

National Flood Insurance Program Reform

BIGGERT-WATERS FLOOD INSURANCE REFORM ACT OF 2012

WHAT HAS CHANGED?

The Biggert-Waters Flood Insurance Reform Act of 2012 is an overhaul of the National Flood Insurance Program promoting full-risk rates for flood insurance policies. The legislation extends the program for five years and includes the following fundamental changes:

- As of January 1, 2013, flood insurance rates will increase by 25% per year until premiums reflect the actuarial (full-risk) rate for non-primary residences, which is a residence that will be lived in for less than 80% of the year by either the owner or spouse.
- Beginning October 1, 2013, subsidized flood rates will be phased out and increased by 25% per year until the properties reflect the full-risk rate for:
 - Business properties
 - Severe repetitive loss properties (1-4 residences)
 - Properties where claims payments exceed fair market value
- Properties with subsidized rates will move directly to full-risk rates after a sale of the property or after the policy has lapsed. Owners of Pre-Flood Insurance Rate Map (Pre-FIRM) buildings should maintain flood insurance so the subsidy can phase out over four years rather than all at once.
- New policies will be issued at full-risk rates.
- In 2014, grandfathered rates will be phased out over 5 years (Pre and Post-FIRM policies). Rates will increase 20% per year over a 5-year period until they reflect full-risk rate.

ADDITIONAL INFORMATION:

For a complete understanding of NFIP Reform, it is recommended that the Act itself be read, <http://www.gpo.gov/fdsys/pkg/BILLS-112hr4348enr/pdf/BILLS-112hr4348enr.pdf>.

For further information on South Carolina floodplain management, the National Flood Insurance Program, or the Flood Mitigation Assistance grant program, please contact the State NFIP Coordinator at cox@dnr.sc.gov.