

Benefits of Participation in the National Flood Insurance Program (NFIP)

In order to better understand the benefits of participation in the National Flood Insurance Program (NFIP), it is important to consider why the NFIP was initially created in 1968. One of the most important goals of the Program is to break the continual cycle of flooding, damage, and repair. The intent of the NFIP is not to prohibit development, but to guide development in floodplain areas in a manner that is consistent with both nature's need to convey flood waters and a community's land use needs. In order to accomplish this mission, the NFIP began allowing the sale of federally backed flood insurance in communities that adopted regulations containing standards for future development in flood prone areas within the community. A common misconception about the NFIP is that it is a taxpayer supported Program. It is not, as flood insurance claims are paid from the same fund from which premiums are paid. There is a FEMA document titled [*Myths and Facts about the NFIP*](#) that addresses some of the common questions regarding flood insurance availability.

Homeowner's insurance does not cover flood damage and federally backed flood insurance is only available in communities that choose to participate in the NFIP. Federal law mandates the purchase of flood insurance for those structures in the SFHA that are being financed by a federally backed lending institution. Participation provides the availability of flood insurance, and hence, solves many of the real estate/lending issues that occur in non-participating communities. Also, as a participating community, every property owner and renter in your community would be eligible to purchase flood insurance, regardless of their location. Approximately 25% of all flood insurance claims come from areas that are outside the mapped floodplain. If the town decided to leave the Program or is suspended from the Program, these policies will not be eligible for renewal and no new policies can be written.

The only "cost" associated with participation in this Program, is the time it takes to continue to administer and enforce the local floodplain management ordinance. The basic premise of requiring permit applications and reviewing all development in the SFHA, is to insure that improvements are done in such a manner that during the next flooding event, there will be less damage sustained. By adopting regulations for building in flood hazard areas, it is expected that, over time, the floodprone structures in your community will be replaced with stronger more flood damage resistant buildings.

Another very important benefit of participation in the NFIP is that the community is eligible to apply for funds (on a competitive basis) under the 404 Post Disaster Hazard Mitigation Grant program. Also, in the event of a presidentially declared disaster, residents will have access to additional forms of disaster assistance that are not otherwise available in non-participating communities.

The fact that Maine has had mandatory Shoreland Zoning laws on the books for many years has greatly assisted in reducing the amount of non-compliant development in floodplains. In the *State of Maine Guidelines For Municipal Shoreland Zoning Ordinances*, the section on Principle and Accessory Structures requires that "the lowest floor elevation or openings of all buildings and structures including basements have their lowest floor elevated at least one foot above the elevation of the 100 year flood. If the community opts out of the NFIP or is suspended from the Program, they will still be required to enforce basically the same standard as in the Floodplain Management Ordinance.

It is very important to understand the impacts of participation vs. nonparticipation in the NFIP. For more information, please call the Maine Floodplain Management Program at the Dept. of Agriculture, Conservation & Forestry at 287-2801. The regional planning commission in your area is also available to help the town with their floodplain management needs.