. He said this data is now available for 2018 through 2021 on the NAIC website.

Mr. Brandenburg said the number of commercial and residential policies combined rose from 431,323 to 561,871, which was approximately a 30% increase. Direct written premiums were just over \$1 billion, which is over two times higher than the direct written premiums reported in 2018.

Mr. Brandenburg said direct written premium for residential private flood insurance policies rose substantially in 2021, as the direct written premium increased by 61%. Standalone policies showed a larger increase—60%—than policies with endorsements. However, policies with endorsements increased by 20%. First dollar policies also increased substantially; however, there was a decline in excess policy direct written premium.

Mr. Brandenburg said the total number of residential private flood insurance policies increased by 30% in 2021, with the largest increases being in standalone policies. The number of policies with endorsements decreased.

Mr. Brandenburg said private flood insurance residential losses increased substantially. Losses in 2020 were approximately \$52 million, while they totaled almost \$175 million in 2021. The number of claims also increased significantly in 2021. There were 380 claims in 2020 and 1,900 claims in 2021.

Mr. Brandenburg said average standalone residential private flood insurance premiums rose in 2021; however, there was a decrease in the two years prior. He said the average premiums for policy endorsements is increasing as well.

Mr. Brandenburg has the highest premiums for residential private flood insurance occurred in California, Florida, New Jersey, New York, and Texas. The highest loss ratios in 2021 occurred in Alabama, Kentucky, New Jersey, Pennsylvania, and Washington. The states with the most residential private flood insurance premiums included California, Florida, New Jersey, New York, and Texas.

Mr. Brandenburg said in 2021, there were 24 insurers writing over \$1 million in residential private flood insurance. The largest insurers wrote \$273 million in direct written premium, which was over 81% of the total residential private flood insurance market. The NFIP wrote 4.9 million flood insurance policies in 2021, which was down from 4.9 million flood insurance policies in the previous year.

Mr. Grassel said during the National Flood Conference in June, it was mentioned that it is a re-education of the agency force and letting agents know that private flood insurance is now something available in the marketplace.

Mr. Travis said Louisiana has done CE for real estate agents.

Director Wing-Heier said flood has been front and center in the past few months in several states. She asked if anything is being done regarding the recommendation of a combined earthquake/flood insurance policy from private insurers where residential private flood insurance is concerned. She said a lot of states that have flood exposure also sit on a fault line. Commissioner Altmaier asked Working Group members to take this back to their zones and let the Working Group know if there is any feedback on this matter.

## 6. Heard an Update from the New Mexico DOI on Recent Wildfires

Ms. Catechis said on April 6, the Hermits Peak Fire was started by the U.S. Forest Service (USFS), followed by the Calf Canyon Fire on April 19, which was also started by the USFS. These two fires combined on April 22 to create

the largest wildfire in the history of New Mexico. On April 12, the McBride Fire, which was caused by utilities, started in the southeastern portion of the state. This fire has been contained but not before taking two lives on April 22.

Ms. Catechis said on April 22, the Cerro Pelado Fire east of Los Alamos County started from an unknown cause. On May 13, the Black Fire, which was human caused, started in the southwestern portion of the state and was the second largest wildfire in the history of the state; however, there were no structures lost in this fire. These five fires accounted for nearly 800,000 acres burned across the state of New Mexico. Ms. Catechis said there are several fires that have occurred since these fires and continue to occur.

Ms. Catechis said it took months for these fires to be contained, as containment occurred in mid-July. She said hundreds of homes and families continue to be at risk due to flash flooding, which has been exacerbated by the burn scars. To date, four people have died due to flash flooding.

Ms. Catechis said these fires were unique, as they burned for quite some time, and both the state and FEMA declared these fires a national disaster before they were contained. FEMA was on the ground to assist communities before they could even get in to assess damages.

Ms. Catechis said the New Mexico Office of Superintendent of Insurance (OSI) has a small staff. She said there are six staff members between the Consumer Assistance Bureau and the Property and Casualty Bureau. She said four of these staff members were directly affected by these fires and were evacuated themselves. It took at least four hours for a staff member to drive to the evacuation centers due to the size of the state, which made outreach difficult.

Ms. Catechis said New Mexico has a challenge with uninsured homes. Many of the people living in the state have lived in the same home for eight generations, and until recently, they have been spared from wildfire and have not felt the need to purchase insurance.

Ms. Catechis said the counties that were the most affected by wildfires include San Miguel, Mora, and Lincoln. San Miguel County is the largest, most populated county, with a population of 28,000. There were 2,300 homeowners policies in place. Mora County, having a population of 4,500, had 270 homeowners policies in place. Lincoln County, which is more affluent with many vacation homes and a population of 19,000, had 4,300 homeowners policies in place. To date, Lincoln County has had 86 claims totaling \$20 million.

Ms. Catechis said New Mexico has a FAIR Plan that covers vandalism and fire losses only. She said the FAIR Plan insures homes for up to \$250,000 or commercial properties for up to \$500,000. She said the lowest premium in place for a FAIR Plan policy is \$75 per year. She said there were fewer than 12 of these policies in place in northern New Mexico at the time of the wildfires. She said many residents were not aware that the FAIR Plan exists, and insurance agents were not trying to sell policies under the FAIR Plan.

Ms. Catechis said following the wildfires, the DOI was able to take advantage of some of the new emergency powers the New Mexico Superintendent of Insurance received in their 2021 legislative session. This allowed the OSI to help consumers obtain prescriptions, etc.

Ms. Catechis said the OSI created its own emergency staff team, a hotline, and a dedicated web page, and it is still staffing the emergency center in Las Vegas.

Ms. Catechis said the OSI had some good contacts following the FEMA Region 6 event that was held in May. She said the OSI was able to talk with FEMA coordinators daily.

Ms. Catechis said the OSI also had contacts with the American Property Casualty Insurance Association (APCIA) and the Rocky Mountain Insurance Association. These two groups helped the OSI reach out to insurers and provide necessary contact information to the insurers in the state, as well as help with press releases, as the OSI does not have a communications director or press person.

Ms. Catechis said the OSI received assistance from the NAIC and other states regarding best practices and how to use the data obtained through an NAIC data call. She said staff from other states volunteered and were on site to help with the recovery process.

Ms. Catechis suggested making connections with FEMA prior to a catastrophic event occurring, as it is helpful to know who to contact and develop relationships early. She said the OSI created emergency consumer “to go” boxes with materials needed to take to an emergency center site.

Ms. Catechis advised using the media most used in one’s state when messaging with consumers. She said in northern New Mexico, radio is the best form of communication. The OSI also created business cards that simply had the 800 assistance number on the card.

#### 7. Heard an Update from the Northeast Zone on its Catastrophe Team

Mr. Bradner said the Northeast Zone Catastrophe team began meeting again. This team was originally formed in 2012. The purpose of the team was to discuss what each state was seeing in their jurisdiction. This included legislation, what each state was seeing in the insurance industry, and things like hurricane and wind/hail deductibles.

Mr. Bradner said the Northeast Zone states believed it would be beneficial to reach out to each other to discover what each of the states were doing to prepare for a catastrophic event and see if assistance was needed.

Mr. Bradner said prior to Superstorm Sandy, the Northeast Zone Catastrophe team had begun to work on a reporting mechanism tool to provide consistency regarding information for insurers to report damage estimates to the DOIs in the zone. Ultimately, the Working Group created a form to be used on a national level.

Mr. Bradner said the team quit meeting on a regular basis approximately five years ago, and during the Northeast Zone retreat last year, it was suggested that the team reconvene. He said the team had its first meeting in June and coordinated with the NAIC. He said because of this meeting, catastrophe contacts in each of the Northeast Zone states have been updated and are posted on the Working Group’s web page. He said the team also discussed NAIC educational services and support provided by the NAIC in the event of a catastrophic event.

Mr. Bradner said in 2012, the team created a spreadsheet that listed information regarding deductibles in their states. This information included if insurers had caps on hurricane deductibles, the duration of the hurricane deductible, the kind of mitigation that might have been put in place, and whether an insurer could non-renew business in specific locations. Mr. Bradner said this collaboration clarified what was being done at a state level.

Mr. Bradner said the team discussed holding a meeting with the FEMA regions in the Northeast Zone states. There are three different FEMA regions in the Northeast Zone that could hold a collaborative meeting.

Mr. Bradner said the team also discussed how states can work with their sister agencies and construction services. Many states are responsible for construction building codes, and a collaborative effort would prove to be helpful. Mr. Bradner said as of 2018, a code revision was passed in Connecticut, requiring anyone putting a new roof on their home to have to tape the entire roof. To get this code revision passed, it was necessary to determine who

oversaw the building codes and bring those in charge and the Insurance Institute for Business & Home Safety (IBHS) into the meetings to explain how roof taping would help mitigate losses.

Mr. Bradner said the team plans to meet on a quarterly basis.

#### 8. Heard an Update from the Washington DOI on Cascadia Rising

Mr. Stoutenburg said every two years, the U.S. Department of Homeland Security (DHS) conducts national exercises around the country based on regional level catastrophes. This year, an exercise was conducted based on the Cascadia subduction zone, which is approximately 70 miles off the coast of Washington. This subduction zone has the potential to produce a 9.0 magnitude earthquake, as well as a tsunami. An event of this proportion would affect all the Northwest metropolitan areas, including portions of California, Portland, Seattle, Vancouver, and British Columbia, as well as coastal regions.

Mr. Stoutenburg said Washington participated in the exercise for three reasons: 1) to exercise its continuity plan; 2) to determine ways to help consumers following an event; and 3) to learn how the Washington State Office of the Insurance Commissioner (OIC) could implement the NAIC disaster response plan and assistance programs.

Mr. Stoutenburg said the NAIC has been working with the OIC regarding its disaster assistance program and has tested transferring the consumer call center 800 number to the NAIC call center. The NAIC also participated in the exercise by providing information regarding the NAIC disaster assistance program and disaster response plan.

Mr. Stoutenburg said the OIC is resilient, as it has an emergency action plan, which covers its agency on a 24/7 basis. He said the OIC also has a Continuity of Operations Plan (COOP) that provides a plan for the OIC to continue providing services following a disaster. The OIC requires a COOP, as well as practicing the COOP.

Mr. Stoutenburg said FEMA organizes Disaster Recovery Centers (DRCs) for federally declared disasters. DRCs can be open for 30 days or longer. The DRCs include federal and non-federal agencies and volunteer organizations with disaster recovery resources.

Mr. Stoutenburg said when FEMA does not declare individual assistance for a disaster, the states will reach out and provide local assistance. This is another area OIC staff could be participating in.

Mr. Stoutenburg said the OIC had a conversation with the emergency management division in Washington, as it is the liaison between the OIC and FEMA.

Mr. Stoutenburg said the OIC's next steps are to prepare to have a presence at DRCs to enhance preparedness and partner with the emergency management division.

#### 9. Heard an Update on the NAIC/FEMA Region 6 Event

Commissioner Mulready said the five states from FEMA Region 6 met with FEMA Headquarters and FEMA Region 6 colleagues in a hybrid event hosted by the Oklahoma DOI. In addition to hearing an overview of recent catastrophic events in the region, the following items were discussed: 1) information regarding FEMA Region 6 stakeholder roundtables; 2) how states are organized and plan for disaster; 3) NAIC capabilities to assist states; 4) FEMA Headquarter operations, including the flood response playbook; 5) claims information; 6) communication and messaging; and 7) how states interact with FEMA at DRCs.

Commissioner Mulready said the group also visited the severe convective storm facility in Norman, OK, and it heard from Harold Brooks (National Oceanic and Atmospheric Administration—NOAA), a leading expert at the NOAA regarding warning systems and communications at the weather center.

Commissioner Mulready said the states in FEMA Region 6 build relationships with their FEMA colleagues at this event. He believes communication with FEMA is improved through this event and will continue to grow in the future.

Commission Mulready suggested that states that would like to hold one of these workshops reach out to the NAIC.

Having no further business, the Catastrophe Insurance (C) Working Group and the NAIC/FEMA (C) Advisory Group adjourned.

SharePoint/NAIC Support Staff Hub/Member Meetings/C CMTE/2022\_Summer/Catastrophe/NAIC-FEMA/08 CatFEMA Minutes.docx

# **HEAR AN UPDATE FROM FEMA ON THE NATIONAL FLOOD INSURANCE PROGRAM (NFIP)**

# Reduce Disaster Suffering

David I. Maurstad

Deputy Associate Administrator, Resilience



# FEMA

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## A Customer-Centric Model

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...meets customers where they are in their resilience journey and enables them to act *before* disaster strikes.



# FEMA

2



# Federal Support for Hurricane Ian: \$3.3 billion

Damage in Matlacha, Florida

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## Equity

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FEMA must be aware of, and responsive to, the needs of different individuals and communities to ensure that the benefits of its programs are available to **all**.



Federal Emergency Management Agency

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## Transformation of the NFIP

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Risk Rating 2.0: Equity in Action rates are based on a single property's **unique flood risk.**



Federal Emergency Management Agency

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## Transformation of the NFIP

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**Policy Forms Redesign**



**Direct-to-Customer Innovations**



Federal Emergency Management Agency

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## Transformation of the NFIP

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Researching **installment plans**



Federal Emergency Management Agency

7



Congress and FEMA continue to work together to secure **long-term reauthorization** of the NFIP.

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## We Can't Do It Alone

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# **HEAR AN UPDATE FROM FLORIDA ON HURRICANES IAN AND NICOLE**

**HEAR AN UPDATE FROM FEMA ON  
INTERACTION WITH THE FLORIDA  
OFFICE OF INSURANCE REGULATION IN  
THE RECOVERY OF HURRICANES IAN  
AND NICOLE**

# FEMA Region 4 Update

NAIC Fall Meeting  
December 12, 2022



FEMA

1

## FEMA NFIP National Status

- Insurance Policies 4,150,997
- Total Coverage \$1,132,438,061,510
- Paid out since 1978 \$75,018,857,782
- NFIP Communities 22,596
- Not In the Program 2,148
- CRS Communities 1,513 Best Class Rating 1 (2)



FEMA

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## FEMA Region IV NFIP Status

Alabama, Florida, Georgia, Kentucky, Mississippi, North Carolina, South Carolina, Tennessee



- Insurance Policies 1,951,275
- Total Coverage \$515,046,681,110
- Paid out since 1978 \$15,291,094,216
- NFIP Communities 3,413
- Not In the Program 293
- CRS Communities 590 Class 3 (2)
- CRS Savings \$235,088,526

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## Hurricane Ian

### National Flood Insurance Program (NFIP) NFIP Claim Report Hurricane Ian (2022)

Total Claims Submitted	Open Claims	Closed Claims	% Closed Claims	Total Paid
FL 44,903	28,133	16,770	37.3%	\$1,051,000,000
GA 4	1	3	75%	\$0
NC 160	160	101	63.1%	\$823,000
SC 1,009	594	415	41.1%	\$11,398,000
VA 15	15	8	53.3%	\$8,045

#### Write Your Own (WYO) Bulletin Updates:

- Extension of Policy Renewal Grace Period to 90 days
- Extension of Proof of Loss Deadline to 365 days



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## NAIC/FEMA R4 Work Group Best Practices

- Partnership created to provide a sharing space for NAIC, Insurance Commissioners throughout the Region and FEMA Region IV Insurance Staff
- Provide updates to the group at large for FEMA as well as State; forum to share best practices.
- Latest discussion highlighted the removal of derelict vessels post-disaster.



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## Questions

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# **HEAR AN UPDATE FROM FEMA ON TRAINING OPPORTUNITIES AND RESOURCES**

# NFIP Training

Webinars, Resources & Points of Contact

NAIC Fall Meeting  
December 12, 2022



FEMA

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## Webinars

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### Key Fundamentals of Flood Insurance

- Register Here: [Insurance Agent NFIP Training Courses | FloodSmart -](#)
- Offers CE credits for insurance professionals.
- Provides a complete overview of the NFIP

### Risk Rating 2.0-Equity in Action Webinar

- No registration required. Monthly training announcement distributed through NAIC.
- Offers live Q&A with chat moderators and presenter.
- Provides a targeted deep dive into timely RR 2.0-Equity in Action topics. Current focus is on policy renewals.



Federal Emergency Management Agency

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## Helpful Resources

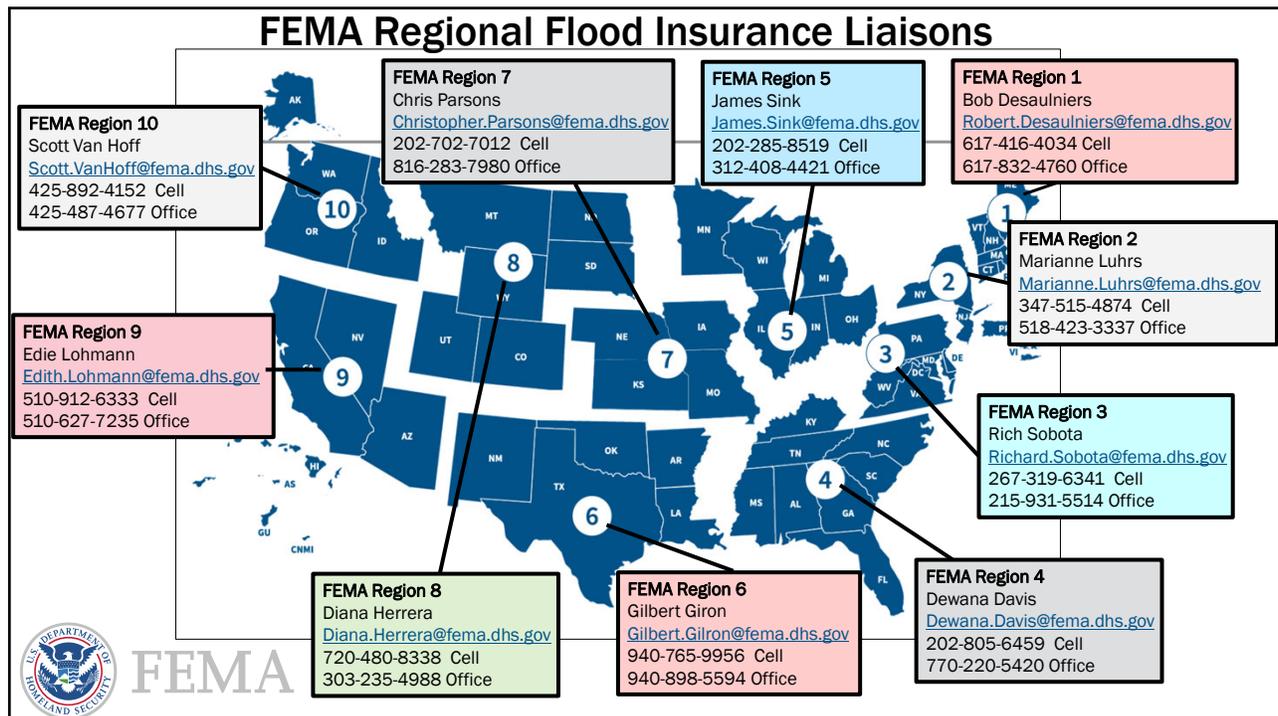
- [The National Flood Insurance Program for Agents \(floodsmart.gov\)](https://www.floodsmart.gov)
  - One stop shop, tailored to agents, for all aspects of the NFIP and what to do before, during, & after a flood event.
- [Flood Insurance | FEMA.gov](https://www.fema.gov)
  - Along with the NFIP, find info on [Individual Assistance](#), [Flood Maps](#) & [Risk Rating 2.0-Equity in Action](#)
- RR 2.0-Equity in Action YouTube Video Series
  - [Risk Rating 2.0 – Equity in Action: FEMA's New Rating Methodology - YouTube](#)
  - [Risk Rating 2.0 – Equity in Action: Rating Variables \(Part 1\) – YouTube](#)
  - [Risk Rating 2.0 – Equity in Action: Rating Variables \(Part 2\) – YouTube](#)
- Association of State Floodplain Managers NFIP 101
  - [Unit 8: Flood Insurance | ASFPM \(pathlms.com\)](#)



Federal Emergency Management Agency

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## How FEMA Regions Can Help You



- Risk Rating 2.0
- Outreach, Education & Training
- Technical Assistance
- NFIP Claims, Underwriting & Coverage
- Pre and Post Disaster Support
- Public Awareness Events & Activities



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For more questions on NFIP Training:

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FEMA

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# **HEAR AN UPDATE ON FEDERAL LEGISLATION**

# **DISCUSS THE SURVEY SENT TO STATES ON WIND/HAIL DEDUCTIBLES**

**NAIC NATIONAL MEETING FALL 2022**

## States Participating

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- Arkansas
- California
- Delaware
- Florida
- Iowa
- Kansas
- Massachusetts
- Maryland
- Michigan
- Mississippi
- Missouri
- Montana
- North Carolina
- North Dakota
- New York
- Oklahoma
- Rhode Island
- South Carolina
- South Dakota
- Vermont
- Wisconsin
- Wyoming

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**NAIC NATIONAL MEETING FALL 2022**

## Separate Roof Deductibles

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**Deductible Amounts**

- o 62% of the states filling out the survey said they are seeing separate roof deductibles
- o Many DOIs see both Percentage and Flat Amount deductibles
- o Percentage deductibles range from 0.5% to 10%
- o Flat amount deductibles range from \$1,000 to \$10,000
- o Not seeing separate deductible as much as ACV for roof replacement on otherwise RCV policies
- o Most states do not track deductible information, # of ACV and RCV policies, or trends

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## ACV vs. RCV

### California

- Number of ACV policies - 13,948 (under 1%)
- Number of RCV policies 340,040 (6%)
- Number of Extended Replacement Cost policies 5,475,193 (90%)
- Number of Guaranteed Replacement Cost policies 272,617 (4%)

### Maryland

- Does not track, but believe there are a very high percentage of owner-occupied HO policies will be at RCV for Dwelling Claims

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## Extended Replacement Cost

### California

- ö There is a slightly upward trend for policies with a factor of 1.20
- ö There is a slightly downward trend for policies with a factor of 2.0

### Maryland

- ö Does not track – but have seen extended or guaranteed replacement cost options that provide either no limit or a specific percentage or amount on top of the Coverage A Limit
- ö Typically, the policyholder must agree to a minimum 80% or 90% of the RCV limit at inception and must agree to include the insurer's inflation guard clause in order to qualify for extended replacement cost or guaranteed RCV coverage

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## Extended Replacement Cost

Deductible	# of Policies	Percentage
\$1,000	2,689,050	44%
\$500	810,074	13%
\$2,500	787,993	13%
\$2,000	459,671	8%
\$5,000	310,964	5%
\$1,500	157,707	3%
\$3,000	90,091	1%
\$250	81,844	1%
\$10,000	57,616	1%
\$600	36,087	1%

California uses the NAIC's standard complaint data coverage codes to code complaint files. Complaint information from 2019 & the CDI does not track storm deductibles separately

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## Additional Information Maryland

- ö Have had periods where percentage deductible or inflation guards have spiked
- ö Deductible complaints generally coincide with a storm or catastrophic event
- ö Typical complaint is policyholder saying they were not notified; However, insurers are typically very compliant in providing the required notifications.

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## Questions or Comments?



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**HEAR AN UPDATE ON THE  
*CATASTROPHE MODELING PRIMER***

# **ANY OTHER MATTERS**