



FEMA

December 9, 2019

MEMORANDUM FOR: Regional Administrators

ATTENTION: Deputy Regional Administrators
Regional Recovery Division Directors
Regional Mitigation Division Directors
Federal Coordinating Officers
Federal Disaster Recovery Coordinators

FROM: Paul Huang
Deputy Assistant Administrator
Federal Insurance

SUBJECT: Adjustments to Group Flood Insurance Policy

With the passage of the Disaster Recovery Reform Act of 2018 (DRRA § 1201 (42 U.S.C. 5151) in October 2018, Section 1212 expanded FEMA's Individuals and Households Program (IHP) to provide separate maximum grant amounts for Other Needs Assistance (ONA) and Housing (Repair and Replacement) Assistance. The Robert T. Stafford Emergency Assistance and Disaster Relief Act (Stafford Act) § 408 (42 U.S.C. 5174(h)) was amended with these changes and were retroactive to August 1, 2017.

In April 2019, permanent changes in FEMA's financial processing system, the National Emergency Management Information System (NEMIS), were implemented to enable all new applications to automatically calculate financial Housing (Repair and Replacement) Assistance and ONA with separate and equal amounts of maximum assistance. For Fiscal Year 2019, Housing (Repair and Replacement) Assistance and ONA were each calculated at \$34,900 for a total of \$69,800. In Fiscal Year 2020, these figures were adjusted to \$35,500 each, for a total of \$71,000.

Adjustment of GFIP Coverage Amounts and Premium

FEMA regulation ties the amount of flood insurance coverage provided under a Group Flood Insurance Policy (GFIP) to the maximum grant amount established under section 408 of the Stafford Act (42 U.S.C. 5174). As a result, FEMA must increase the amount of coverage provided to survivors under a GFIP to align with the changes made by DRRA § 1212.

To align with the changes made by DRRA § 1212, FEMA increased the coverage amount

for all GFIP policies for disasters declared on or after August 1, 2017. In Fiscal Year 2020, the amount of coverage under these policies is \$71,000.

To account for the increased GFIP coverage resulting from DRRA and to reflect the NFIP's actuarial claims experience for these policies, FEMA increased the premium for GFIP policies from \$600 to \$2,400. This premium adjustment reflects increases in coverage amounts after enactment of the DRRA, an updated analysis of NFIP claims experience, and inflation. This premium also includes a statutorily required \$25 surcharge on each policy. The increased premium applies to all policies issued for an emergency or major disaster declaration issued on or after August 1, 2019. The increased GFIP premium does not apply to GFIP policies issued for disasters declared prior to August 1, 2019, though these policies will benefit from the increase covered limits resulting from the DRRA. FIMA plans to assess the GFIP premium annually and adjust it as necessary.

While GFIP policies help to protect survivors, we must continue to encourage residents to obtain and maintain flood insurance even in communities where it is not required. Flood insurance can pay even if a Presidential Disaster Declaration has not been declared. To learn more, visit floodsmart.gov.

Additional Information

Current laws prohibit federal agencies from providing most types of federal financial assistance for the repair, replacement and construction of property located in a Special Flood Hazard Area (SFHA) unless the recipients obtain and maintain flood insurance in the amount of the assistance provided. If the assistance is in the form of a grant, the requirement applies for the life of the property, even if the property is later sold. Individuals who do not obtain and maintain flood insurance after receiving flood disaster assistance may not receive assistance for flood-damaged items in future disasters.

To comply with this requirement, FEMA issues a Group Flood Insurance Policy (GFIP) for each state in which individuals receive federal assistance for the repair, replacement and construction of property in the SFHA. The term of the GFIP begins 60 days after the date of disaster declaration and lasts 36 months thereafter.

FEMA automatically purchases coverage under a state's GFIP on behalf of certain disaster survivors who receive Other Needs Assistance and must obtain flood insurance after receiving certain federal disaster assistance. There is no out of pocket expense for disaster survivors. This benefit helps reduce future flood expenses and streamlines the initial compliance with the mandatory purchase requirements described above.

FEMA purchases the policy by transferring the premiums directly from the Disaster Relief Fund to the National Flood Insurance Program. Individual coverage begins 30 days after the NFIP receives the premium and the necessary information to write the policy and expires with the state's GFIP.

As of September 30, 2019, there are 23,076 active individual GFIP certificate holders. Letters will be sent to policyholders from the NFIP Direct contractor informing them of the changes to the Group Flood Insurance Policy beginning March 2020.