

Citizens Not Serfs

“What do you have to lose”?

Appeal to the Monroe County Commissioners to pass

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Resolution Requesting FEMA to Terminate the Downstairs Enclosure Pilot Inspection Program to Avoid Excessive FEMA Flood Insurance Increases

Monroe County’s unique FEMA Downstairs Enclosure Pilot Inspection Program will result in new excessive FEMA flood insurance premiums for all Monroe County home, commercial property and business owners if Monroe County Commissioners fail to pass a resolution requesting that FEMA terminate the downstairs enclosure Pilot Inspection Program. Recent articles describe how Congressional panels have been organized to raise FEMA flood insurance premiums to close a \$17Billion flood program deficit. Other committees are considering passing additional egregious FEMA flood insurance policies.

The FEMA pilot, the legality of which is questionable, establishes Monroe County as the only community named in FEMA National Flood Insurance Program (NFIP) regulations. This is shocking when you consider there are almost 21,000 communities in FEMA’s flood insurance program. This individualized recognition suggests that unincorporated Monroe County is severely non compliant and critically risky community, when in fact it is not even among Florida’s top five recipients of NFIP funds over the past 32 years. This mischaracterization will severely impede the ability of the community’s leaders to protect the citizens from exorbitant and unjustified flood insurance rate increases. This inequity effectively disarms our Congressional Delegation and will make it incredibly difficult to compete with all other Congressional



Delegations who are not plagued with being the only community named in the flood plain management section of the Code of Federal Regulations.

We are confident Congresswoman Ileana Ros Lehtinen, Senator Bill Nelson and Senator George LeMieux have in the past and will continue to do a proficient job representing the Florida Keys, however the inequities created by the FEMA pilot effectively send our Congressional Delegation into battle with one hand tied behind their backs. You can be sure all other Congressional Delegations that are not disadvantaged by the FEMA Monroe County pilot will fight to make sure their constituents' FEMA flood insurance premiums are not substantially increased.

Recent articles confirm that Congressional panels have been organized to close the \$17 billion deficit by raising FEMA flood insurance premiums. Listed below are changes being considered to reduce the FEMA deficit.

1. Phasing out subsidies (existing FEMA flood discounts) for all grandfathered structures built before 1975, which includes homes with living space below base flood elevation. This would include a substantial percentage of Key West homes and also thousands more homes and businesses throughout the Keys.
2. Increasing FEMA flood insurance premiums for all high risk areas, which would likely include all of Monroe County.
3. Requiring multi-year policies, which could force home and business owners to pay multiple years in advance to secure subsidized flood insurance. Forcing upfront payment may be problematic for low and middle income gainfully employed and retired residents and will also affect a business's cash flow.
4. Eliminating subsidies for vacation homes, second homes and commercial properties, and imposing full risk premiums on those properties suffering more than two flood losses and whose owners refused reasonable offers of funding from FEMA.
5. Imposing perpetual annual 15 to 25% flood insurance increases on all homes purchased for \$600,000 or more.
6. Adding wind coverage onto flood insurance. This is a contentious Congressional issue; including windstorm coverage could be

advantageous to Florida Keys residents. The U.S. Senate's version of the five year NFIP reauthorization would increase premiums 25% annually, rather than 15% per year and would phase out subsidized rates for non residential properties and non primary residences. However, the Senate bill does not allow for add-on wind or basement coverage.

Also noteworthy, while Key West, Key Colony Beach and Layton are exempt from the existing FEMA pilot, they also need the FEMA pilot to be terminated to assure our Congressional Delegation can fight to maintain their grandfathered flood insurance subsidies.

In order to be protected from these increases our Monroe County Commission must pass a resolution calling for FEMA to terminate the downstairs enclosure mandatory inspection pilot which was scheduled to expire on December 31st, 2007 yet was extended, perhaps illegally, thru 2011. The legality of the pilot extension is in question because the Federal Register only authorizes the program to be extended if the FEMA Regional Administrator first consulted with the community. Unfortunately, there was only a single mysterious letter from FEMA publically distributed 19 months after the original pilot termination date by a Monroe County Attorney with no official role in County Government. This letter was dated October 2008 (10 months after termination) which just happened to be weeks before the Monroe County Commission and Presidential November election. There is no public evidence the 2007-2008 County Commission ever objected and or was consulted about the extension. This ill fated decision to extend the pilot should have required a higher level of transparency and public input.

The Monroe County Commission has **NOTHING TO LOSE** in **PASSING THE RESOLUTION**. If the County Commission fails to pass a resolution requesting the termination of the FEMA pilot program, they are essentially playing Russian Roulette with millions of dollars in new FEMA flood insurance premiums which may be required to be paid by all Monroe County home, commercial property, and business owners.

Hopefully our present County Commissioners have learned from the horrible consequences of failing to fight the exorbitant and totally unjustified windstorm insurance premiums created by Tallahassee politicians in the past.

For centuries, insurance companies have calculated insurance premiums by using the standard actuarial experience method, not politics, to establish insurance premiums. Unfortunately for Monroe County, the State of Florida wholly owned Citizens Property Insurance Company **uses politicians rather than actuarial experience to establish windstorm insurance premiums.**

It has been reported that the Jacksonville and Monroe County areas have similar windstorm losses however Jacksonville area Citizens Insurance windstorm insurance premiums are substantially less, meaning Monroe County home, commercial property and business owners are effectively subsidizing Jacksonville area home, commercial property and business owners.

If, in the early 2000's, our County Commissioners had rallied Florida Keys residents and fought State politicians, rather than remaining silent about contemptible windstorm insurance premiums, the windstorm insurance crisis may have been averted. They could have saved Monroe County home, commercial and business owners tens of millions of dollars in outrageous windstorm insurance premiums. The newly elected (2008) County Commissioner Heather Carruthers and her FIRM (Fair Insurance Rates for Monroe) organization deserves the highest commendation for subsequently exposing the windstorm travesty and motivating State Legislators to establish mitigation reform, ultimately securing lower premiums for many Keys residents. Hopefully the existing County Commissioners will learn from the prior County Commission's mistake in remaining silent and will rapidly act to pass the terminate FEMA pilot resolution.

Listed below are reasons FEMA should accept a resolution to terminate the pilot if requested by the Monroe County Commission. It is reasonable to assume that FEMA will approve the resolution because no Federal Agency during these tough economic times wants to defend Federal Regulations responsible for such dramatic economic losses.

- 1. The FEMA Pilot contributed to Monroe County 9.2% population loss between 2000 and 2008 while the rest of Florida grew by 14.7%. Only one other Florida County lost population during the same period and it lost only 1.2%. It's noteworthy that Monroe County population grew between 1980 & 1989 and 1990 to 1999.**
- 2. Hurricanes were not the cause for the staggering population loss. Virtually all Florida Counties who have experienced hurricanes during the 2000 to 2008 period had a greater loss of life and homes than Monroe**

County. Therefore, if hurricanes were primarily responsible for Monroe County population loss, there would have been more than two Florida Counties who lost significant population and no other County beside Monroe did. Accordingly, aside from the Katrina ravaged communities virtually all Texas to Alabama hurricane prone counties either maintained or grew population during the 2000 to 2008 period.

3. While the Federal Government has expended hundreds of billions to save & create jobs and reenergize the economy, the FEMA Pilot has contributed to driving thousands of low and middle income gainfully employed and retired families out of the Keys. This horrific loss of jobs and income would have been recycled into the Monroe County economy.
4. While the Federal Government has expended hundreds of billions to stabilize the housing marketplace, the FEMA Pilot has contributed to thousands of Florida Keys homes being forced onto the real estate market thereby further depressing property prices. Regrettably, too many of these homes ended up on the foreclosure list.
5. At this point Monroe County has substantially remediated the Florida Keys downstairs enclosure issues and is now in substantial compliance with NFIP mandates.

What will happen if the FEMA Pilot is not terminated?

The FEMA Pilot has created a Monroe County FEMA flood insurance premium negotiating deficit because Monroe County is the only named community in FEMA flood regulations out of the almost 21,000 communities serviced by FEMA flood insurance. You can be sure all other Congressional Delegations will be able to successfully make quid pro quo agreements to assure their constituents are hurt least by the impending FEMA flood insurance changes which will result in substantially higher FEMA flood insurance premiums.

Monroe County home, commercial property and business owners could end up subsidizing many other FEMA flood insured communities throughout the States unless we act now. Monroe County home and business owners are presently subsidizing North Florida home and business owners using Citizens Property windstorm insurance because a previous Monroe County

Commission remained silent and did not fight to stop the politically determined insurance premiums. If the Monroe County Commission remains silent again and fails to pass a resolution to terminate the FEMA Pilot resolution all Florida Keys home, commercial property and business owners are likely to be forced to be pay substantially higher FEMA flood insurance premiums.

Unless Monroe County and FEMA terminate the Pilot our Congressional Delegation will be disarmed and forced to fight with one hand tied behind their backs and you can be sure every other Delegation will exploit the Monroe County weakness created by the FEMA pilot.

Please don't hesitate to contact us for additional information and or if further clarification is required.

Sincerely,

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