Mark Peterson - Host:

I'm Mark Peterson, and this is "Before, During, and After: A Podcast from FEMA."

Mark Peterson - Host:

Flooding is America's number one natural disaster affecting 99% of U.S. Counties since 1996. Just one inch of water can cause roughly $25,000 of damage to one's home. And most homeowners don't know their flood risk or what they have currently covered in the event of a flood. Even more concerning, rises in extreme weather have made flooding more and more prominent, and they're not only happening in flood zones. On average, about 40% of the claims to the National Flood Insurance Program come from outside the High Hazard zone. FEMA and its National Flood Insurance Program protect nearly 5 million policy holders, and counting, across more than 22,500 U.S. Communities. So, on today's episode, we sit down with David Maurstad from the National Flood Insurance Program to talk about misconceptions and how it's designed to help residents and business owners protect the life they've built with flood insurance. One of the greatest tools that we have to help people recover from disaster, specifically flooding, you know, in a more holistic way is the National Flood Insurance Program. And to talk more about all things NFIP, we have David Maurstad, the Deputy Associate Administrator, FEMA for resilience, and David is also just a champion of the National Flood Insurance Program. So, David, thank you so much for joining me.

David Maurstad:

You're welcome, Mark. Appreciate the opportunity to talk about this important topic.

Mark Peterson - Host:

There are so many misconceptions with regard to flood insurance, and I'm looking forward to, kind of, talking through them, you know, from the perspective of a potential policy holder, but also somebody who maybe has a policy and then also somebody who can encourage the public to be more prepared through flood insurance. So, David, I don't know that everybody can grasp - or, maybe the average homeowner can really grasp, what the flood risk is across the United States. So, can you just paint that picture for me?

David Maurstad:

Yeah, great question because flood risk across the nation is definitely underappreciated. But the truth of the matter is that 98% of U.S. counties have experienced a flood. So, it's safe to say that flood risk is significant regardless of where one lives in the country. To really drive home how much flood risk is underappreciated, when you look at the numbers, less than 4% of households in the nation have an NFIP flood insurance policy. And what's even more stark is those that are in the high-risk area, only about a third of households have an NFIP flood insurance policy. So, that's why it's important for us. And when I say us, I mean FEMA, our regional offices emergency managers at the state and local level insurance, bankers, real estate. We all need to spread the message of how important flood insurance is, of course coupled with mitigation, and why that's so important to help homeowners and renters recover when a flooding event hits their community. So, I really appreciate this opportunity to have this discussion because regardless of whether you live inside or outside that high flood risk area, the facts are you need to consider flood insurance.

Mark Peterson - Host:

Yeah, I think you raised a lot of good points there and I'm glad that we're gonna have that opportunity to sort of parse out some of the, maybe the misconceptions about how you go about purchasing it and, you know, what are the coverage limits and things like that. But as we look to spring flooding as, as we look through the thaw cycle, as we look to the potential for rains coming into the spring, I think many of the individuals that we work with following a disaster think, "Well, there'll be an opportunity for some sort of a FEMA assistance to come into play here." But flood insurance can play an incredibly important part of that recovery. And so, talk me through why it is so important for potential survivors to have flood insurance.

David Maurstad:

You know, insurance is something that quite frankly, you're looking at the future and trying to understand what the impact can be to your personal finances and, you know, only, you know, one inch of, of of water in a home can cause, you know, up to $25,000 worth of damage. And so, it doesn't take, you know, a huge flooding event to really have a significant impact on, you know, your ability to handle, financially handle, that type of an event. And so, it's really important because it's your best resource. Yes. there may be some ability for some organizations to help out with some limited funding, you know, through donations of some kind, or certainly FEMA has an individual assistance grant program if there's a presidentially declared disaster.

And of course, a lot of flooding events don't rise to the level of a presidentially declared disaster. And so, but in those circumstances where you have a major flood event like that, there's an individual assistance program, grant program, that you can apply for if you are a survivor that doesn't have insurance, and there's eligibility requirements, there's different types of individual assistance. Mostly though, it's to help for the immediate needs because the disaster. The average grant, I think the last time I saw numbers were somewhere in the $7,500 range, certainly less than $10,000 where, you know, an average, flood insurance claim - I'll use Hurricane Harvey, for example, in Houston, the average flood insurance claim in Harvey was over $115,000. The average flood insurance claim payment over the past five years is about, you know, just right around $70,000.

So when you compare, you know, less than $10,000 to $70,000, it's quite a bit of difference in your ability to be able to get on the road to recovery. There are also programs through the small business administration where you could qualify for a loan. Of course, you have to pay those back. And you know, I know a lot of homeowners already, you know, have a mortgage, already have a home equity loan and now an SBA loan. Pretty soon, you know, it all really mounts up. So, what we really want people to think about, and we really want emergency managers to spread the word in their community about, is think ahead, prepare in advance for the very real flood risk that individuals face and recognize that flood insurance is a good way to recover more quickly and fully following an event. And our whole, you know, with the National Flood Insurance Program, we want to close the flood insurance gaps, so we have more insured properties that lead to more resilient individuals, neighborhoods and communities,

Mark Peterson - Host:

You know, of that sort of average $70,000 claim payment David, what kinds of damage are you really seeing that pay for?

David Maurstad:

Well, right now, you buy two policies if you're a homeowner and you buy a policy on your dwelling, and then you buy a policy for contents. And surprisingly, in a lot of events, we actually see more damage to contents than we actually do to the dwelling. But of course, the dwelling you can have, you know, carpet damage, you can have damage to the walls. You know, if you're in the basement, of course, you can have damage to a ceiling basement. There's limited basement coverage. But contents - on the content side, it's a little clearer. In essence, if you've bought a contents policy and your couch, TV, clothes, those types of things are damaged because of the flood, then you are reimbursed the actual cash value of those items.

So, it really is taking a look at, you know, what type of property you have and, you know, making sure that you take some steps to mitigate your losses such as, you know, if you know a flood is coming try to move, you know, your contents out of the basement because that's where water goes - to the lowest point. And so, being able to do some things like that can also help you with the financial impacts of a flooding event. So, but we wanna also make sure that we understand that renters need flood insurance too. And a lot of times we don't think in nature because I might think my landlord has coverage for me. They will on their building and won't on - as a renter, your personal property. So, we don't wanna not think about renters along with homeowners and small business owners, of course, too.

Mark Peterson - Host:

Yeah. That's a good opportunity to start talking about how somebody can go about buying the flood insurance - the product itself. And many people are aware that the National Flood Insurance Program is a federal government program, but maybe they're not acquainted with how they can actually avail themselves of the policy itself. So, how does a resident go about purchasing a flood insurance policy?

David Maurstad:

Well, now that we've convinced them that they need the policy, I think that it's important as you're saying, to point them in the right direction, right? And so, yeah, the first step I would suggest, and what's always worked for me is to have a, you know, a friend and a relative call, their insurance company or the insurance agent who they're currently doing business with, you know, buying their homeowner coverage or their auto coverage, or their renter's coverage. And so contact your insurance agent and ask them to help you with securing a policy. We work with about 50 private insurance companies who administer the program on behalf of the federal government on behalf of the NFIP. But if your agent or company isn't a part of the program, there's still an opportunity for you to go to our website, floodsmart.gov, where you can find an NFIP insurance provider locator that can help you find an agent that's near you, that can help you with securing the flood insurance coverage that you really need.

Couple things people need to keep in mind when they're looking at you know, after they've made that decision to buy a policy, is that there's typically a 30-day waiting period from the time that you purchase the policy until the coverage goes into effect. And so, during that 30 days, if a flood hits, you waited too long. Really wanna emphasize that you can't, you know, you can't procrastinate about this. And so, really you know, do it now - do it when your homeowner policy comes up for renewal, ask about it then, but you have to not procrastinate because, you know, nature's not waiting for us. You know, the climate is certainly changing, more frequent events, more severe events. And so really want to, can't emphasize enough the need to get the coverage and then understand that it doesn't go into effect for 30 days.

Mark Peterson - Host:

That is so critical, especially as we look towards spring flooding. I mean.

David Maurstad:

Yeah.

Mark Peterson - Host:

You can't just look at the forecast and think, "Well, now it's time to go out and buy flood insurance. I've been kind of, you know, waiting on it." You gotta buy it now, right?

David Maurstad:

Yeah, absolutely. Absolutely. Cause, you know, if you think a flood is coming your way, that's too late. That's just the bottom line.

Mark Peterson - Host:

So, David, you know, there's countless number of structures that are already built in, say, high-risk areas, and the price of flood insurance to protect those structures can be expensive at times. So, what is the National Flood Insurance Program doing to address the issue of affordability?

David Maurstad:

I think that we can't ignore the fact that there are many homeowners and renters in high-risk areas, along the rivers, that the insurance is a challenge to pay for that insurance. So, I don't think we can ignore that affordability does play a role in us not having enough policy holders after a flooding event strikes a community. And so, in 2018 FEMA provided Congress an affordability framework to help guide the discussion on whether or not the federal government should develop an affordability program to help those low-income property owners in risky areas have the coverage they need. And FEMA's put forward a proposal that is a part of the reauthorization of the program discussion whereby the Congress would establish a means tested premium assistance program to help low-income property owners have this needed coverage.

So, it's on a sliding scale from about 120% average mean income in an area, you know, down that they would not have all of their premium taken care of, but, you know, contribute to helping that low-income homeowner have the coverage they need by providing some premium assistance. Affordability's been a challenge, as I mentioned, since the beginning of the program back in 1968. It's really become more of a challenge over the course of the last 20 years as these events have become more frequent and we're seeing more low-income property owners not have the coverage. Just like their homeowner rates are going up, NFIP rates have gone up year, after year, after year. When we developed risk rating 2.0 for the first time, about 20% of our policy holders, about a million of our policyholders, saw a decrease in their premium for the first time.

And so, under risk rating 2.0, when you reached your full risk rate, the premium increases stop. But there are many policy holders that are gonna see those increases continue within the 18% statutory cap that Congress has placed on the program. But it's gonna take a number of years at, even at 18%, for many of these risky properties to get to their full risk rate. So, having said all of that, affordability is something that we need to tackle. And FEMA National Flood Insurance Program working with Congress to, at least, develop a program that would provide premium assistance to low-income into property owners.

Mark Peterson - Host:

Absolutely. Maybe this is - ding ding, misconception, number one, not all flood insurance policies are through the National Flood Insurance Program. So, can you tell me a little bit about the policies that we have and the difference?

David Maurstad:

Yeah, I mean, certainly the reason why there's a national flood insurance program now going back to 1968, is because the private market. There wasn't really the availability of flood insurance in the private market. And when it was available, it was very expensive. And so, that's why you have the federal government stepping in when you had that kind of a void to provide for property owners this needed protection. But, there's still, there is a private market. It's starting to grow some. I think the last number I saw from a Wharton School of Business in the University of Penn was that about, you know, less than 5% - right around 5% of the residential flood insurance policies, are taken care of by private flood.

So, the National Flood Insurance Program has the, you know, very, very large piece of the flood risk across the country. Now, if we're gonna close the insurance gap, we need, we need private companies also. It doesn't, from my perspective, it's not so much who sells somebody the policy, but that everyone who needs that policy gets a policy. So, I encourage people, when you make that call to your insurance agent, asking about flood insurance, ask if there's a private market in your area. And if it is, ask the agent to compare and provide you with the best product given your given your particular needs. But it looks like, at least in the near term, the main provider of flood insurance - residential flood insurance, is going to be the National Flood Insurance Program. Now, I'm stressing residential because there is a market in the private insurance sector for commercial or business insurance. And so a lot of companies, medium, large size companies, don't have a problem getting the catastrophic coverage that they need. Some smaller businesses do, there's similar to residential, but only about 5% of our book of business is with small business. So it's predominantly a residential renter's insurance program.

Mark Peterson - Host:

And do you happen to know roughly how many policies the National Flood Insurance Program currently has?

David Maurstad:

Yeah, we're right at about 4.7 million policies all told. And unfortunately, that's not enough. We see event after event, whether they're the flooding event in Kentucky, whether it's a flooding event like Ian, we're seeing that there's not enough disaster survivors with the insurance protection that they need. Also, that 4.7 million policies, we've seen a steady decrease in the number of policies over the course of the last dozen or or so years. And so, while one would think with all the flood events that we're seeing around the country, you know, including, you know, the blast rainfalls I call them, that are dumping six to 10 inches of rain in, you know, 30 to 90 minutes, with all those types of events, you would think that it would be driving home the need for the coverage. But that's not the case. So, we still have to do everything we can to improve the program to work with all of our stakeholders that I mentioned earlier, including emergency managers to be able to emphasize how critical having a flood insurance policy is.

Mark Peterson - Host:

Yeah, I mean, as I sit here in Chicago working out of FEMA Region Five, which, you know, serves the states around the Great Lakes, we know that in 2022 each one of our states has had at least one seven-inch rain event, seven inches of water.

David Maurstad:

Yeah.

Mark Peterson - Host:

I mean, that is an incredible amount. And, you know, those communities need to rebuild. And, you know, this is just underscoring just how many of these events we're seeing and how critical this is. So David, we've talked about the risk. We've talked about how important it is to have the policy and then therefore how to buy it. But there's still another misconception that I hear often, and that is, "Well, I'm not in a high-risk area, and so I can't buy flood insurance." Talk to me about the zones, what they mean, and then maybe we can kind of break down that misconception about who can buy what.

David Maurstad:

Right. So first of all, and again, this gets back to you know, local officials, Local insurance agents, real estate, local emergency managers all need to recognize that if you're in one of the roughly 22,500 communities that participate in the National Flood Insurance Program, you can buy flood insurance. Period. Regardless of where you are in that community. So, and that's important because, you know, mother nature doesn't really look very closely at lines on a map or zone. Mother nature dumps the rain where mother nature decides to dump it. And many times, in fact, about over a third of our claim payments in any one year are outside the high-risk area. So, it's really important for policy holders, you know, homeowners, small business owners, renters - they need to focus on what their individual flood risk is versus where their property may be in a community or comparing it to some other some other area.

Now, the National Flood Insurance Program works with those 22,500 communities to develop flood insurance studies, flood insurance rate maps, that are helpful that show what the minimum standard is for floodplain management and for when flood insurance is required, if you have a federally backed mortgage, what people need to understand is those tools are not predictors of where it will flood. And so, this idea that. "I'm not in the high-risk area, and so I won't flood," that's just, pardon, I'm sorry, but that's just foolish. The best indicator of a property's risk is to look at the property characteristics and where the property is located and what type of flooding events can occur in that property. And so, we really are channeling our efforts at getting everyone to understand the zone is somewhat important, but really look at the individual characteristics and understand that regardless of whether you're in the high-risk area or medium-risk area, you need a flood insurance policy. And that you know, that policy now will be, will reflect the specific risks of the property itself instead of where that property may be located on a flood insurance rate map.

Mark Peterson - Host:

So, just read that back to you, because I think this is a really important point and one that certainly I hear often in the regions, your community needs to participate in the National Flood Insurance Program, check. And if they do, no matter where you are on a risk map, no matter what you're told in that community, you can buy flood insurance.

David Maurstad:

Absolutely.

Mark Peterson - Host:

And does the rate change based on where you are?

David Maurstad:

So, we've recently have modernized our premium rating methodology so that it can better reflect what the flood risk is today. And so, in the past, your premium was determined by which zone you were in, and that's why people think about the zones. Now, a policy is going to be based on, again, as I said, the specific property characteristics that your home is. In addition to that flood insurance study that I talked about before, which is still important, you know, we're looking at better technology, better modeling, that all allow us to more accurately reflect what a flood risk is to a property. We look at flood frequency and different frequency of events instead of just the one, you know, 1% annual chance event.

Now we look at the frequency, so if you think about the maps when you see a hurricane - where a hurricane might path, and you see the spaghetti going across the Gulf Coast, that reflects various potential frequency of an event. Our program now does something similar to that where we use multiple frequencies, quite frankly, in the thousands. Flood type, you know, is it a hurricane? Is it storm surge? Is it a heavy rainfall event? Is it because water came over and exceeded the protection of a levy or some other type of protection system? And then, how close are you to that water source along with, you know, what's been used in the past, and that's elevation, you know, how high is your house relative to the flood level for your particular area?

And then, the last factor that is a part of our new rating methodology is cost to rebuild. And this is the first time that the NFIP has used cost to rebuild as one of the factors on what the policy should cost. And that's really important because our new rating methodology takes care of an inequity that had developed over the years in the program where lower valued homes were paying more than they should, and higher value homes were paying less than they should. And so, the new rating methodology is more equitable. And also, one can know that they're paying a flood insurance premium based on their individual unique flood risk characteristics versus, you know, a zone and a global way of determining it. So, I think people, when they hear and understand they're now paying for their risk, not somebody else's risk, they're more likely actually to buy a flood insurance policy that they need.

Mark Peterson - Host:

Yeah, absolutely, because I think, you know, in every community, there's gonna be sort of the ebbs and flows in topography and I'm thinking about a person who, maybe, is looking at their street and looking downhill, right? And they're thinking, "Well, I don't really need flood insurance." You know, are there areas that maybe there isn't a flood risk? I mean, and I know it's maybe not a smart thing for a resident to, you know, sort of think, "I'll always be protected," but you know, when you think about those sort of like, ways of thinking about your home, are there areas?

David Maurstad:

I say this often and maybe it's a little too simple, but I think it is true. And that's where it can rain, it can flood. And so, before that water flows down the hill, it's gonna be on the ground for a while, even in that high area. And so, you know, is there someplace in the U.S. where there's absolutely zero flood risk? Yeah, maybe, but I would say people need to look at not the exception, but look at what the rule is, and the rule is where it can rain it can flood. And because, you know, we're now basing the cost of flood insurance on the individual property characteristics, it's also a more equitable system. People say, well, how do you know that? You know, how can you assert that it's the individual, this methodology is the best way to go?

And it's because we have improved technology. You know, 40 years ago, we didn't have cat mot - catastrophe models, that modeled flooding events. We didn't have the type of information that NOAA collects, for example, and other federal agencies collect, on what the broad range of flood variables are, what the flood frequency is. We now know more about the flood type. So, I think people can make informed decisions now based on a very strong risk signal, and that's the cost of the insurance. And so that fairly sound, it's a more equitable distribution of premiums across all of the policy holders. And so, I think that people, again, shouldn't think so much about, "Gosh, am I that unique I don't have any flood risk?" If they have low flood risk, they're gonna have low premiums, right? And so, but even so, that's a good value proposition for all those property owners. And again, I don't think there's, I don't think there are many exceptions out there.

Mark Peterson - Host:

So, I'd like to talk a little bit about some, maybe one more misconception here, and that's why should somebody buy flood insurance? Doesn't my homeowner's insurance cover flooding? Talk a little bit about the different types of insurance and what they would and would not cover.

David Maurstad:

Sure. Well, it goes back to, again, what I said the reason why the NFIP, you know, finally after a number of years back in 1968, was started. And that's because flood insurance wasn't available in the private market, meaning your homeowner policy didn't cover it. They excluded it. And so, whether it's a renter's policy, a homeowner policy, most small business policies - all exclude flood insurance. Now, people might think intuitively because an agent may have said to them, "Hey, I'm gonna sell you an all-risk policy." What that agent forgot to do was say, "Except we don't cover you for flood. We don't cover you for earthquake." And so, the catastrophic losses are what aren't provided under a homeowner's policy. So don't get fooled into thinking that, you know, you got an all-risk policy that's gonna take care of a flooding event because you're gonna be sorely disappointed when that flood occurs. So again, you've gotta get a separate flood insurance policy and as you do some other cat events, like I mentioned, earthquakes. So, make sure you talk to that agent and have a well-rounded insurance portfolio that provides you the protection you need for the risk in the area that you live.

Mark Peterson - Host:

When we talk about purchase options, I think we need to acknowledge the fact that there are different reasons people may want to purchase flood insurance. One being because they see the value in protecting their assets, their home. And the other might be somebody who is being required to purchase flood insurance by their mortgage company. Can you walk me through these different types of potential policy holders?

David Maurstad:

Sure. So, as I've mentioned earlier, the community participates in the National Flood Insurance Program so that the property owners in their community can have insurance, have a requirement to make sure that they regulate development in their community to the minimum federal standard, the 1% annual chance event, it's called the special flood hazard area, or the high-risk area. And about from, almost the beginning of the program, the federal government said, you know, "Listen, if we're gonna have this program and you're gonna participate in this program, if you're in the high-risk area and we're providing a federal government, federally backed mortgage to a property owner, then the federal government requires, the lenders require someone to purchase a flood insurance program policy." Now, they don't require them to, the law doesn't require you have to buy a national flood insurance policy.

There are private companies, as we mentioned, and the lenders recognize those private companies, if they match or exceed the coverage that's provided by the National Flood Insurance Program, they accept that. So, it is to conform, it's important that those that have that mortgage and again, it's a whole of community. We rely on agents and stakeholders, you know, when somebody's buying a property, if they're in the special flood hazard area, to tell them that upfront as early as we can in the process, so they don't get surprised at the closing table that they now have another cost on top of what they thought their total costs we're gonna be to purchase that home. And so that mandatory insurance provision is important for people to recognize. And is the one, I would say, one means by which, in the past, the federal government has tried to close the insurance gap and to make sure that those that are most at risk have a policy.

Now, the unintended consequence of that Mark has been that if an individual is not in that high-risk area and they're not being forced to buy that policy, unfortunately, the unintended consequence has been, well, they think, "I must not be at risk." And so, they don't buy the policy. And so, that's what our earlier conversation of really breaking down the line on the map and who should have it and who shouldn't have it. You know, we really need to move away from only those that have a federally backed mortgage have to have the coverage. Everybody needs the coverage, as I said, where it can rain, it can flood.

Mark Peterson - Host:

So, let's talk about maybe another point of confusion with regard to flood insurance and maybe multiple insurance policies. And that's maybe that hurricane situation where you have wind, you've got rising waters, you've got heavy rain events. Does flood insurance cover damages from multiple sources like that?

David Maurstad:

Yeah, you know, again, regardless of if my property is damaged by water from a natural event, regardless of the source, then the NFIP policy will provide protection according to, you know, the policy itself. And so, it's not just storm surge or hurricane risk. It's all kinds of flooding events that can happen, including an urban flooding. Now where before, we didn't have a good handle on what that risk is. Now, again, because we have a lot more information, better technology, we get a lot of, you know, what people consider kind of, you know, they used to consider, you know, minor events when a storm sewer system in a community is overwhelmed and causes neighborhood flooding, that's covered under the NFIP policy. So, along with all those other types of events that I mentioned, it's important, again, for you to look at what your risks are and make a determination that, "I can't wait because there's a 30-day waiting period." And so I make that call to my agent.

Mark Peterson - Host:

Absolutely. So, I'd like to just switch gears a little bit and talk about flood recovery within the context of the National Flood Insurance Program. And I'm gonna tee this up with, maybe, another misconception, and that is that if I've experienced a flood, and we know floods can and will happen all over the country. If residents experience that flooding, that they should hold off until, you know, maybe something happens, right? Maybe they, contact somebody that they shouldn't do anything to their property. What is the first thing that they should do?

David Maurstad:

Well, you know, again, we've been talking about this in a pretty matter of fact business-like way, but you know, what we're really talking about is disaster suffering. And these flooding events cause tremendous disaster suffering. I've been in too many neighborhoods and too many communities after flooding events. You know, looking at visiting a policy holder to make sure they're getting their claim taken care of. Well, unfortunately, they're the only one on that block with that coverage. And there's, you know, a number of other families that are truly devastated by that flooding event. And, you know, even our policy holders, you know, when they come back to what their home once was, instead find it, you know, really damaged or in some cases even destroyed, you know, it's heartbreaking. Takes incredible strength that I've seen firsthand for survivors to start picking up the pieces.

I've been at flooding events the day after the floodwaters gone away, talking to homeowners. And it's, you know really, as I said, heartbreaking as they go through and see the damage to their property, to their contents, to the things that are important to them, you know albums, pictures, you know, diplomas, all those types of things. So, I wanna put that into context so that people really understand what we're talking about when now I say, "Okay, but you gotta start, right?" And so, you start the process by calling your insurance agent or your insurance company as soon as possible with the National Flood Insurance Program, ask about whether there are any advanced payments that can be made before the agent, I mean, before the adjuster even comes out to the property to, you know, have those some early dollars to help with those early costs.

The insurance company will then assign an adjuster to determine how much, you know, what the flood damage is and how much their policy covers, what it covers, and that adjuster will either do that in person, which is most of the time, or during COVID, we actually started adjusting claims remotely when a policy holder agreed to have it done remotely instead of in-person. And with, again, with the technology we have today, the adjusters can get a lot of what they need by, you know, somebody doing a, you know, doing a walkaround with their phone. So, it's important that you get that process started. It's important for people to make sure it's safe to enter their home, and then when they're able to, the adjuster can be helped by, if you take photos or videos of the items that have been damaged, if you've got information on - let's say your appliances, you know what the make, model, serial number is, what type of flooring you have, that type of thing.

And so those are, you know, having that information available will help move that claim along. And, you know, so you can get the dollars to start that recovery. There's also cleanup, of course. And so, you know, removing the wet building material, that type of thing is important. So, you don't have, you know, this growth or the spread of mold you know, cause again, there is some limitations to the policy. And one of them is, if you haven't taken the necessary steps, the reasonable measures after a flood, to avoid having mold, then we'll, you know, have to have a discussion about that. But most importantly, it's not easy, it's not quick. But, you know, your policy holder's not alone, the National Flood Insurance Program, the insurance companies that work with us and the adjusters are gonna take care of our insured survivors to make sure they get on that road to recovery.

Mark Peterson - Host:

Absolutely. You know, I certainly know that you are out there following these events and you've seen a variety of different flood events. I'm just kind of curious, are you seeing changing damages, more intense areas of flooding due to climate change? Is that contributing to the change of flood risk?

David Maurstad:

I don't think there's any, it's undeniable that the climate crisis is staring us right, you know, staring us right in the face. And, you know, it hasn't happened overnight. We actually, you know, from about 1985 until 2004 was a relatively calm period relative to, you know, major flood events. Two thousand four - which is getting close to now, 20 years ago, for the past couple decades now, we've had an increasing number of major events, whether it's the four Florida hurricanes in 2004, followed up by, you know, which I worked, or the Hurricane Katrina, Rita, and Wilma in 2005 which I worked, you know, you've got Sandy, you've got the flooding that happened in Baton Rouge I think in 2016 or 17, which was the largest inland flood event. Well over a billion dollars-worth of damage for that event. Of course, Hurricane Harvey. So, Ian most recently, I'm forgetting some important ones, but because there's too many.

Mark Peterson - Host:

Oh, you could - Michael. I mean, they go on and on. Unfortunately,

David Maurstad:

That's the whole point because, they're more frequent. The last 20 years - intense, severe disasters. So, part of what we're doing in resilience is trying to make sure that communities have the resources they need to be resilient so they can bounce back quicker if they have an event. But after an event, also, to be able to build back stronger than the way they were. Fortunately, we're seeing what I think is an historic alignment of recognizing that climate change is one of our greatest challenges, whether starting with the White House to tribal, local, territorial governments, the bipartisan infrastructure law that was passed in November of 2021, represents the nation's single largest investment in climate resilience - all important, all moving things in the right direction because it's key, as we know tackling the climate crisis is going to take a whole of government approach.

And particularly, one that also, you know, emphasizes equity because, you know, the reality is disasters hit marginalized communities the hardest. Vulnerable populations tend to live in hazard prone areas. Unfortunately, their homes, many times, are built to lower standards. It takes these areas, these individuals, families the longest to recover - if they recover. And so, in addition to having more dollars for mitigation to address and help communities and individuals become more resilient, we're also laser focused on making sure that we're delivering these programs with equity in mind.

Mark Peterson - Host:

As I hear you talk about just the increase of these storms, the severity, and the way that we are thinking about responding and recovering to them, all disasters are local. And so I'm sort of thinking about the fact that the communities need to respond, the communities themselves need to recover, and the emergency managers often are sort of in the frontline. In light of those increasing flood changes and risks, what do emergency managers need to know about flooding and the flood insurance program?

David Maurstad:

Well, the first thing I would suggest is they not ignore it and not think that it's something that somebody else should be dealing with. You know, I was a mayor of a small town in rural Nebraska. You know, we had flooding events going back a number of years. Community decided, you know what, "We're gonna tackle this problem. We're gonna move and buy out the areas in the community that are most flood prone so that we can move those people to safer ground." And over a number of years, you're able to, you know, turn an area that was flood prone that had all the problems that I mentioned earlier, into, you know, parks and areas where flooding doesn't, you know, in activities that flooding, doesn't damage.

We do all that through our mitigation grant programs. And we've got again, I mentioned the bipartisan infrastructure law - $6.8 billion came to FEMA to help with flood mitigation with our building resilient infrastructure and communities grant program, all to help communities and individuals become more resilient. So, I just encourage all the emergency managers to look into this. We're trying to make our grant programs less complex. And so, you know, if you're an emergency manager in a community that said, "It's too much work to do this," take another look because there's more dollars available than ever before.

And then, you know, we're also you know, FEMA developed a national building code strategy. The Biden administration has leveraged that and has started a national initiative to advance building codes. And so, we wanna encourage emergency managers and other local officials to make sure they have up to date disaster resilient building codes, because there's no question strong building codes save lives and reduce property damage. So, we wanna look at all of these measures, whether it's mitigation, building codes, insurance, we need all of that to reduce disaster suffering.

Mark Peterson - Host:

You know, there's been a lot of changes in the National Flood Insurance Program over time, and obviously we have a really strong emphasis on instilling equity in emergency management, which you mentioned. And I wondered if you could talk about some of the changes in the NFIP Risk Rating 2.0 and how they will seek to achieve equity.

David Maurstad:

Yeah, thanks. You know, as I mentioned earlier, you know, Risk Rating 2.0 equity in action. We now have a transformational change in the program that provides for the development of a rate structure that is equitable and designed to adapt to climate change. It ensures that both rate increases and decreases are commensurate with a properties unique flood risk, and in line with the cost to rebuild that I mentioned before. So, the dramatic change that is going to, I think, help close the insurance gap because in addition to developing a new methodology, we developed a rating engine - technology allowed us to. So, the old manuals that looked like a phone book are replaced now with an insurance agent can go to their computer, answer about 10 questions thereabouts, and get a rate that they know is an accurate rate from the National Flood Insurance Program's rating engine. That so much simplifies the work of the agent that I believe we're gonna see more agents, you know, participate in the program. Those agents that, maybe in the past thought it was too complicated, too complex.

So, just like any business, you know, we improve our price, we improve our distribution - meaning more agents out there selling, and then we improve our product, which is another transformational initiative that's underway, and that we're developing a new NFIP policy form that will, for one thing have, you only have to buy one policy. I talked earlier, you had to buy two policies now, but we're moving to, like your homeowner policy. You buy one policy that covers both your dwelling and your contents, gives you more options, give more choices for the policy holder, and easier for the agents. So, I believe, the transformative things that we're doing to improve our price, our distribution, and our product are gonna help close that insurance gap. And a big part of that is policy holders are gonna pay a premium that fairly reflects the cost to ensure their specific property based on its unique flood risk.

Mark Peterson - Host:

With all that in mind, if you're talking to somebody who is on the fence about whether to buy flood insurance, setting aside, you know, an individual circumstance of maybe their mortgage company requiring it, what advice do you have for them?

David Maurstad:

Yeah, kind of where we started, Mark, the very beginning. Don't fall into the trap that you don't think a flood and flood damage is gonna happen to you and your property. Recognize and acknowledge what your flood risk is, and then take steps to first minimize the damage that could be caused by a flood, but then have that financial tool, a flood insurance policy, that will provide you with the resources you need to repair and replace your home after a flooding event, so that you can protect the life that you've built.

Mark Peterson - Host:

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