

COASTAL ISSUES PANEL DISCUSSION

Economic Value of the Coast: Chris Dumas

Lack of recognition from other areas of the state on the economic value and contribution of coastal communities through tourism, commercial & recreational fishing, forestry, agriculture and state ports. Healthy beaches along with navigable inlets and waterways in addition to adequate funding for our roads are essential to the economy of the coast and for this continued contribution to the state.

Reduced Funding for Coastal Projects: Harry Simmons

The continued reduction in federal and state funds available for beach nourishment and inlet/waterway navigation projects negatively impacts the economies of coastal communities and their economic contribution to the state. Sustainable state funding for these types of projects and more flexible use of local funding sources is needed to ensure the economic well-being of the coastal area.

Dredging Policies: Ken Willson/Layton Bedsole

More efficient policies on the part of federal agencies are needed to maximize the return on funds invested in dredging projects. The policies include expansion of the seasons allowed for dredging which would reduce mobilization and other costs associated with these projects and provide a safer work environment due to less stormy weather. The state should seek earlier funding for projects conducted by the US Army Corps of Engineers. The state should also press federal agencies to recognize the impact of successful local sea turtle protection programs and allow expanded dredging seasons.

COASTAL ISSUES PANEL DISCUSSION

Flood & Wind Insurance: Willo Kelly

The state should continue to engage agencies responsible for implementation of flood and wind insurance programs which are having a devastating impact on the coastal real estate market and the economies of coastal communities.

Increasing Federal Regulation: Todd Roessler

Increasing federal regulations impacting beach nourishment projects, including recent actions related to critical habitat designations add to the increasing costs associated with these projects. Coastal communities need the state to engage federal agencies and support their local concerns.

Concerns with Offshore Drilling: Frank Gorham

Concern about offshore drilling. Need State commitment that coastal communities will receive fair share of royalty revenue for their coastal needs to offset possible environmental risks.

COASTAL ISSUES PANEL DISCUSSION ATTENDEES

Andy Sayre - Mayor Village of Bald Head Island

Tom Wolfe - New Hanover County Commissioner

Debbie Smith - Mayor Ocean Isle Beach, CRAC Chair

Daisy Ivey Town - Administrator Ocean Isle Beach

Tim Owens - Town Manager Wrightsville Beach

Layton Bedsole - New Hanover County Shore Protection
Coordinator

Stuart Turille - Town Manager North Topsail Beach

Bill Blair - Mayor Wrightsville Beach

Darryl Mills - Mayor Pro Tern Wrightsville Beach

Jimmy Hoggard - Mayor Windsor

Ron Wesson - Bertie County Commissioner

Tim Phelps - Phelps & White Construction

Ken Willson - CB&I

Susan Parker - Town Administrator Sunset Beach

Bill Rich - Hyde County

Emilie Swearingen – Comm. Town of Kure Beach

Tim Holloman - Town Manager Topsail Beach

Howard Braxton - Mayor Topsail Beach

Linda Stipe - Topsail Beach Board of Commissioners

Tom Eggleston - Topsail Beach Board of Comm.

Julian Bone - Topsail Beach Board of Commissioners

Larry Combs, Jr. - Topsail Beach Board of Comm.

Morton Blanchard - Topsail Beach Board of Comm.

Steve Smith - Topsail Beach BIS Committee

Jack Cozart - Topsail Beach BIS Committee

Jeff Winecoff - Town Council Oak Island

Beth Dawson - New Hanover Co. Board of Comm.

Jeff Hilton - Vice Pres.t of Southern Homebuilders

Michael Lee - NC Senate

Marty Cook - Brunswick County Board of Comm.

Chris Millis - NC House of Representatives

Woody White - Chr. New Hanover Co. Board of Comm.

Warren Judge - Chair Dare County Board of Comm.

Ken Jones - Mayor Pine Knoll Shores

Bob Danehy - Pine Knoll Shores Board of Commissioners

Clark Edwards - Pine Knoll Shores Board of Comm.

Brian Kramer - Town Manager Pine Knoll Shores

Jerry (and Marianne) Frank - Carteret County Comm.

Robin Comer - Carteret County Commissioner

Jimmy Farrington - Carteret County Commissioner

Russell Overman - Carteret County Manager

Buddy Guthrie - Mayor Cedar Point

Eddie Barber - Mayor Emerald Isle

Jim Normile - Commissioner Emerald Isle

Frank Rush - Town Manager Emerald Isle

Jody Wainio – Pres. Wilm. Regional Assn. of REALTORS

Don Harris - VP Wilm. Regional Assn of REALTORS

Sharon Laney - RPAC Co-Chr Wilm. Reg. Assn of REALTORS

Shane Johnson - Govt Affairs Dir. Wilm. Reg. Assn of REALTORS

Evan McMillan - Community Affairs Dir. Wilm. Reg. Assn of REALTORS

Jim Hoggard - Mayor Windsor

COASTAL ISSUES PANEL DISCUSSION ATTENDEES

Chris Coudriet - County Mgr - New Hanover County
Tim Burgess - Asst. County Mgr. New Hanover County
Trace Cooper - Mayor Atlantic Beach
Sherri Pickard - MLS Pres. Wilm. Reg. Assn of REALTORS
David Kellum - Figure Eight HOA
Lydia Walters - NCBIWA
Jonathan Barfield, Jr. - Comm. New Hanover County
Dennis Barbour – Chair. New Hanover Co. Port, Waterway and Beach Comm.
Rick Holbrook - Fort Caswell
Kevin Landers, Sr. - Colonel USACE
Christine Brayman - USACE
Jeff Dixon Chairman - Pasquotank County BOC
Dan O'Neill - Commissioner Caswell Beach
Bill Morrison - CRAC
Jamie Cooper - Association Director - Jacksonville
Board of REALTORS
Barbara Canavan – Pres. Jacksonville Board of REALTORS
Derrick Hickey, MD
Susan Lacy - Wilmington Reg. Assn of REALTORS
Richard Johnson
David Hewett - Town Manager Holden Beach
J. Alan Holden - Mayor Holden Beach
Gina Martin - Commissioner Holden Beach
Cliff Ogburn - Town Manager Nags Head
David Michael - Clancey and Theys Construction
Lee Wynns - Commercial Fishing Industry
Steve Chandler – Exec. VP Brunswick Co. Assn of REALTORS
Terry Brag – Exec. Director Battleship North Carolina
Dan Tuman - Topsail Beach
David Rouzer - Candidate for US Congress in NC-07
Jeff Dixon - City Beverage Company, Nags Head
Dan Dawson - EMC
Lee Hinnant - State Port Pilot
L.-Dawn York - Dial Cordy and Associates, Inc.
Paul Butler
Sue Coupland
Mariah Hamerick - Lumina News
George Cleveland - NC House of Representatives
Ed Evans Ahioskier
Peter Rascoe - Southern Shores Manager
Todd Miller - Coastal Federation

COASTAL ISSUES PANEL DISCUSSION

Chris Dumas

A native of Wilmington, N.C., Dr. Chris Dumas has been a member of the Department of Economics and Finance at UNC Wilmington since 1997. Dr. Dumas received B.S. degrees in Economics and Natural Resource Management from NCSU in 1990, and M.S. and Ph.D. degrees in Natural Resource Economics from the University of California, Berkeley, in 1991 and 1997. Dr. Dumas teaches microeconomics, environmental economics, economic impact assessment, and econometrics/statistics. Dr. Dumas' research focuses on coastal resource management, including the economics of fisheries, water quality, beach tourism, inlet and waterway use, hurricane impacts, and aquaculture. Dr. Dumas has completed marine- and coast-related grant research for the U.S. Army Corps of Engineers, North Carolina Sea Grant, North Carolina Division of Coastal Management, North Carolina Department of Environment and Natural Resources, North Carolina Biotechnology Center, Pew Charitable Trusts, Oceana, Inc., and the National Commission on Energy Policy.

COASTAL ISSUES PANEL DISCUSSION

Harry Simmons

A North Carolina native and lifelong resident, Harry Simmons is in his 15th year as Mayor of the Town of Caswell Beach. Mr. Simmons is in his 12th year as executive director of North Carolina Beach, Inlet & Waterway Association (NCBIWA), a statewide non-profit organization which works to educate federal and state policy makers and facilitate environmentally sound scientific and engineering solutions to coastal problems. In August 2013 Mayor Simmons was appointed by the North Carolina Senate as a member of the North Carolina Coastal Resources Commission (CRC). Mayor Simmons is in his 11th year as President of the 88 year old American Shore & Beach Preservation Association (ASBPA). Mayor Simmons is a regular visitor to the halls of Congress where he testifies on national coastal issues. In 2009 Mayor Simmons was appointed by the US Secretary of Commerce to serve on the National Sea Grant Advisory Board, a Federal Advisory Committee which oversees 32 Sea Grant programs in coastal states nationwide.

COASTAL ISSUES PANEL DISCUSSION

Ken Willson

Mr. Willson is a client program manager for CB&I (formerly CPE) based out of Wilmington, NC. He has assisted coastal clients in Virginia, North Carolina, Florida, and Louisiana for over 10 years. Mr. Willson earned a BS and MS in Geology from the University of North Carolina at Wilmington, and a Coastal Engineering Certification from Old Dominion University. Mr. Willson is the CBI Client Manager for the Towns of Duck, Kitty Hawk, Kill Devil Hills and North Topsail Beach. Mr. Willson has been leading the efforts of the ad hoc group working on evaluating dredge windows in North Carolina.

Layton Bedsole

Layton is a Registered Environmental Manager and has spent his career on the NC coast. Layton's first 5 years were at NCDENR's Wilmington Regional Office, he spent 23 years with the NC State Ports Authority leaving in 2007 as the Director of Environmental Affairs, worked 5 years as a Sr. Project Manager in environmental consulting and is currently NHC's Shore Protection Coordinator.

COASTAL ISSUES PANEL DISCUSSION

Willo Kelly

Willo Kelly has been employed for almost nine years as the Government Affairs Liaison of the Outer Banks Association of REALTORS® and the Outer Banks Home Builders Association, representing the Association's 1,500+ members on private property rights, affordable housing and quality of life issues. She has served as President of NC-20 for the past six years, a coalition that represents North Carolina's twenty coastal counties. Since 2008, NC 20 has led the way in advocating for fair, affordable and accessible property, wind and flood insurance in NC.

Todd Roessler

Todd Roessler is an attorney at Kilpatrick Townsend in Raleigh. He has extensive experience in coastal law and issues, including dredged material management practices, beneficial use projects, beach renourishment, beach erosion, permitting, endangered species, access issues, riparian rights, environmental studies and offshore leasing. Prior to law school, he earned an M.S. degree in marine sciences and published several articles related to the effects of dredging tidal inlets and associated disposal of sediment on nearshore processes.

Economic Impacts of N.C. Beaches, Inlets and AIWW Navigability

Dr. Chris Dumas
Dept. Economics & Finance
UNC–Wilmington

October 22, 2014

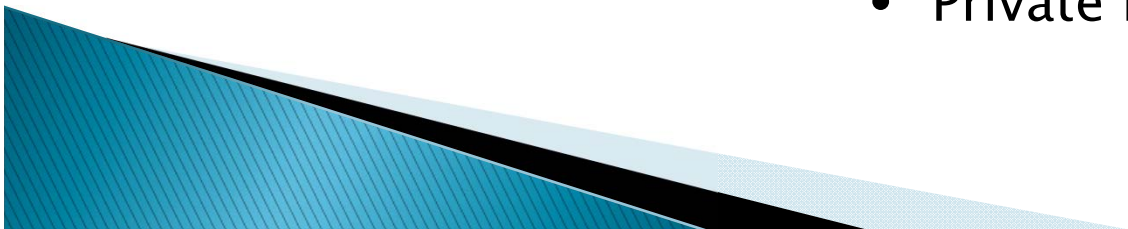


Beaches, Inlets and the AIWW are Infrastructure

- Similar to bridges and highways
- Allow public to access resources
- AIWW is, in fact, interstate infrastructure

- Inlets and AIWW are used by non-locals and out-of-state folks,

- It costs money to maintain coastal infrastructure
- However, the benefits are very large, larger than the costs
- This presentation focuses on recent studies of benefits from:
 - Beach Recreation
 - Commercial Fishing
 - Charter and Headboat Fishing
 - Private Fishing



Beach Recreation, 2005–2006

(Source: NC BIMP study)

	2005–2006	2005–2006
County	Direct Expenditures	Jobs supported
Brunswick	\$187,443,025	4,721
New Hanover	\$156,379,513	4,379
Pender	\$37,656,811	973
Onslow	\$37,873,072	978
Carteret	\$219,843,910	6,148
Hyde	\$21,815,391	523
Dare	\$596,401,453	14,368
Currituck	\$165,092,704	3,767
Statewide	\$1,422,505,879	35,857

Out-of-State beach users?

Example: 2003 Wrightsville Beach Study, 25% out-of-state



The Commercial Fishery

Examples of Direct Seafood Processing and Packing Output/Sales/Yr Supported by NC Seafood Landings (NCDMF data, 2007).

- Carolina Beach Inlet (New Hanover): \$4.6 million, 425 jobs
(not incl Masonboro Inlet / Wilmington)
- Oregon Inlet (Dare): \$82.7 million, 1325 jobs



Charter and Headboat Fishery

- Dumas, Whitehead, Landry and Herstine (2009) NC Sea Grant Study
- 150 captain surveys, over 1300 passenger surveys
- RESULTS FOR TOTAL NC COAST (direct spending, no multiplier effects):
 - 70,000 vessel trips/year,
 - serving 431,000 passengers/yr
 - Passenger spending on fees to boats: \$65M
 - Passenger spending on food, lodging, etc. in coastal area: \$155M
 - Direct captain and crew jobs supported: 1445
- Additional (multiplier effect) jobs supported NC coast-wide: 4900



Charter and Headboat Fishery

Direct Spending by Passengers on Fishing Fees, Lodging, Restaurants, etc., by Coastal Area (not including multiplier effects):

- Carolina Beach Inlet (New Hanover): \$11.6 million
(not incl Masonboro Inlet / Wilmington)
- Bogue Inlet (Carteret/Onslow): \$4.7 million
(not incl Beaufort Inlet / Morehead)
- Oregon Inlet (Dare): \$71.8 million

- About 50% of passengers say that for-hire fishing was primary reason for visit
- About 50% of passengers are from out of state
- About 90% of charter and 60% of headboat visitors spend 1+ nights in coastal area



Private Boat Recreation

- Herstine, Dumas and Whitehead study, 2007
- Funded by NC Sea Grant, NCDENR and NCBIWA
- 1,600 private boaters on AIWW
- 204,000 private boats 16+ ft registered in NC near AIWW
- 134,000 private boat trips/yr (16+ft)
- About 14% non-NC residents



Private Boat Recreation

Annual Direct Expenditures
by Private Boaters
(NC AIWW and Inlets)
(16+ boats only)
(not including multiplier effects)



Region	NC Residents	Non-Residents	Total
Northern Region	\$7,013,000	\$8,579,000	\$15,592,000
Central Region	\$29,623,000	\$2,438,000	\$32,061,000
Southern Region	\$10,923,000	\$1,962,000	\$12,885,000
NC Total	\$47,559,000	\$12,979,000	\$60,538,000

- NC coast-wide:
4000 jobs supported

Example: Value of AIWW Navigability



Impacts of reduced navigability:

- 45% reduction in trips by NC residents
- 30% reduction in trips by non-resident transients
- \$103M reduction in sales statewide, 1,600 lost jobs

Willing to pay for boat sticker to fund waterway maintenance?

- 74% Yes residents, ave amount: \$90/year (\$18M/year)
- 69% yes non-residents, ave amount: \$99/year (\$1.5M/year)

More Information

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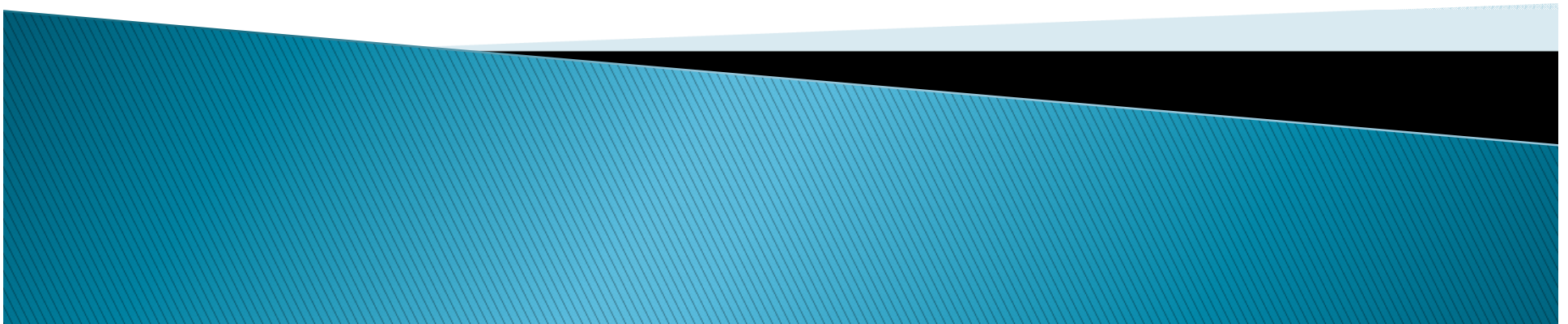
Coastal

Beach Project Funding

Harry Simmons

Mayor, Caswell Beach

Member, Coastal Resources Commission



January 1997



April 2002



Caswell Beach

North Topsail Beach



The lessons of Superstorm Sandy show us which of the following can limit storm damages:

- A. Wide beach
- B. High dunes
- C. Elevated homes
- D. All of the above

The answer is D. Superstorm Sandy proved again and again that, along the coast, wide beaches, high dunes and elevated homes were the combination that resulted in the **least storm damage** and **least overall community misery**. Wide beaches and high dunes provided storm protection, while elevated homes limited (or even eliminated) the impacts of flooding.



Federal Funding for Coastal Storm Damage Reduction

FY 2014 Appropriated Funding:
\$120 million

NOT counting Sandy Recovery Funding

FY 2015 Administration's Proposed Funding:
ONLY \$20 million

FY 2015 Possible* Eventual Funding:
\$75 million

* Assuming Congress passes an appropriations bill at all, CR thru December



The Federal Problems:

The Recent “No Earmarks” Rule &

OMB, Office of Management & Budget

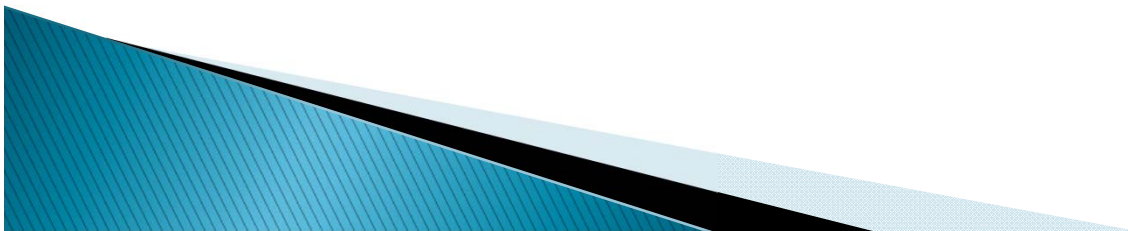
While support for Beach Restoration remains good in Congress,
hence last year's \$120 million,
the career employees at OMB, not elected by anyone,
have a cultural bias against
beach projects that is not supported by the data

By way of comparison, fighting forest fires in America is
Federally budgeted at almost \$2 billion each year



So What Are We To Do??

- A DC report states that “Coastal Governors should collaboratively advocate for increased Federal shoreline protection funding”
- North Carolina must prepare for less federal funding by identifying one or more sustainable state funding sources, much like we did for shallow draft inlets and the AIWW



The lessons learned from Sandy tell us that building wider and higher beaches with dunes can help protect North Carolina's coastal infrastructure, homes and businesses from storms

If Federal funding is to be less,
we must pick up that slack with State funding

All of us in this room must become
engaged in finding the solutions

Solutions Will Involve Finding “New Money”



Possible Sources Of This New Money

Sales Tax Increase

Food and Beverage Tax

Offshore Energy Revenues

**It Will Cost More to Regain Ground If We Wait Too Late to Start
These Efforts – “An Ounce of Prevention.....”**



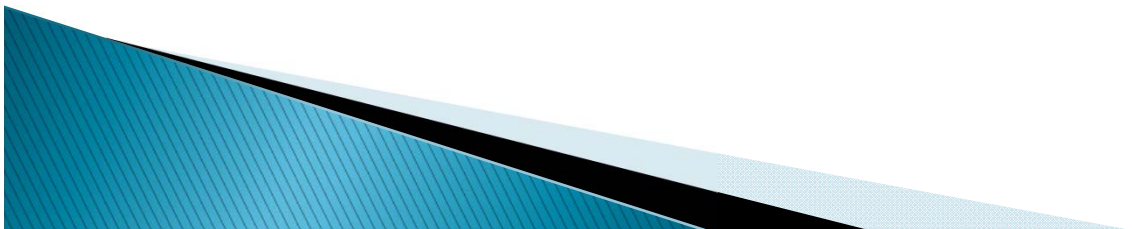
Much that I've mentioned today
can be found in an existing document
ALREADY PAID FOR BY STATE FUNDS!



Google "North Carolina Beach and Inlet Management Plan"



Thanks





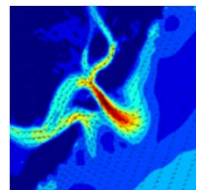
An Evaluation of Environmental Dredge Windows in North Carolina

Ken Willson
CB&I

North Carolina Coastal Resources Commission
October 22, 2014

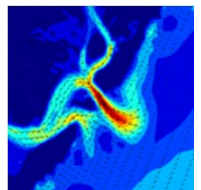


- Increase in Local Communities Involved in Beach Nourishment
- Budget Challenges
- Dredge Industry Feedback
- Recent Success With Nags Head Project and other USACE Civil Works Projects
- Improvements in Technology
- Lessons Learned from Superstorm Sandy (Beach Nourishment Works!)



General Environmental Consequences of Implementing Coastal Shoreline Management Activities Outside the Environmental Window

- 1.0 INTRODUCTION
- 2.0 SUMMARY OF EXISTING ENVIRONMENTAL WINDOWS
- 3.0 ECONOMIC ANALYSIS SUMMARY
- 4.0 SUMMARY OF AUTHORIZED BEACH NOURISHMENT PROJECTS IN NC
- 5.0 ASSESSMENT OF POTENTIAL IMPACTS AND MITIGATIVE PROTOCOL
- 6.0 CONCLUSION
- 7.0 LITERATURE CITED



NC Property Insurance Homeowners, Wind and Flood Challenges and Solutions

Willo Kelly
Past-President, NC 20
Government Affairs
Outer Banks Home Builders Association
Outer Banks Association of Realtors

Property Insurance Challenges

- Affordability/Rising Cost
- Access to Markets
- Rate Making Process
- Policyholder vs. Insurance Industry
- The Informed Policyholder
- Myths and Misconceptions
 - Apples and Oranges Comparisons

Property Insurance Affordability/Cost

The cost of property insurance (HO, Wind, Flood, Surplus) plays a vital role in housing affordability, investment in our communities and our overall economic health.

It impacts one's ability to obtain or MAINTAIN a mortgage.

NC Property Insurance Homeowners and Wind – How Cost is Determined

Insurance rates are based on:

- Risk
 - Loss Experience – hard data by hazard
 - Location
 - Hazard/Catastrophe Data – Modeling ????
 - Exposure ????
- “Reasonable” Profit ??????
- Cost of Reinsurance – Catastrophic Risk





North Carolina 2014 Homeowners Filed Rate Revision by Territory

Per \$75,000 Amount of Insurance
Protection Class 1 -5

Territory	Territory Definition	CURRENT RATE	% FILED	RATE FILED	\$ DIFFERENCE
7	Currituck, Dare & Hyde	\$1,613	35.0	\$2,178	\$565
8	Brunswick, Carteret, New Hanover, Onslow & Pender	\$1,823	35.0	\$2,461	\$638
48	Currituck, Dare, Hyde & Pamlico	\$1,021	9.8	\$1,121	\$100
49	Beaufort, Camden, Chowan, Craven, Jones, Pasquotank, Perquimans, Tyrrell & Washington	\$871	7.8	\$939	\$68
52A	Brunswick, Carteret, New Hanover, Onslow & Pender	\$1,140	35.0	\$1,539	\$399
52B	Brunswick, Carteret, New Hanover, Onslow & Pender	\$1,140	-2.7	\$1,109	\$-31

1993 – 2014 Rate Comparison

Rates for \$75,000 of HO Coverage:

	1993	2014 (filed)
Charlotte	\$ 351	436
Gaston, Mecklenburg, Union	350	436
Ashe, Buncombe, Burke	312	431
Alamance, Guilford, Davidson	350	477
Currituck, Dare, Hyde (OBX)	578	2,178
Currituck, Dare, Hyde mainland	417	1,121





**North Carolina Rate Bureau 2014 Homeowners Insurance
Rate Filing
Impact on NCIUA (Beach Plan Policies)
Full Homeowners and HO Wind Only Policies**

Territory	Territory Definition	Full Peril (Wind Included) Homeowners Policy Filed Rate	Full Peril Rate with 1.15 NCIUA Surcharge Factor	HO Fire/Liability Portion of Filed Rate	Wind Only Filed Rate	Wind Rate with 1.05 NCIUA Surcharge Factor
7	Currituck, Dare & Hyde	\$2,178	\$2,504.70	\$293	\$1,885	\$1,979.25
8	Brunswick, Carteret, New Hanover, Onslow & Pender	\$2,461	\$2,830.15	\$287	\$2,174	\$2,282.70
48	Currituck, Dare, Hyde & Pamlico	\$1,121	\$1,289.15	\$120	\$1,001	\$1,051.05
49	Beaufort, Camden, Chowan, Craven, Jones, Pasquotank, Perquimans, Tyrrell & Washington	\$939	\$1,079.85	\$280	\$659	\$691.95
52A	Brunswick, Carteret, New Hanover, Onslow & Pender	\$1,539	\$1,769.85	\$267	\$1,272	\$1,335.60
52B	Brunswick, Carteret, New Hanover, Onslow & Pender	\$1,109	\$1,275.35	\$293	\$816	\$856.80

Rates are based on \$75,000 dwelling value coverage, HO-3 policy, frame construction.

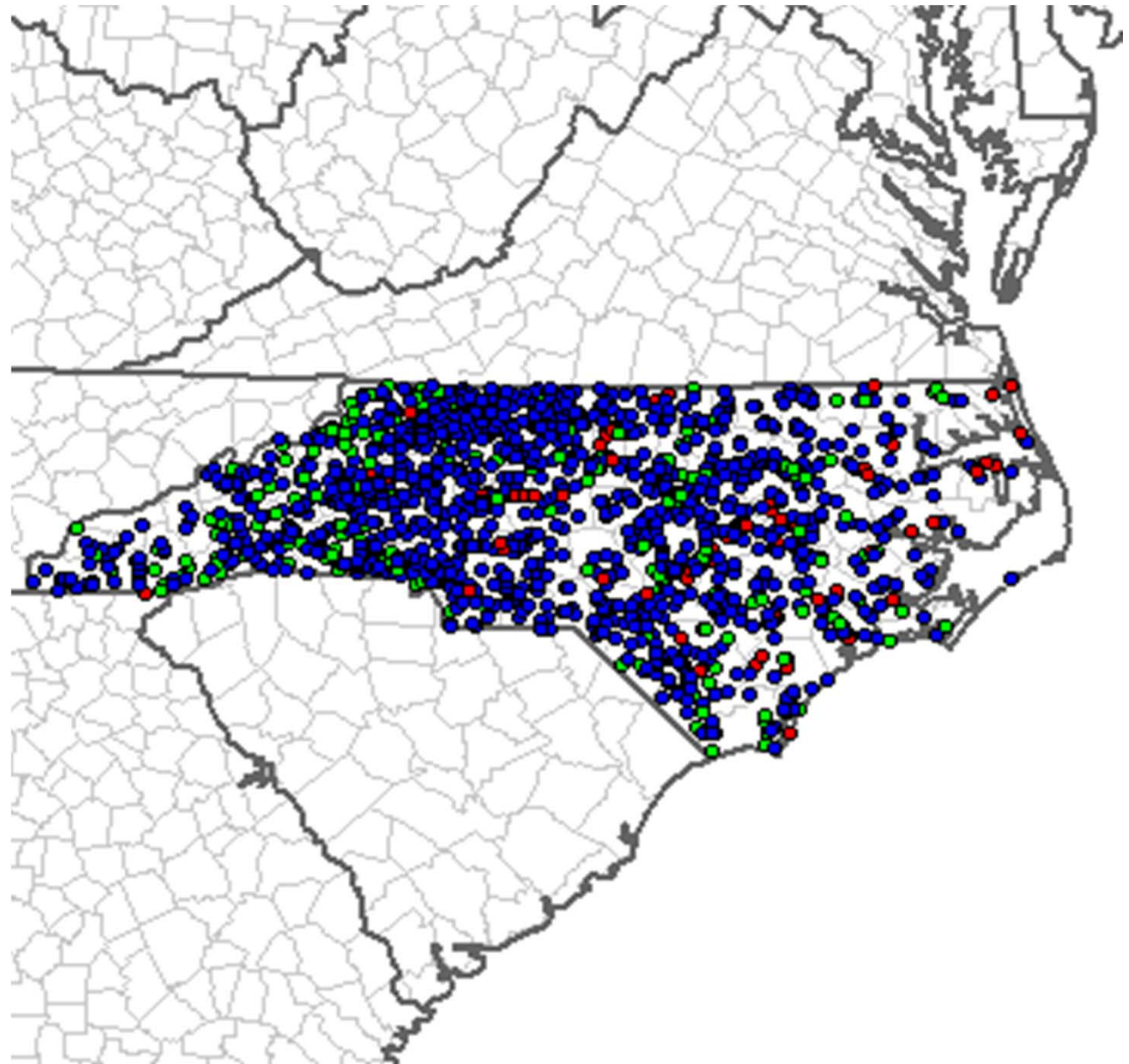
**2011 NOAA
Severe Weather Report
KEY**

Total Reports = 1687

RED—Tornadoes = 113

GREEN—Hail Reports = 347

BLUE—Wind Reports = 1226



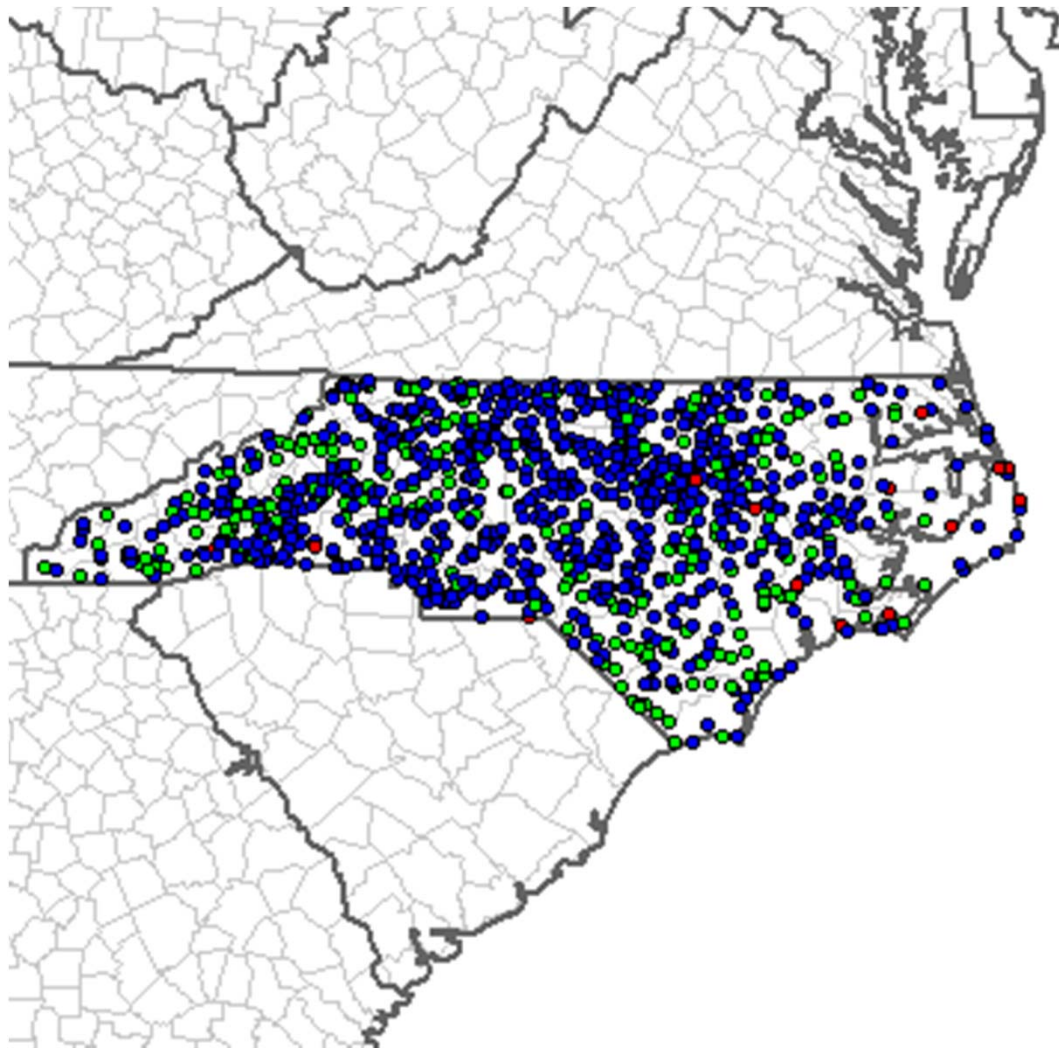
**2012 NOAA
Severe Weather Report
KEY**

Total Reports = 1149

RED—Tornadoes = 17

GREEN—Hail Reports = 319

BLUE—Wind Reports = 813



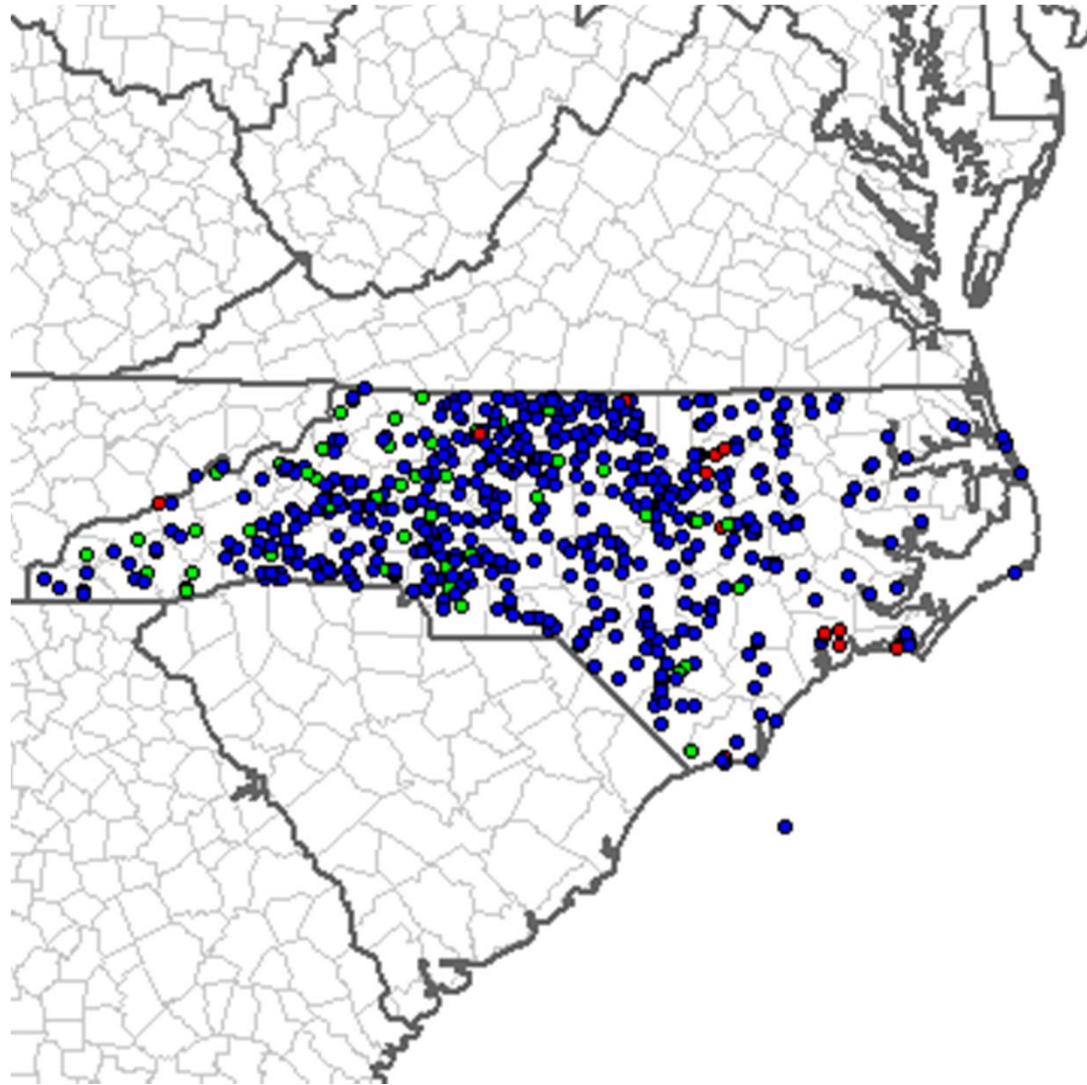
**2013 NOAA
Severe Weather Report
KEY**

Total Reports = 629

RED—Tornadoes = 12

GREEN—Hail Reports = 79

BLUE—Wind Reports = 538



Coastal Property Insurance Pool 2013 Calendar Year – Financials

Exposure – \$90 Billion

Earned Premium – \$364.4 Million

Reinsurance Costs – \$182.5

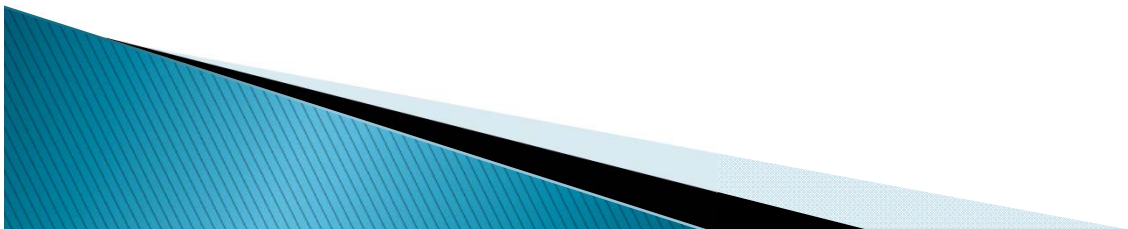
Losses – \$14.8 Million

Loss Adjustment Expense – \$7.1 Million

Commissions - \$50.3 Million

Investment income - \$14 Million

Surplus - \$841 Million



Coastal Property Insurance Pool 2013 Calendar Year – Policyholder Info

18 Eastern NC Counties:

Residential Policyholders – 225,308

Commercial Policyholders – 10,456

Beach Area:

Dwelling Policyholders – 32,631 or 14%

Homeowners & Wind Only – 28,485 or 13%

Coastal (inland) Area:

Dwelling Policyholders – 27,198 or 12%

Homeowners & Wind Only – 61%



Making NC Property Insurance Affordable

- Use NC Building Design Model (ARA) instead of Underwriting Model (AIR) to determine catastrophic wind risk. We build to one standard and pay insurance to another. ARA model is peer reviewed and open to the public. AIR model data is proprietary.
- Transparency of Data – Pass a Clarity Law which would require all insurance carriers to report on an annual basis the exposure, paid losses and premiums earned per NC territory. Losses should be reported by hazard and by policy type. Exposure should be reported by lines and type.



Making NC Property Insurance Affordable (2)

- Pass legislation allowing the Insurance Commissioner to lower rates if testimony and evidence warrant such after a hearing is held on a rate filing.
- Allow TAX-FREE Bonding – Reduce the reliance on reinsurance in the NCIUA and grow the surplus. The greater the surplus, the healthier and viable the Beach Plan and the less the risk of needing to utilize tax-free bonding or recoupable assessments. Paying on a “what if” a major coastal catastrophe happens, rather than “when” it happens, has caused over \$1 Billion to be spent on reinsurance - of which has never been utilized.



Making NC Property Insurance Affordable (3)

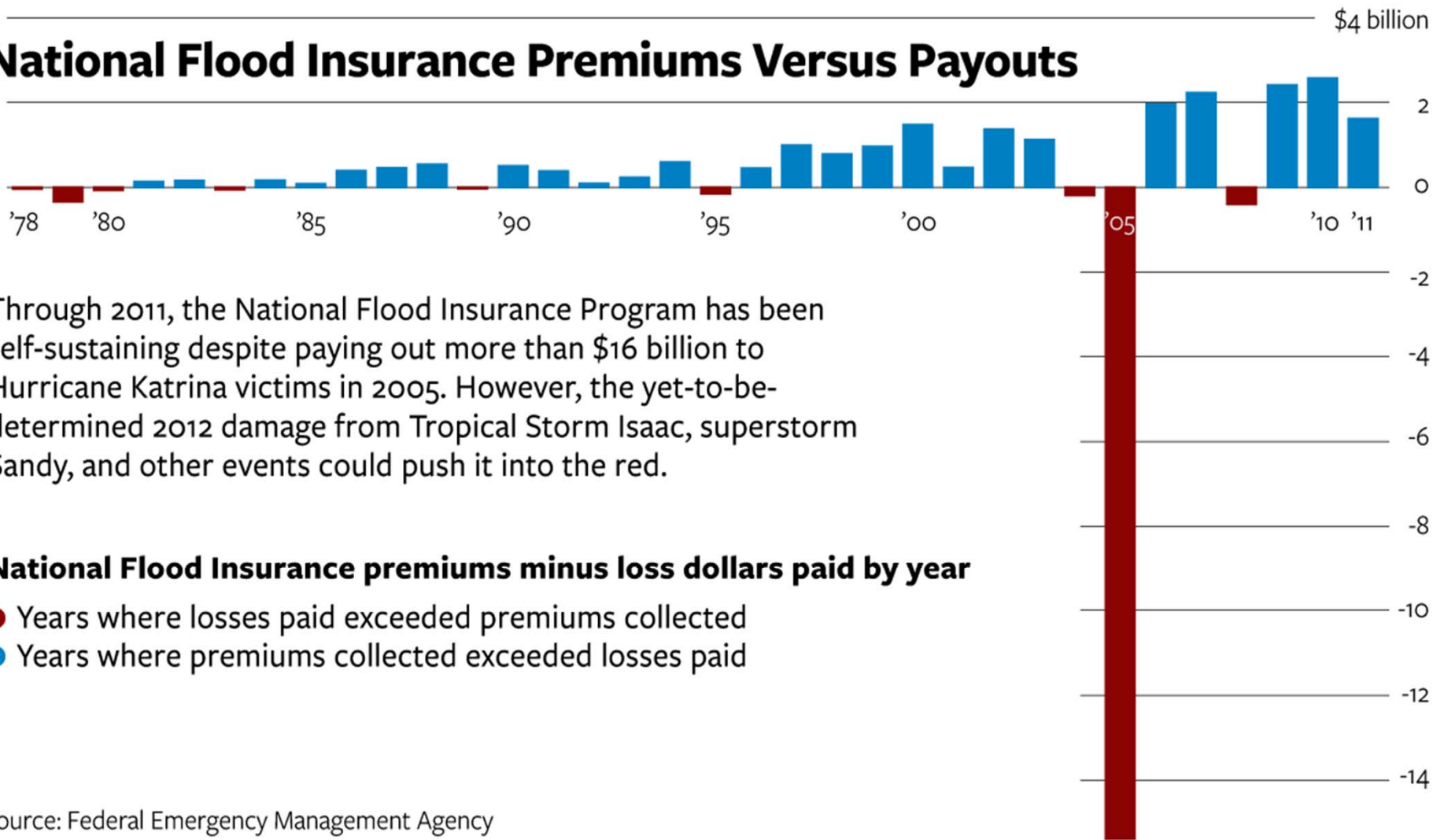
- **DISCLOSURE:** Require insurance carriers to include in new policies/renewals information related to dwelling value, inflation rate factor applied, deductible and commission.
- **Inflation Rate Factors** – Develop a method for determining an inflation rate factor limit that carriers can use within a policy year. Excessive inflation rate factors have unfairly caused policyholders to pay higher premiums and deductibles while increasing profit and commissions.
- Lower the Commission rate of 13% to 10% in the NCIUA to match the private market or implement a per policy expense fee. (savings of \$14 Million – the amount of losses in 2013)

Making NC Property Insurance Affordable (4)

- Over 40% of eastern NC policyholders have signed Consent to Rate forms, giving the insurance carrier the right to charge up 250% over the NCDOL approved rate.
- Signed Consent to Rate Forms are becoming more common throughout the entire state.
- The use of Consent to Rate Forms is in conflict with the NC Property Insurance Rate Making process and the relationship between the NC Rate Bureau and NCDOL.
- Study the prevalence of Consent to Rate and its impact. Consider disbanding the NC Rate Bureau and establishing a Property Insurance Commission.

NFIP – Self-Sustaining

National Flood Insurance Premiums Versus Payouts



Through 2011, the National Flood Insurance Program has been self-sustaining despite paying out more than \$16 billion to Hurricane Katrina victims in 2005. However, the yet-to-be-determined 2012 damage from Tropical Storm Isaac, superstorm Sandy, and other events could push it into the red.

National Flood Insurance premiums minus loss dollars paid by year

- Years where losses paid exceeded premiums collected
- Years where premiums collected exceeded losses paid

Source: Federal Emergency Management Agency

Flood Insurance Reform – Solutions

Although the NFIP is a federal program, the affordability of flood insurance is a STATEWIDE problem.

- Organize statewide Task Force on impact of Flood Insurance Reform Legislation.
- Work with Congressional representatives to ensure NC is engaged and active in further flood insurance reform measures.
- Advocate for the reduction of NFIP expenses.
- Advocate for release of new NC flood maps.
- Study the development of Statewide Catastrophe Fund.
- Community-wide mitigation programs.
- Public awareness programs.

Willo Kelly

Government Affairs
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Outer Banks Association of Realtors

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(252) 202-7927



CRC Meeting – October 22, 2014



The ESA and the Coast Where Does the Road Take Us?

- **What is the ESA?**
 - Seeks to protect and conserve listed species and their habitat
- **How does the ESA achieve these objectives?**
 - Section 9: Take Prohibition
 - Section 7: Consultation Provision

Coastal Species of Concern



Why All the Controversy?

Battle lines drawn as tiny plovers gain beach privileges

Portland Press Herald, May 11, 2014

Piping plovers, a federally protected migratory shorebird, are at the center of controversies in beach towns from Maine to North Carolina.

Local officials await more detailed turtle rules

StarNews, July 15, 2014

A week after federal agencies confirmed new critical habitat designations for endangered loggerhead sea turtles, local officials still have more questions than answers.

Threatened status for rufa red knot could affect Outer Banks

Outer Banks Voice, April 23, 2014

If the bird is listed as threatened, state and local governments would need to take the species into consideration when planning beach nourishment or managing other activities along the shoreline, such as driving on the beach.

Shifts In Habitat May Threaten Ruddy Shorebird's Survival

NPR, July 28, 2014

Walsh, of the Fish and Wildlife Service, says it's true: If the red knot goes on the endangered species list, some beaches could be closed briefly every year.

Piping Plover Lawsuit Stalls Fire Island Dune Rebuilding

Long Island Press, September 15, 2014

Officials are lashing out at an environmental group whose lawsuit stalled a plan to rebuild Sandy-flattened Fire Island dunes after activists argued that the \$207-million federally funded project could harm endangered birds.



Critical Habitat - Fact or Fiction?

- **Consultation under Section 7 is only required where a Federal agency carries out, permits, licenses, funds, or otherwise authorizes activities that may affect a listed species.**
- **Fact, but . . .**
 - Section 9 take prohibition
 - Most, if not all, of the regulatory activities at the coast include some type of federal involvement (Corps, FEMA, etc.).



Critical Habitat - Fact or Fiction?

- **Designation of critical habitat will not result in any additional management measures.**
- **Highly questionable**
 - Threats to habitat and essential management considerations
 - Jeopardy vs. adverse modification
 - Citizen suit provision



Critical Habitat - Fact or Fiction?

- **Designation of critical habitat will result in an economic impact of \$1.2 million over the next ten (10) years.**
- **Fiction**
 - Incremental baseline approach
 - Impact a wide variety of coastal projects
 - Our State's beaches make a substantial contribution to national, state and local economies
 - Beach erosion is the number one concern



Critical Habitat - Fact or Fiction?

- **Designation of critical habitat will not affect or alter the use or resources of North Carolina's coastal zone.**
- **Fiction**
 - **Regulatory implications (consultation, “harm” under Section 9, recovery plans)**
 - **Impacts to a wide variety of coastal projects**
 - **Consistency determination required under CZMA**

Proposed Revisions – Critical Habitat

“As written, these rules could **dramatically increase** the amount of private and public lands designated for habitat.”

“Last year, the Obama Administration ignored widespread opposing comments and a federal court ruling to finalize a rule that **vastly undervalues the economic impacts** of critical habitat designations.”

“These rules could **increase the regulatory impact of activities on millions of acres** of public and privately-owned lands.”

“There is a **history of concerns** that we have had with USFWS and NOAA’s interpretations of critical habitat designations, economic analyses methodology, and regulations stemming from hundreds of listings from **closed-door settlements** with litigious groups.”



Recommendations

- **Coastal communities need State advocacy to support their concerns**
 - **Support Federal legislation to amend ESA**
 - **Improve coordination with federal agencies**
 - **Support state-wide programmatic biological opinion**
 - **Challenge the federal agencies' failure to make a consistency determination**



Questions

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