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In a satellite image provided by Maxar Technologies, homes along Boessel Ave., in Manville, N.J. are surrounded by floodwaters Thursday, Sept. 2, 2021, after remnants of Hurricane Ida swept through the area. (Satellite image ©2021 Maxar Technologies via AP)

Flood of change

By: David Winzelberg © September 24, 2021

With many area property owners still drying out from the remnants of Hurricane Ida, major changes to the federal flood insurance program will significantly raise many premiums and could even impact the Long Island housing market.

In the works for years, the changes to the National Flood Insurance Program, overseen by the Federal Emergency Management Agency, rewrites the criteria used to determine flood insurance policy rates, some of which will double and triple in cost beginning Oct. 1.

The revamp of the flood insurance program is aimed at correcting inequities in rates and improving the economic health of the now insolvent program, which has used at least \$40 billion in taxpayer funds over the last 15 years to keep it afloat.

Insurance agents and real estate brokers have been scrambling to comprehend the reinvented program's parameters, which created a new set of criteria called Risk Rating 2.0 to determine flood policy premiums that can vary greatly from property to property, even for different homes in the same neighborhood.

"This is the most significant change to the program since its inception in 1968," said Tom Whalen, principal of the Thomas Whalen Agency, an Allstate Insurance provider in Bellmore.

Previously, flood insurance premiums were calculated by considering a property's flood zone, its base-flood elevation and whether it's a primary residence, second home or investment property.

The new criteria now look at a property's distance to a flood source, the height of its first floor, the replacement cost of the home, and its flood claim history going back 20 years.

There are three federally designated flood zones on Long Island: Zone X, which is least likely to flood; Zone AE, which is high risk; and Zone VE, which is labeled as extreme risk. Most of the homes here are located in Zone X,



where mortgage lenders do not require homebuyers to purchase flood insurance, as is required for homebuyers in the other two zones.

The annual premiums for flood insurance policies in Zone X were averaging around \$500, but the new rates for most Zone X properties have gone up as much as 200 percent for new policies.

"We're seeing a lot of Zone X properties where the flood insurance will be as much as \$1,500 a year, three-times the previous rate," says Christina Shaw, owner of the Christina Shaw Agency in Wantagh, another Allstate Insurance provider. "You now have a segment of the homeowners in Zone X that will be priced out of flood insurance."

Premiums in the higher-risk zones can cost several thousand dollars a year.

"The biggest impact will be on the properties in Zone AE, where mortgage banks require a homebuyer to purchase flood insurance," says Shaw. "For certain properties in that zone the premiums have gone up 100 to 200 percent."



FRANK DELLACCIO: 'The increase in rates may affect the ability to purchase a home.'

But Shaw adds that there are also properties in that zone where the premiums actually decreased, because the rates vary based on the new criteria. She also said that homeowners who currently have flood insurance policies won't see a change in premiums until the spring of next year.

Both Whalen and Shaw also stressed that those with existing flood insurance policies can only have their rates increased by 18 percent annually, though those increases will likely be repeated each year until the premiums are brought up to the new rates.

Also, homebuyers can often assume existing flood insurance policies held by the current property owners to avoid paying the higher premiums the program now calls for.

But for those who never had flood insurance and homebuyers that have no existing policy to assume, the program's changes could mean higher costs than ever before.

"The increase in rates may affect the ability to purchase a home," said Frank DellAccio, owner/broker of Century 21 AA Realty with office in Lindenhurst and Seaford. "There's a possibility that as their premiums go up prospective homebuyers can't afford to pay that home price because they don't qualify for the mortgage."

DellAccio, who also serves as vice chairman of the OneKey MLS Board of Managers, says the increased premiums could shake up the housing market and impact home values.



JAMES GUERCIO: 'There were more people affected by Ida who didn't have the proper insurance coverage for their damages.'

"Flood insurance is a forever thing, it's not something you pay off," he said. "If the flood insurance rate was \$1,500 a year and it goes to \$3,000 a year, now you went from \$125 a month to \$250 a month, which is certainly going to effect the buying power of the buyer. If rates double, it's going to get dicey."

Insurance adjuster James Guercio, principal of Rubin & Rosen Adjusters, which has offices in Melville and Brooklyn, says the increasing rates will severely impact homeowners who can barely afford insurance premiums and everything else right now.

"If another flood even occurs and homeowners in some neighborhoods can't afford to renew their insurance policies, it will result in significant losses that they won't be covered for," he said.

Guercio has been working nonstop since the remnants of Ida came through the area two weeks ago, assessing homes damaged by the storm and its resulting street flooding across the entire New York metropolitan area.

"There were more people affected by this storm who didn't have the proper insurance coverage for their damages," Guercio said, who saw a lot of basement flooding with surface and groundwater entering homes through basement doors and window wells. He said flood water from the street collapsed several garage doors.

Unlike typical flooding events from storms, most of the homes that flooded from Ida weren't anywhere near the shore or other bodies of water and didn't have flood insurance. And even if those homeowners had flood policies,

they don't cover damage to possessions in basements like flooring, pool tables and other furnishings, just damage to utilities and heating and cooling systems and anything that was on the first floor and above.



President Joe Biden speaks as he tours a Queens neighborhood impacted by flooding from the remnants of Hurricane Ida. (AP Photo)

However, because Nassau and Suffolk counties were recently approved for the Major Disaster Declaration, homeowners can still seek financial assistance from FEMA to help pay for Ida damages.

The new changes to flood insurance premiums now place more importance on a home's replacement value. Previously, a \$1 million waterfront home could have had the same flood insurance premium as a much-lower-valued bungalow next door, but now the higher-valued properties will pay higher premiums.

"FEMA wants to make sure the premium equals the risk and that the program is fiscally sound," Whalen said. "About 78

percent of existing policies can expect an increase, while 22 percent will get lower premiums."

Meanwhile, the revisions to the federal flood insurance program are causing a wave of uncertainty.

"It's a mixed bag," says Whalen. "You need to consult your insurance agent to find out what the changes mean for your property."



TOM WHALEN and CHRISTINA SHAW: The Allstate agents say some flood insurance premiums are rising as much as 200 percent. (Photo by Judy Walker)

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