Flood Insurance

Everyone faces the risk of natural disaster and no plan to protect property can be complete without insurance coverage against potential damage and loss. It is important to know exactly what coverage you may need and what coverage is available to protect your property against all of the natural hazards it may be exposed to so that you are not underinsured or not insured at all. Check with your insurance company or local insurance agent.

Flooding is the most prevalent and costly natural hazard in Oregon, and a component in 90% of the nation's disasters.

National Flood Insurance Program Reform

The NFIP - created in 1968 to reduce flood-related disaster costs - is deep in debt as a result of several significant storm events including hurricane Katrina and Andrew and super storm Sandy. In 2012, Congress passed the Biggert-Waters Flood Insurance Reform Act to bring the program back into fiscal solvency.

The Act calls on the Federal Emergency Management Agency (FEMA), and other agencies, to make a number of changes to the way the NFIP is run. As the law is implemented, some of these changes have already occurred, and others will be implemented in the coming months. Key provisions of the legislation will require the NFIP to raise rates to reflect true flood risk, make the program more financially stable, and change how Flood Insurance Rate Map (FIRM) updates impact policyholders. The changes will mean premium rate increases for some – but not all -- policyholders over time.

The new law eliminates some artificially low flood insurance rates which are no longer sustainable. These rates will more accurately reflect the true cost of living/doing business in high risk areas. Rate changes will have the greatest effect on properties located within a Special Flood Hazard Area (area of the community that has a 1% or greater annual chance of flooding) that were constructed before a jurisdiction adopted its first Flood Insurance Rate Map and have not been elevated. In Lake Oswego, the first flood Insurance rate maps were issued on August 4, 1987.

Not everyone will be affected immediately by the new law – only 20 percent of NFIP policies receive subsidies.

- Owners of non-primary/secondary residences in a Special Flood Hazard Area (SFHA) will see 25 percent increase annually until rates reflect true risk – began January 1, 2013.
- Owners of property which has experienced severe or repeated flooding will see 25 percent rate increase annually until rates reflect true risk – beginning October 1, 2013.

- Owners of business properties in a Special Flood Hazard Area will see 25 percent rate increase annually until rates reflect true risk -- beginning October 1, 2013.

Owners of primary residences in SFHAs will be able to keep their subsidized rates unless or until:

- The property is sold;
- The policy lapses - if you have a current policy (subsidized), do not let it lapse. Once you do, as soon as you try to buy a replacement policy, the rate increase will be implemented;
- The insured property suffers severe, repeated, flood losses where the owner refuses an offer to mitigate; or
- A new policy is purchased.

Talk to your insurance agent about how rate changes may affect your flood insurance policy.

For more specific information, contact the following specialists:

FEMA guidance about reform of NFIP program:
Christine Shirley, Oregon Dept. of Land Conservation and Development, at 503-373-0050 ext. 250

Floodplain maps, zoning and elevation certificates:
Rob Amsberry, City of Lake Oswego – Engineering Department, 503-635-0268

Flood Hazard Mitigation options:
Jay Wilson, Clackamas County Emergency Management, at 503-723-4848

Learn more about the National Flood Insurance Program.

Supporting Documents

National Flood Insurance Program Reform Factsheet

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