

DEPARTMENT OF NATURAL RESOURCES AND CONSERVATION

Water Resources Division

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Ms. Littrell:

It has come to my attention that the Federal Emergency Management Agency (FEMA) is embarking on a significant overhaul of the National Flood Insurance Program (NFIP) without proper coordination with stakeholders or any opportunity for public comment and public meetings. Changes to federal flood insurance could go into effect as soon as today. The Risk Rating 2.0 information that FEMA has shared with states show a complex, expensive, and non-equitable program. The proposed changes will have a significant impact to communities and property owners throughout our state.

The NFIP was established in 1968 as a unified floodplain program "...created by Congress to mitigate future flood losses nationwide through sound, community-enforced building and zoning ordinances and to provide access to affordable, federally backed flood insurance protection for property owners." (FEMA F-084). Risk Rating 2.0 is disengaging the insurance side of the NFIP from mapping, regulations, and mitigation.

This is extremely difficult for local communities that have been the first point of contact for residents looking for information on all aspects of the NFIP. Communities have not been provided adequate information, training, or resources on Risk Rating 2.0. In addition, the current NFIP rate structure is relatively transparent, whereas Risk Rating 2.0 is not.

Community and state partners will no longer be able to provide property owners with simple, tangible options to lower insurance premium costs and reduce flood risk. Property owners will find it hard to understand the full risk of a property due to the lack of transparency regarding hidden variables and associated costs.

FEMA has branded Risk Rating 2.0 as "Equity in Action" but fails to provide rates based off risk information that has gone through community review and adoption. The introduction of hidden advanced elements falls short of equity for property owners, especially low- and medium-income

households in rural areas. Rural areas are a critical factor that is lacking in the CDC Vulnerability Index that most federal programs are utilizing for funds and assessments. The Vulnerability Index puts a strong focus on populated areas under "crowded housing." Risk Rating 2.0 therefore does not appear to consider rural communities as vulnerable areas.

The integration of new terminology and additional non-vetted risk factors (variables) are being added to premium calculations. Premium calculations will now include non-regulatory information such as climate change, third party risk modeling, levee information, tributary classifications, pluvial risk, structures information, and surface water elevations that have not received proper due process from community partners. This information will not be released to the public, community, or state partners because it was not developed and updated by a paid private third-party vendor and is considered proprietary information, even though federal funding is being used.

Risk Rating 2.0 states that the hidden variables can change with minimum or no notification to property owners or local community partners. This will ultimately result in unpredictable increases to premiums.

Affordability for property owners is a primary concern. Long-term premium increases can impact property owners' ability to pay the premiums, but also their ability to sell the property in the future. The impacts of the increases through Risk Rating 2.0 may not be fully recognized in the first year, and premiums could double in just a few years. Multiple hidden variables will continue to drive the price of flood insurance up and render it unaffordable to most property owners.

Significant changes to the NFIP should require proper review and vetting from the public and local and state elected officials, especially the community partners. Risk Rating 2.0 information and program change roll outs did not provide adequate time to prepare community partners, state partners or property owners.

In light of these significant concerns and the potential negative impacts to the livelihoods of Montanans, I request a follow-up meeting between FEMA and leadership with the State of Montana to discuss Risk Rating 2.0. I also implore FEMA to pause the implementation of Risk Rating 2.0 to allow for public meetings and a public comment period on these substantive proposed changes. As part of a public meeting, it is incumbent upon FEMA to address the questions of affordability, equity for all property owners (including rural areas), transparency issues, due process for NFIP changes, connectivity back to the other parts of the NFIP, mitigation options for property owners, process for premium cost disputes, and notifications to property owners and policy holders on rate changes.

Respectfully,

A handwritten signature in black ink that reads "Amanda Kaster". The signature is fluid and cursive, with the first name "Amanda" written in a larger, more prominent script than the last name "Kaster".

Amanda Kaster
DNRC Director