



DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT  
 FEDERAL INSURANCE ADMINISTRATION  
 WASHINGTON, D. C. 20410

IN REPLY REFER TO:

December 31, 1973

FACT SHEET  
 ON  
THE FLOOD DISASTER PROTECTION ACT OF 1973

History The Act was passed by both Houses of Congress on December 20, 1973, and signed into law by the President on December 31, 1973.

Scope The Act substantially expands the National Flood Insurance Program, in order to provide better protection to the public and to reduce annual disaster assistance outlays through the increased availability of flood insurance. The Act extends the emergency program through December 31, 1975, and addresses three key areas: insurance, flood plain management, and local community consultation and appeals procedures.

Insurance Coverage. Available limits of both subsidized and unsubsidized flood insurance coverage for all types of properties have been increased as follows:

	<u>Subsidized Coverage</u>		<u>Total Coverage</u>	
	<u>Old Limit</u>	<u>New Limit</u>	<u>Old Limit</u>	<u>New Limit</u>
Single family residential	\$17,500	\$ 35,000	\$35,000	\$ 70,000
Other residential	30,000	100,000	60,000	200,000
Nonresidential	30,000	100,000	60,000	200,000
Contents, residential	5,000	10,000	10,000	20,000
Contents, nonresidential	5,000	100,000	10,000	200,000

In addition, for Alaska, Hawaii, and the Territories of Guam and the Virgin Islands, the Act increases the limit of structure coverage, in the case of one family residential properties, to \$50,000 subsidized coverage, \$100,000 total coverage and, in the case of all other residential properties, to \$150,000 subsidized coverage and \$300,000 total coverage.

The Act replaces the present \$6 billion ceiling on the amount of insurance coverage which may be outstanding with an insurance contract authority which expires June 30, 1977. It also broadens the scope of insurance coverage to include erosion losses caused by abnormal water levels and similar unforeseeable conditions, and all flood-related mudflow losses, regardless of unrelated pre-existing conditions.

The Act defers, as to the first layer of coverage on all construction, the application of actuarial premium rates until December 31, 1974, or the date of publication of the initial Flood Insurance Rate Map and elevation data for the area, whichever is later. Until such time, only the lower limits of subsidized insurance will be available.

The flood insurance program previously denied disaster relief to those who could have purchased flood insurance for a year or more, but did not do so. This provision is eliminated and replaced by a requirement that flood insurance, if available, must be purchased in connection with federally related financing of projects in identified flood-prone areas as a condition of Federal assistance.

The Act retains the 100-year flood standard for flood hazard area identification and the determination of actuarial rates for flood-prone communities. HUD is required to publish information on known flood-prone communities and to notify them within six months of enactment of their tentative identification as such. After such notification, the community must either make prompt application for participation in the flood insurance program or satisfy the Secretary that it is no longer flood prone. Communities having identified flood-prone areas are required to participate in the flood insurance program by July 1, 1975, or else they become ineligible for federally related financing for projects that would be located in such areas.

This legislation will permit more adequate preparation for those many natural disasters which are flood-related. Fully 90 percent of all property damage caused by natural disasters results from floods. This Act will help motivate communities with identified special flood hazards to look ahead, recognize their vulnerability, and participate in the National Flood Insurance Program. Pursuant to the Act, forward-looking local officials will adopt and enforce adequate and appropriate land use and control measures to reduce the probability of losses resulting from floods. Communities which refuse to participate in this prudent land use program will be subject to Federal financial sanctions.

This new law will require owners of property in flood-prone areas to purchase flood insurance if they are to benefit from financial assistance for their property from the Federal Government or from any Federally insured, regulated, or supervised lending institution.





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The Act will substantially improve post-disaster assistance programs by substituting insurance indemnification--speedy, direct, and with minimal red tape--for disaster loans which, unless provided as grants at a 100% cost to the taxpayer, must be fully repaid, thus adding to, rather than alleviating, the financial burden upon the already distressed disaster victim.

The Secretary, in carrying out his land use responsibilities under the Act, is required to establish procedures assuring adequate consultation with elected officials of local governments, including those whose eligibility under the program has been suspended. Such consultation is specifically required with respect to many areas of local concern, and the Secretary is required to encourage local officials to disseminate information widely on any study he undertakes, in order to permit submissions of relevant data by interested members of the public.

The Act establishes explicit appeals procedures for both individuals and communities who may desire to challenge the Secretary's proposed determinations relating to minimum construction elevation standards. It also sets out the scope of judicial review of such determinations.

Insurance coverage for all types of properties has been increased as follows:

	Subsidized Coverage		Total Coverage	
	Old Limit	New Limit	Old Limit	New Limit
Single family residential	\$17,500	\$35,000	\$35,000	\$70,000
Other residential	30,000	100,000	60,000	200,000
Nonresidential	30,000	100,000	60,000	200,000
Contents, residential	5,000	10,000	10,000	20,000
Contents, nonresidential	5,000	100,000	10,000	200,000

In addition, for Alaska, Hawaii, and the Territories of Guam and the Virgin Islands, the Act increases the limit of structure coverage, in the case of our family residential properties, to \$20,000 subsidized coverage, \$40,000 total coverage and, in the case of all other residential properties, to \$150,000 subsidized coverage and \$300,000 total coverage.