



NEWS RELEASE

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OKLAHOMA
BANKERS
ASSOCIATION

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Biggert-Waters Act impacts flood insurance policies

OKLAHOMA CITY — The Biggert-Waters Flood Insurance Reform Act of 2012 made significant changes to the National Flood Insurance Program (NFIP) that take effect this year. This law requires increased flood insurance premiums be phased in and existing premium subsidies be phased out.

As a result, property owners in “Special Flood Hazard Areas” may see more expensive insurance rates, in some cases significantly more, than what they are currently paying. Increases in premium rates for previously subsidized non-primary residences were implemented in January.

“Oklahoma banks recognize the impact the Biggert-Waters Act will have on households throughout our state and we are committed to helping property owners prepare for this additional financial pressure in any way we can,” said Roger Beverage, Oklahoma Bankers Association president and CEO.

The new premiums will reflect the true flood risk of homes and businesses. Premiums have the potential to increase by as much as 25 percent per year for the next four years until full risk rates are reached.

Flood insurance premiums are calculated based on Federal Emergency Management Agency (FEMA) maps and the minimum building requirements for that region. An owner whose home or business is built in compliance with those minimum building requirements, or exceeds those standards, will be at an advantage. Their premiums may still go up but will be lower than those for homes that do not meet the minimum requirements.

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“If you’re rebuilding after a flood, be sure to consult FEMA maps prior to construction,” Beverage said. “Building in compliance with base flood elevation standards could protect your financial future.”

Oklahoma community banks in partnership with the OBA offer the following five things to expect from the Biggert-Waters Flood Insurance Reform Act:

- **Automatic increases.** Policy rates for primary residences are automatically subject to increases if there has been change in ownership, a lapse in coverage, a change in flood risk according to new FEMA flood maps, or substantial damage or improvement to a building;
- **Diminishing discounts.** Existing subsidies for second homes, rental homes, businesses or repetitive loss properties are eliminated. “Grandfather” clauses will also be eliminated, meaning all rates will be based on the building’s compliance with current flood zone recommendations, not the standards when the building was first build;
- **Updated flood zone maps.** FEMA is redrawing flood zone maps across the country. That means buildings might now be in a flood zone that weren’t before, or they’re now in a higher-risk zone. These zones determine minimum building requirements and whether you meet these minimums determines what your insurance will cost;
- **Higher annual increases.** In the past, annual premium increases were limited to 10 percent; that limit is now 20 percent;
- **Programs are available to help.** FEMA offers three programs to reduce your risk and help you save money on flood insurance. To see if you qualify, visit www.fema.gov.

For more details on the Biggert-Waters Flood Insurance Reform Act, visit <http://nhma.info/nhma-biggert-article/> or call the National Flood Insurance Program Help Center at 1-800-427-4661. You can also visit www.oklabanks.com for additional information and resources.

The OBA conducts more than 70 educational programs and seminars each year, which reach more than 5,000 bankers across the state. The Association represents approximately 230 banks across the state and serves as the primary advocate for the banking industry. It’s also heavily involved in fraud training and prevention as well as legal and compliance services and communications for its member banks.