



# Action Plan

## Category 1 – Flood and Sewer Line Backup Insurance

### Action 1.7a – District Establishes a Program to Provide Water Damage Remediation Reimbursement and Grant Assistance to Low-Income Residents

#### Overview and Implementation Strategy:

The Department of Insurance, Securities and Banking (DISB) will establish the Water Damage Remediation - Grant Program to aid low-income eligible homeowners and renters who have suffered significant property damage associated with a water damage event in the District of Columbia.

The grant is open to “Low Income” DC eligible household. Grants will take the form of “Good Will Payment” of up to \$6,000 for documented direct costs incurred by capacity-related wet weather events or other clearly identified causes that result in flooding. Grants are available per dwelling unit for reasonable, documented losses as specified in the Grant program. The grant program is on a first-come-first served bases and until the money is no longer available.

Low Income Eligibility - \* As established by DC Housing Guidelines\* [Refer to columns 1-3]

Affordable Housing for Whom? Common Income Eligibility Limits in DC Housing Programs			
Extremely Low Income	Very Low Income	Low Income	<del>Moderate Income</del>
0 - 30% AMI	30% - 50% AMI	50% - 80% AMI	<del>80% - 120% AMI</del>
\$0 - \$35,150	\$35,150 - \$58,600	\$58,600 - \$93,750	<del>\$93,750 - \$140,650</del>
Minimum wage worker, retiree on Social Security	Office assistant, security guard	Public school teacher, auditor	<del>Financial manager, business operations specialist</del>

#### Causes of loss:

A storm, heavy rainfall or public system malfunction that cause a public storm or drain/storm sewer backup, or a public underground water service pipe to be compromised, a dam/levy or retaining system to overflow the drainage capacity that contributes to a backup into private property.

#### Conditions:

All claimants must *sign a release* in a form approved by the District, before any good-will payment is made. The release will release the District from all liability arising from the sanitary sewer backup, water main break, and/or stormwater discharge and release the District from any future claims related to the incident. The release will further provide the conditions and limitations of the good-will payment.

If any insurance is available to the claimant covering a loss, the District reserves the right to pursue recovery for any form of good-will payments made to cover expenses other than an insurance deductible. In accepting the good-will payment, claimant agrees to assist the District in its pursuit to recover any payment(s) made under Remediation Grant Program.

The District of Columbia will make *no warranty* for the work provided by any 3<sup>rd</sup> party service provider, or equipment, or materials purchased from a suggested vendor, equipment, or material list.



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Participants receiving the grant will receive information on flood insurance coverage, where to acquire, preventative water intrusion techniques and information about supplies, services and other **remediation** techniques and measures.

**\*If a subsidized NFIP program exists, participants who receive grants will receive information on how to apply for coverage and a link to request coverage.**

**Remediation Activities:** Dewatering and pump-out/dry-out efforts, removal, and disposal of damaged property, supplying sandbags, tarps and performing limited mold clean-up, disinfection and services related to the cost of emergency protection of damaged property that poses an immediate safety concern.

**Remediation Activities not covered:** No removal of carpets, drywall, appliances, or heavy equipment or furniture weighing over 50 lbs.

**Program Exclusions:** No payment for loss of personal property, bodily injury, lost time/revenue from a home operated business, ancillary expenses, reconstruction, or other improvements made to property. Also excluded is landscaping, outbuildings, carpet replacement or replacement of furniture and furnishings and damage to areas outside the home not related to habitability of the structure.

#### **Program Claim Prohibitions:**

Losses caused by the failure of water and sewer lines owned by the claimant or landlord, or other private persons; water or sewage damages caused by negligence or failure to properly maintain the claimant's utility system; water or sewage damages caused by failure of the claimant or landlord to take steps necessary to insure against further damage to the property once an incident has occurred; purposeful, malicious, or negligent acts, or acts otherwise outside of the District's authority or influence.

#### **Process:**

- Eligible claimants would have a *choice to receive a coupon or be reimbursed*. Affected Claims for reimbursement or a coupon would be downloaded from a dedicated website claimants would call 311 to report their event and then be directed to a website or given a number to call to file an application for relief.
- and submitted on a DC -Water Damage Remediation Grant Assistance Application Form. Application/claim forms would be filed with a designated agency for review of completeness and coverage eligibility. Additional verification of claims payments may be required for coupon or reimbursement requests exceeding \$1,000.
- A qualifying and affected participant who requests a coupon will receive a computer-generated coupon totaling an initial amount of \$1,000.
- A qualifying and affected participant electing to be reimbursed will not receive a generated coupon.



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#### Remediation Reimbursement and Grant Assistance to Low-Income Residents

- All participants will receive a “suggested” list of participating remediation vendors, services, materials, and supplies. Reimbursement participants can elect to use other vendors or suppliers.
- Up to 3 additional coupons can be generated once a determination is made to cover an additional verifiable loss amount.
- Property insured against backups or similar events or coverage, should receive a final determination from your insurance company for expenses to be considered eligible for reimbursement.
- Vendors and suppliers who are on the list will submit a copy of a signed and authenticated coupon to the designated agency to receive payment.
- Participants opting to receive a coupon will be processed, within a 48-hour period for the initial \$1,000 and up 96 hours for any additional coupon issuance.
- Participants will have up to 5 days to upload proof of loss and other qualifying documentation.

\*Participants, at the discretion of the program administrator, can seek reimbursement or financial assistance to fortify the dwelling against future water intrusion occurrences if repetitive occurrences have been identified.

\*It is important to work in concert with other DC agencies that may have budgeted amounts for products or installation services for any of the mitigation systems. Additionally, if costs can be borne through another program, then collaboration is recommended to reduce the amount of disbursement from the grant budget.

#### Impacted City Ward/ANC:

- Eligible families in affected 8 wards of the city
  - The program eligibility is based on income levels established by the DC Housing Authority.

#### Lead Agency:

- DISB – will work with the Office of Risk Management (ORM) to develop a list of service providers who are approved to accept and process coupons. DISB will work with other agencies or council to develop legislation or develop and refine the details of the program.

#### Supporting Agencies or third parties, Roles/Commitments:

- Department of Energy & Environment (DOEE)–Develop and refine details of the program.
- Third party remediation Companies–Provide remediation services.
- Third-party stores – Provide Material
- ORM–Possible administrators of the program.
- Council – Statutory and regulatory role
- Coordination with the 311 system.



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#### Background:

#### Impact of this Effort on Task Force Goal:

This proposal is aimed at getting immediate cash assistance or services to low-income qualifying District residents who have experienced a flooding event or flood loss due to a storm surge, flash flood or other qualifying events. This program will allow impacted residents to pay for immediate remediation services, material or receive help to cover the deductible,

- The use of a remediation grant program has several advantages:
  - Allows for immediate assistance and attention to be provided to affected residents and areas to address a flood or water intrusion damage event.
  - Eliminates or reduces exposure from contamination and improves public health and safety.
  - This program will be a line item and budgeted as a “**standing program**” triggered by a water damage event and/or a predetermined threshold of damage. A DC-funded reinsurance program could be used to back the grant program.
  - Funding mechanism suggestion could include utility assessments (ex. cable, water, gas, or electric).
  - This program was modeled after two successful programs: the Rockville, MD Flood Relief Program, and the Norwood Massachusetts Flood Damage Remediation Grant Program the Baltimore City Sewage Onsite Support (SOS) Program, Early Remediation Relief Program, Basement Backup Expedited Reimbursement Program (BBERP) and the City of Alexandria Virginia, Flood Mitigation Pilot Grant Program
  - The program has a defined cap on assistance and pre-determined budgeted amount
  - Accountability is factored into the program with a coupon and a receipt reimbursement system.
  - The program may assuage some capacity related liability claims.
  - The coupon program can be modeled after the DC Women, Infants and Children’s program (WIC)
  - A claim process system already exists under DC water

#### Historical Context:

- **How did we arrive at this situation?** In the flood task force meetings and in our internal flood task force insurance department meetings, there was ongoing discussion and an understanding that there is a clear need to provide an alternative risk mechanism for affected groups that do not have insurance, inadequate insurance coverage or insurance coverage that has been denied in addressing a flood event. It was understood that these groups are not likely to have the funds or resources to handle a flooding peril.



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Additionally, researching other remediation programs Rockville, Md, Baltimore, Massachusetts, and Virginia and meeting with local program administrators.

- **What actions have already been taken?** It is our understanding that DC Water previously implemented two **temporary** assistance plans for residents impacted by historically heavy rainfall in upper northeast DC and across the region - September 17, 2020.
- **What are options to alleviate flooding impacts?** We recognize that grants, loans, subsidies, or combination therein are not the only option to alleviate the impact of flooding events.

At our internal flood task force meeting we have been discussing and reviewing insurance and other alternative risk financing/sharing mechanisms to include captives, pooling, catastrophe bonds, a community approach, and a layered type of program approach.

## Equity

### How does this action assist vulnerable communities?

- The program provides immediate services and gets cash into the hands of low-income DC residents. This allows affected residents to address and reduce flood losses quickly, stay in their homes, maintain, and mitigate structural integrity and address safety concerns.

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#### Timeline:

Fiscal Year	Responsible Agency	Action
2022	DISB	Collaborate with Rockville Md, Virginia, Baltimore City, or Massachusetts program coordinators/managers for assistance in developing and refining the District’s program.
	D.C. Water	Back water valve (Material/Installation)
	TBD	Flood Smart Homes (Not sure who administers this program)
	TBD	River Smart (Not sure who administers this program)
	ORM	Collaborate with ORM in developing a plan of action, a formative evaluation and implementation strategy, and in defining ORM’s role or other participants’ roles.
	HSEMA	Collaborate with HSEMA on operation, outreach and possible funding opportunities
2023	DISB	Develop legislation. Develop outline for requirement(s) and cost(s) of a feasibility study
	Others TBD	
	Others TBD	Continue collaboration, development, and guideline(s) for implementation of the program. Establish feasibility study and identify suggested funding sources
2024	DISB	Establish, Implement, promote, and roll out program.
	Others TBD	
2025	DISB	Conduct a process implementation evaluation of the program.
	Others TBD	
2027	DISB	Conduct an outcome effectiveness evaluation and impact evaluation and submit report.
	Others TBD	

#### Budget:

**Total Estimated Cost:** \$50K initial for feasibility study

#### Cost Breakdown by Phase/Action:

- \$50K for formative evaluation (Initial)
- \$TBD The process implementation, outcome effectiveness and impact evaluation report costs will be determined later. (Ongoing)

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- Initial proposed budget funding amount will \$416,000 based on 104 claims approved for payment.

**Long Term Budget Requirements:** Require continued investment of \$TBD per year. Justification and Supporting Calculations Appear in the Appendix.

Fiscal Year	Responsible Agency	Funding Source	Amount to be Requested	Description
2022	DISB	Budget	0	Concept, Legislative Proposal Development
2023	DISB	Budget	\$50K	Formative Evaluation
	DISB	Budget	416K	To cover 104 affected units
2024	DISB	Budget	\$10K	Implementation/Outreach
2024	DISB	Budget		
2025	DISB	Budget	\$15K	Process implementation evaluation
2027	DISB	Budget	\$30K	Outcome effectiveness evaluation and Impact evaluation – Report submitted



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#### Public Outreach and Input:

**Public outreach & engagement approach/actions:** - List outreach undertaken in support of this Action Plan Category. Public Feedback in attachment.

- Action plan will be discussed in the flood task force and interested stakeholders will be allowed input to refine the proposal. Additional collaboration will be made with District agencies and representatives from other jurisdictions who are not represented on the flood task force but will contribute valuable input in the development of the proposal, community outreach materials, efforts, and eventual implementation strategies and rollout.
- The program would be funded entirely by District government resources to include property or utility assessments. In addition, outside acquired grants will be heavily considered and applied for with the goal of benefiting low-income District homeowners and renters.

#### What were the Public Comments of relevance to this Action?

- TBD