




# Federal Emergency Management Agency

Washington, D.C. 20472

W-02074

October 24, 2002

MEMORANDUM: WYO Company Principal Coordinators  
NFIP Servicing Agent, Vendors

FROM: Anthony S. Lowe   
Administrator  
Federal Insurance and Mitigation Administration

SUBJECT: Assisting Group Flood Insurance Policy Certificate Holders  
To Obtain Their Own Flood Insurance Coverage

Three years have passed since Hurricane Floyd wreaked havoc along the U.S. East Coast, unleashing most of its fury in the State of North Carolina. FEMA provided limited flood insurance coverage under a Group Flood Insurance Policy (GFIP) for North Carolina recipients of disaster assistance who received a grant to meet essential needs caused by the disaster. The recipients of this form of individual assistance had insufficient repayment capability, at the time, to be eligible for a Federal disaster assistance loan. The State of North Carolina, which administered the grant program, at the time of Floyd, paid the premium for the GFIP for approximately 4,500 North Carolinians who qualified. Under the rules for the GFIP, the group policy became effective on November 15, 1999, 60 days after the Presidential disaster declaration on September 16, 1999. The GFIP is in force for 37 months and will terminate on December 15, 2002.

FEMA urges WYO companies to notify their North Carolina agents about the GFIP expiration and the reasons why group policyholders need to purchase and maintain their own flood insurance protection. The most compelling reasons to assist the GFIP certificate holders to obtain flood insurance protection are:

- This group of policyholders can least afford to absorb another uninsured flood loss.
- Many forms of Federal disaster housing assistance and emergency repairs paid to residents who live in high-risk areas are conditioned on the purchase of flood insurance. Recipients who fail to purchase and maintain flood insurance will not be eligible for such assistance in the event of another declared disaster.
- Many flooding events are not declared disasters, and Federal and State assistance is not available. This group of certificate holders would likely find it extremely difficult to cope in the event of future flood losses without flood insurance protection.

Because all areas are susceptible to flooding, although to varying degrees, it is prudent for all residents and businesses to protect their financial interests with the purchase of flood insurance. In minimal risk areas, the cost of coverage is substantially lower.

This anniversary of Hurricane Floyd presents an opportune time to educate all consumers about the need for flood insurance protection. Local agents will be familiar with the areas that were impacted by Floyd as well as those areas nearby that could be affected by another flooding event. A list of communities affected by Floyd where various types of assistance were provided is attached.

Also attached are talking points titled “WILL YOU STILL BE PROTECTED BY YEAR’S END?” for use by agents in presentations. They can also be provided to the media for live read announcements on local radio and TV stations. Agents who are willing to approach communities with this important message may use it as a handout and insert their name and telephone number.

Every GFIP policyholder should be offered at least the \$15,000 building coverage amount that represents the maximum grant. For example, \$15,000 of building coverage only for a Pre-FIRM structure, without a basement or enclosure, in Zone A, which is a high-risk area would cost \$257 a year. Building coverage only in the amount of \$100,000 for the same structure and zone would cost \$610 a year.

For structures in minimal risk areas (Zone B, C, or X) that are eligible for the Preferred Risk Policy (PRP), without a basement or enclosure, an annual premium of \$106 buys \$20,000 building coverage that includes \$5,000 contents coverage. An annual premium of \$221 buys \$100,000 building coverage that includes \$25,000 contents coverage.

We urge WYO companies to assist North Carolina agents in obtaining the information they need to help GFIP certificate holders purchase their own coverage. FEMA will supply to those agents willing to participate in this effort a list of certificate holders within the agent’s zip codes, providing the agent submits a written request indicating the GFIP certificate holders’ names and addresses in the specific zip codes will only be used for the purpose of marketing flood insurance policies under the NFIP. Such requests may be faxed to Carolyn Goss, FIMA, at 202-646-3689.

Attachments

## Areas of North Carolina Affected by Hurricane Floyd

A. These are some of the **Cities** affected by Floyd where insurance agents should target their marketing efforts:

East Arcadia  
Goldsboro  
Greenville  
Grifton  
Kinston  
Lumberton  
Oak Island  
Princeville

Roanoke Rapids  
Rocky Mount  
Tarboro  
Wilmington  
Wilson  
Zebulon

B. Here is a list of the 66 NC **Counties** that were eligible for Individual Assistance (i.e., individuals and families that suffered losses) as a result of the President's declaration of a major disaster resulting from Floyd. The insured GFIP policyholders are in these counties. But all the property owners in these counties need to buy and keep flood insurance coverage.

Alamance

Anson

Beaufort

Bertie

Bladen

Brunswick

Camden

Carteret

Caswell

Chatam

Chowan

Columbus

Craven

Cumberland

Currituck

Dare

Davidson

Duplin

Durham

Edgecombe

Forsyth

Franklin

Gates

Granville

Greene

Guilford

Halifax

Harnett

Hertford

Hoke

Hyde

Johnston

Jones

Lee

Lenoir

Martin

Montgomery

Moore

Nash

New Hanover

Northampton

Onslow

Pamlico

Pasquotank

Pender

Perquimans  
Person  
Pitt  
Randolph  
Richmond  
Robeson

Sampson  
Scotland  
Stanly  
Stokes  
Tyrrell  
Union

Vance  
Wake  
Washington  
Wayne  
Wilson

C. Riverine flooding caused by Hurricane Floyd:

Cape Fear, Neuse, Lower Little, Haw, Waccamaw,  
Lumber, Lower Roanoke, and Tar Rivers

AND

Fishing, Tranters, and Crabtree Creeks

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## **WILL YOU STILL BE PROTECTED BY YEAR'S END**

**On December 15, 2002, the flood insurance protection that the State of North Carolina bought for 4,500 North Carolinians after Hurricane Floyd will expire.**

**Those 4,500 who are now on the Group Flood Insurance Policy bought by North Carolina MUST soon buy a separate flood insurance policy on their own. This will ensure their recovery against future flood losses and make them eligible for many forms of Federal disaster assistance in the future.**

**Will you still be protected from flood loss by year's end?**

**Are you one of the 4,500 North Carolinians who will be buying your own flood insurance policy so that you'll be protected from future flood loss and also be eligible for future Federal disaster relief?**

**If so, then you'll need to contact an insurance agent in your area and get the coverage by November 15, 2002, since there is a 30-day waiting period before the coverage goes into effect.**

**That way, you'll have your own flood insurance policy in force by the time your Group Policy coverage expires!**

**Call this number \_\_\_\_\_ for more information on how to get flood insurance protection.**

**Remember you can buy \$15,000 of flood insurance coverage for about \_\_\_\_\_.**

**And if you're not one of the 4,500 property owners on the Group Flood Insurance Policy, you need to get flood insurance protection as well.**

**Not only those in high flood-risk areas need to buy flood insurance. Everybody needs flood insurance.**

**Hurricane Floyd showed us that.**

**Even if you live OUTSIDE the high-risk, special flood hazard areas, you need to buy flood coverage.**

**FEMA reports that 20-25% of all flood insurance claims happen OUTSIDE of the high-risk areas.**

**So...are you one of those who will still have flood insurance at year's end?**

**Call \_\_\_\_\_ to get more information on flood insurance.**

## Stafford Act Changes That Apply To Recipients Of Disaster Assistance

The National Flood Insurance Reform Act (NFIRA) requirement now applies to FEMA's Housing Assistance.

**Requirement Criteria.** Applicants who are determined eligible for Individuals and Households Program (IHP) assistance will have a NFIRA requirement generated when all the following criteria are true:

1. The damaged residence is located in a SFHA.
2. The declaration includes "Flood" as a cause of damage.
3. The inspector indicates "Flood" as a cause of damage to a real and/or personal property line item.
4. The real and/or personal property is (or was at the time of disaster) located at the damaged property address.
5. The applicant received financial assistance for the real and/or personal property.

**IHP Assistance Types Affected.** NFIRA requirements only relate to NFIP-insurable items within the following types of IHP assistance:

1. Repair Assistance
2. Replacement Assistance
3. Permanent Housing Construction
4. Personal Property Assistance

**Terms of the Requirement.** In order to receive IHP assistance in future disasters for NFIP-insurable items, applicants with a NFIRA requirement must:

1. Obtain flood insurance (structure, contents, or a combination of both) equal to or greater than the total assistance received for NFIP-insurable real and personal property line items.
2. Maintain the flood insurance for the following term:
  - ✓ If the applicant is a homeowner, flood insurance coverage must be maintained at the address of the flood-damaged property for as long as the address exists. The flood insurance requirement is reassigned to any subsequent owner of the flood-damaged address.
  - ✓ If the applicant is a renter, flood insurance coverage must be maintained on the contents for as long as the renter resides at the flood-damaged rental unit. The restriction is lifted once the renter moves from the rental unit.
  - ✓ When financial assistance is used to purchase a housing unit, flood insurance coverage must be maintained on the unit for as long as the unit exists and is located in a designated Special Flood Hazard Area. The flood insurance requirement is reassigned to any subsequent owner of the unit.