

WATERMARK

2007, Number 1

National Flood Insurance Program

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It's Electric: the New e-Watermark!

Have you been wondering what's new with the National Flood Insurance Program (NFIP)? Did you want to take one more look at the article about Increased Cost of Compliance (ICC) that we ran a while back? And, what about new flood insurance publications you haven't read or websites you haven't visited?

It's easier, now that you can access our new e-Watermark website. All you need is its address—<http://watermark.nfipstat.com>—and off you go to the NFIP's newest web destination that brings our stakeholders Program updates, technical assistance articles about insurance and mitigation issues, and workshop information, months in advance. The site includes links to Federal Emergency Management Agency (FEMA) webpages and other websites that are of particular interest to NFIP stakeholders.

So, visit the website, explore its pages, and let us know what you think. 



First-Rate Community

Lynd Morris, NFIP Bureau and Statistical Agent

Public officials in Roseville, California, have dedicated a lot of time, money, and effort to finding ways to protect their community from flood hazards. And it has paid off. On October 1, 2006, Roseville became the first community to achieve a Class 1 designation in the NFIP's Community Rating System (CRS). This means that not only are NFIP policyholders in this community's floodplain eligible for a 45-percent reduction in their flood insurance premiums, but everyone in Roseville is benefiting because it is better prepared to prevent, reduce, and recover from flood losses than any other CRS community in the United States.

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FEMA

Message from the Editor

Dear *Watermark* Reader,

It is truly my pleasure to announce our new online newsletter, the *e-Watermark*, at watermark.nfipstat.com. For decades, the printed *Watermark* has brought the NFIP's stakeholders technical assistance and news, and we will continue to distribute a paper edition of this publication several times each year. But now we will be able to get NFIP updates and back-grounders out to you faster.

On the homepage of the *e-Watermark* website you will be introduced to three new NFIP articles each month, with links to the full stories. In addition, the bar at the left side of the homepage offers links to several recent articles aimed across the NFIP spectrum—for all of our stakeholders—from insurance agents to Write Your Own company officials, from real estate brokers to engineers, and from the smallest town's leader to State floodplain managers.

Links at the top of the homepage will take visitors to other pages containing archived articles from the past year that have been categorized by the audiences for which they were published: insurance, mitigation, and all audiences.

The new *e-Watermark* site also contains several reviews as well as lists of publications and websites, a page for upcoming NFIP-related events, and a contacts page about whom to call for NFIP information.

We are committed to getting useful information to our readers that will help make their jobs easier and their communities thrive.

Please let me know what you think of this new site. We believe in the NFIP, and we're here to make it work a little better for you.

Sincerely,



Susan Bernstein
Watermark Editor
Mitigation Division



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We welcome your comments and suggestions, as well as submissions for articles and departments. In addition, we encourage you to reproduce articles and departments contained in the *Watermark* and include them in your own newsletters or other communications. Send your questions, comments, suggestions, and submissions to:

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The current issue and selected back issues of *Watermark* are available at:
www.fema.gov/business/nfip/wm.shtml

First-Rate Community
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From Maidu to Modern

Just 15 miles north of Sacramento, Roseville is located within portions of two major drainage basins that eventually empty into the Sacramento and American Rivers. The indigenous peoples of this region were the Maidu Nation. In the early 1800s, fur trappers explored the area and, when gold was discovered in Placer County in 1848, more than 10,000 miners poured into the area. But further gold failed to materialize, and pioneer ranchers replaced departing miners, becoming the first permanent residents of the area now known as Roseville.

In 1863, the construction of the Transcontinental Railroad reached Roseville. A year later, the original map for the city was filed, "Plan of the Town of Roseville at the Junction of the Central Pacific and California Railroads." Today, with a population of more than 100,000, Roseville has evolved from a suburb of Sacramento to an urban center with thriving residential and commercial areas.

Flooding in the Roseville region has been the result of storm runoff that exceeds the capacity of area creeks and storm drains. Except for a dry period from 1973 through 1981, flood damage to property has been recorded in Roseville every 3 to 5 years since 1950. Two of the largest

flood events on record took place in 1986 and 1995. According to Roseville's Public Works Department, 209 homes and business were damaged as the result of winter flooding in 1986. In 1995, 358 structures were damaged by winter flooding, prompting a Presidential Disaster Declaration.



Ceremony honors Roseville as first CRS Class 1 community (from left: Councilmember Jim Gray, Mayor Pro Tem Rocky Rockholm, Mayor Gina Garbolino, Director of FEMA's Mitigation Division David Maurstad, Councilmember John Allard, and FEMA's CRS Program Manager Bret Gates)

Roseville Responds

According to Rhon Herndon, Manager of the City of Roseville's Engineering Division, several planning and development strategies have been particularly useful in averting serious flooding like that experienced in 1986 and 1995. Roseville participated in creating the Placer County Flood Control District after the 1986 flood. The District generated the Dry Creek Watershed Flood Control Plan, which includes regional stormwater detention basins and other improvements within the Dry Creek basin.

These improvements are partially funded by developer-paid fees.

"In newly developing areas of Roseville, we require what is called an 'overland release,'" explains Herndon. "This means that the entire area will drain without causing flood damage to any homes. We even go so far as to assume that, if the storm

drain system under the streets in that residential area were completely plugged, 100 percent of the surface flow would escape that subdivision without causing damage to the homes. And, in development that occurs outside of the floodplain but adjacent to it, we make sure that the pads those buildings are constructed on are at least 2 feet above the 100-year future water surface elevation."

Roseville also initiated a 5-year, \$20-million flood control improvement project

that included buying out repetitive loss properties, elevating buildings at risk of flooding, excavating channels, constructing berms and flood walls, and replacing culverts. In addition, Roseville has installed an early warning system with 18 rain gauges, 19 stream level gauges, and a computer monitoring system. During high stream flows, the City broadcasts stream levels on community cable TV. The City monitors Doppler radar and satellite imaging of incoming storms to assist in advance notification efforts in the event evacuation of

flood-prone areas is deemed necessary. The Fire Department uses a telephone auto-dialer system that notifies occupants of the status of creek levels. In 2001, real-time stream gauge data was added to the City's website.

Creditable Activities

Of the 1,049 communities across the U.S. that were participating in the CRS as of October 1, 2006, (see "Increasing Policyholder Discounts" on page 14), Roseville was the first to attain a Class 1 rating. What set this community ahead of the rest?

According to David Maurstad, Federal Insurance Administrator and Director of FEMA's Mitigation Division, Roseville has achieved what the CRS was designed to do. "Roseville has not only accumulated credible points in nearly every CRS activity, but has met all of the tough Class 4 and Class 1 requirements, such as developing and implementing an all-hazards plan and building code; mitigating 33 of their 35 repetitive loss properties; and supporting flood insurance policy growth with more than 50-percent market penetration," says Maurstad.

Roseville relies on wide-ranging activities to protect its citizens from flooding. These include open space preservation, cluster development, freeboard in the city's X Zones, stormwater management, flood warning, strong building codes, and an all-hazard predisaster mitigation plan. In fact, the community receives CRS points in 17 of the 18 floodplain management activities that can earn credit (see the sidebar on the next page for descriptions of some of Roseville's credited activities).

Freeboard

According to the NFIP's *Flood Insurance Manual*, freeboard is a factor of safety usually expressed in feet above a flood level for purposes of floodplain management. "Freeboard" tends to compensate for the many unknown factors that could contribute to flood heights greater than the height calculated for a selected size flood and floodway conditions, such as wave action, bridge openings, and the hydrological effect of urbanization of the watershed. Freeboard is not required by NFIP standards, but communities are encouraged to adopt at least a 1-foot freeboard to account for the 1-foot rise built into the concept of designating a floodway and the encroachment requirements where floodways have not been designated. Freeboard results in significantly lower flood insurance rates due to lower flood risk.

The new 45-percent insurance premium reduction now earned by Roseville will represent an annual savings of hundreds of flood insurance premium dollars for each NFIP policyholder in the community's floodplain. The mitigation actions that earned this premium reduction will produce an incalculable savings in lives, property, and disruption after a flood. And, according to Garth Gaylord, a senior engineer in Roseville's Public Works Department, the benefits of participating in the CRS are worth the expense. "The cost of meeting the requirements of the CRS program is not much more than the cost of implementing good

floodplain management," says Gaylord. "Any community that understands the flooding problem probably already has programs implemented that would get it a CRS Class 8, which earns a 10-percent premium discount."

Implementing CRS activities that earn the most points—such as conducting detailed flood studies, flood-proofing homes, or buying out flood-prone properties—represents a significant investment by the community, which must rely on the support of its taxpayers. Public education has been an effective way to build public support for mitigation in Roseville. "The city mails out an annual pamphlet to each structure in the floodplain," explains Gaylord. "The pamphlet not only talks about what to do before the flood, during the flood, and after the flood—it also says 'Since you are in the floodplain, we recommend that you get flood insurance.'"

Everyone Wins

Mitigation measures potentially can benefit everyone, whether or not they are NFIP policyholders. For example, Roseville receives 180 CRS points for its early warning system and its designation as a Storm Ready Community by the National Weather Service. Some of Roseville's residents have received a second chance from the early warning system.

"Back in 1995, when we had our second significant flooding here in the community, we did somewhere in the neighborhood of 300-plus water rescues where we actually sent fire, police, and public works personnel out into those flood areas to evacuate people," reports Ed Rutherford, Captain of Roseville's Fire

A Selection of Roseville's CRS Creditable Activities

Activity 320-Map Information Service: Credit is provided for providing inquirers with flood zone information from the community's latest Flood Insurance Rate Map (FIRM), publicizing the service annually, and maintaining records.

Activity 330-Outreach Projects: A community brochure is mailed to all properties in the community on an annual basis. An outreach brochure is mailed annually to all properties in the community's Special Flood Hazard Area (SFHA). The community also provides flood information through displays at City Hall.

Activity 410-Additional Flood Data: Credit is provided for conducting and adopting flood studies for areas not included on the FIRMs and that exceed minimum mapping standards. Credit also is provided for a Cooperating Technical Partnership agreement with FEMA.

Activity 450-Stormwater Management: The community enforces regulations for stormwater management, freeboard in non-SFHA zones, soil and erosion control, and water quality. Credit also is provided for stormwater management master planning.

Activity 520-Acquisition and Relocation: Credit is provided for acquiring and relocating buildings from the community's flood hazard area.

Activity 530-Flood Protection: Credit is provided for buildings that have been floodproofed, elevated, or otherwise modified to protect them from flood damage.

Activity 630-Dam Safety: Roseville receives CRS credit for the State of California's dam safety program. Credit also is provided for a dam failure emergency response plan.

Department. "In 1996, after we implemented this early warning program, we were impacted by another 100-year flood and we did zero water rescues."

The CRS is a program that has been shown to make floodplains, and the people who live and work in them, safer. For more information about Roseville's floodplain management strategies, visit their website (www.roseville.ca.us/pw/engineering/floodplain_management/default.asp). For details about how to join the Community Rating System or how to improve your community's rating if it is already in the CRS, visit the CRS Resource Center (training.fema.gov/EMIWeb/CRS/). 

Lynd Morris began working with the NFIP's Bureau and Statistical Agent in 1983. She has been Watermark's primary writer and production coordinator since 1998.

DEFINITION

Alternative Rating

Cut-rate? First-rate? Unrated? PG-13? Buildings that have vague, vintage, or velocity-unimpaired locations may require an alternative form of rating when agents determine the premium that will be charged to cover them with NFIP insurance. The *Flood Insurance Manual* describes this process as:

"A rating method used when a building is Pre-FIRM, the FIRM zone is unknown, and the community in which the building is located has no V zones. May also be used for renewal of policies in communities that have converted from the Emergency Program to the Regular Program during a policy's term."

Northeastern U.S. Is Vulnerable

David Maurstad, FEMA

The Northeast has historically experienced flood damage from severe storms, nor'easters, and hurricanes. Three strong hurricanes reached the Northeast in the mid-1900s: in 1938, 1944, and 1954. The most destructive of these—the 1938 storm—destroyed approximately 63,000 homes on Long Island and throughout New England.

In the last 35 years, devastating floods have continued to plague the Northeastern United States.

Tropical Storm Agnes

In 1972, Tropical Storm Agnes produced widespread rains in the Northeast, with some communities receiving 14 to 19 inches. These rains caused severe flooding from Virginia all the way north to New York.

Agnes rewrote the book on inland flooding and the impact a tropical storm can have hundreds of miles from the coast. The entire state of Pennsylvania was declared a disaster area. Flooding from Agnes resulted in \$2.3 billion in damages in Pennsylvania; \$7.4 million in damages in New York; \$110 million in damages in Maryland, Delaware, and the District of Columbia; \$222 million in damages in Virginia; and \$15 million in damages in New Jersey.

Hurricane Ivan

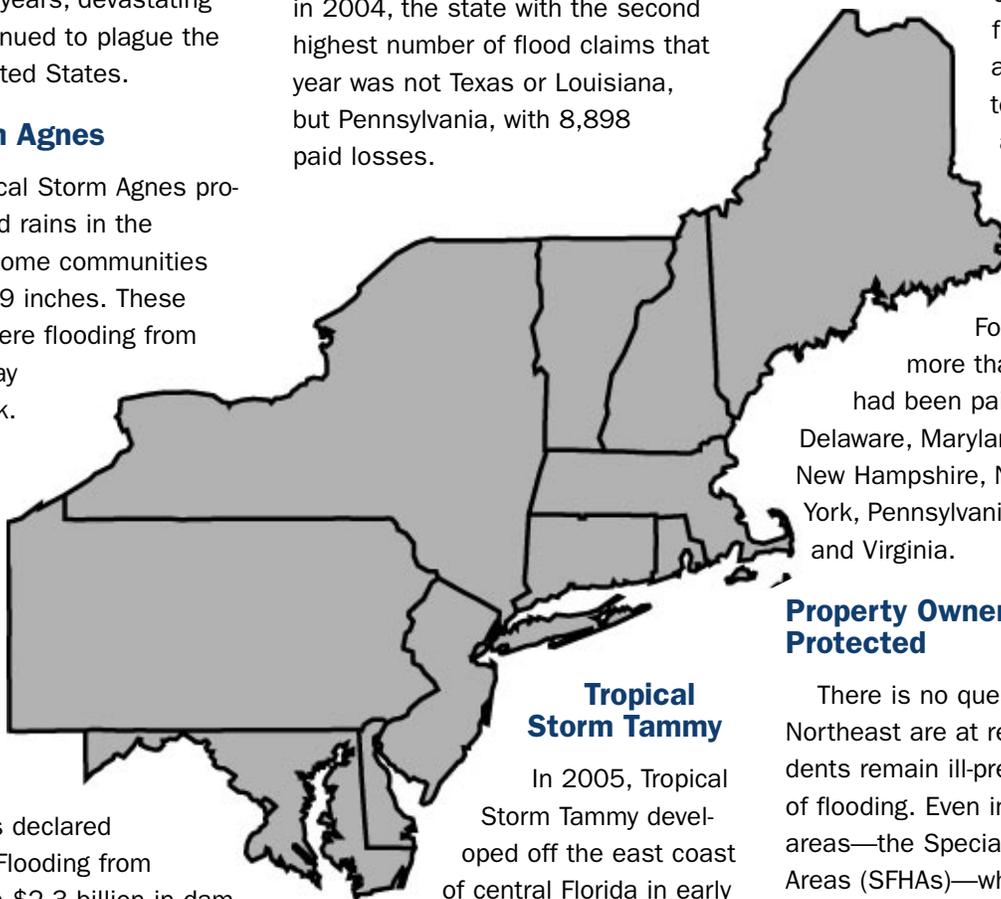
In 2004, Hurricane Ivan produced widespread rains of up to 7 inches, causing extensive flood damage in New Hampshire, New Jersey, New York, and Pennsylvania. Claim payments of \$180.2 million were made to policyholders in Pennsylvania alone. In fact, although the most NFIP claims were paid for Florida damage in 2004, the state with the second highest number of flood claims that year was not Texas or Louisiana, but Pennsylvania, with 8,898 paid losses.

tributed to widespread flooding in the Northeast that killed 10 people and caused significant damage. Tropical Storm Tammy resulted in \$25 million in paid claims in New York and almost \$14 million in neighboring New Jersey.

June 2006 Storms

It doesn't take a hurricane to cause damaging floods. FEMA regional officials continue to work with state and local officials to respond to the June floods that hit the entire Northeast.

Following the floods, more than \$32.4 million had been paid on 722 claims in Delaware, Maryland, Massachusetts, New Hampshire, New Jersey, New York, Pennsylvania, Rhode Island, and Virginia.



Tropical Storm Tammy

In 2005, Tropical Storm Tammy developed off the east coast of central Florida in early October and made landfall in northeastern Florida, causing minor localized flooding. However, according to the National Oceanic and Atmospheric Administration (NOAA), when Tammy's remnants merged with a cold front and moved north, it con-

Property Owners are Under-Protected

There is no question: areas in the Northeast are at real risk. Yet, residents remain ill-prepared for the risk of flooding. Even in the highest-risk areas—the Special Flood Hazard Areas (SFHAs)—where coverage should be 100 percent, less than 30 percent of properties are covered by flood insurance.

According to a RAND Corporation study released in early 2006, only 28 percent of homes in high-risk flood areas in the Northeast are covered by

NFIP Market Penetration in Northeastern U.S.

Northeastern State	2000 Census Households	Policies in Force July 31, 2006	Households with Coverage*
Connecticut	1,301,670	32,662	2.5%
Delaware	298,736	21,191	7.1%
Maine	518,200	7,677	1.5%
Maryland	1,980,859	61,966	3.1%
Massachusetts	2,443,580	45,687	1.9%
New Hampshire	474,606	7,044	1.4%
New Jersey	3,064,645	207,175	6.8%
New York	7,056,860	120,253	1.7%
Pennsylvania	4,777,003	62,206	1.3%
Rhode Island	408,424	13,522	3.3%
Vermont	240,634	3,135	1.3%

* Note: This number represents all households reported in the 2000 census, not just households in SFHAs.

federal flood insurance, compared to 61 percent in the South. Outside high-risk areas, just 0.6 percent of homes in the Northeast are covered by flood insurance.

The 28-percent market penetration rate inside the SFHAs is particularly troubling, because these are the areas where flood insurance is mandatory for homes with mortgages held by federally regulated lenders. The RAND study found that only about half of those mortgage holders are in compliance. That is compared with 81-percent compliance in the South, but the fact is that anything short of full compliance with this legal requirement is not acceptable.

Of course, while many property owners are protecting themselves by

choice and because it is the right thing to do, a great number who are legally bound to do so are not. We need to address that situation.

Three Communities Exemplify Progress

Clearly, flood insurance coverage in the Northeast is not what it should be or needs to be. However, progress is being made at the community level—and that kind of grassroots engagement is just what it will take to be able to one day count our nation as fully protected. A closer look at three communities impacted by recent Northeast flooding shows both real improvement and the need for continuing, targeted policy growth.

Even though New Hope, Pennsylvania, is located along the Delaware River—an area that has seen consistent flooding in the past few years—only 4.4 percent of all residents have flood coverage. However, that number is up a dramatic 18.2 percent since 2005. And, as part of that overall growth, coverage in the SFHA was up 22 percent.

People in the high-risk areas of New Hope are getting a better handle on their risk...and they're getting flood insurance. By mid-2006, 73 percent of residents in the SFHA were carrying flood insurance. However, only 1.7 percent of property owners outside the SFHA had coverage.

Just across the river, the town of Lambertville, New Jersey, also is making strides. While only 8 percent of all residents have flood insurance, that number is up 13 percent from 2005. And even though just 5.4 percent of individuals outside the SFHA were covered by mid-2006, that number has been rising dramatically—it jumped almost 19 percent since 2005. Clearly, Lambertville residents in low- to moderate-risk areas are realizing that, even though they don't have to get flood insurance, they really do need it.

Finally, the number of residents in the SFHA in Binghamton, New York, who now have NFIP coverage has increased by a full 19.5 percent since 2005. Such an increase in high-risk areas is encouraging, but there is still a lot of work to do to bring coverage up from a mere 0.3 percent outside of the SFHAs in this community.

Mitigation Can Prevent Losses

Carrying insurance is an important aspect of preparedness during every storm season. But insurance is just part of the story. Local leaders also must make sound floodplain management practices a priority to ensure the long-term safety of our nation's communities.

Risk insurance is a key component of the overall mitigation effort to create safer communities by reducing losses of life and property and enabling individuals and communities to recover more rapidly from disasters.

However, mitigation also consists of risk analysis and reduction:

- Risk analysis through flood mapping to identify hazards, assess vulnerabilities, and develop strate-

gies to manage the risks associated with natural hazards.

- Risk reduction to reduce risk to life and property through land use controls, "smarter" building practices, and other tools.

Sound floodplain management planning and regulations save this country an estimated \$1.1 billion in prevented flood damages annually, and structures built to NFIP criteria experience 80 percent less damage than structures not built to such standards.

How do you protect structures from damage? Possible activities include elevating, relocating, and retrofitting the structures themselves, as well as channeling water flow. But successfully undertaking such activities requires Federal, State, and local commitment to mitigation planning

throughout all stages of the construction or reconstruction process.

Creating stronger and safer communities reduces loss of life and property, enables individuals and localities to rapidly recover from future events, and lessens the financial impact on State, Tribal, and local governments, as well as the United States Treasury. 

Now serving as Federal Insurance Administrator and Director of FEMA's Mitigation Division, David Maurstad was once Mayor of Beatrice, Nebraska, served as a Nebraska State Senator, and later held the office of Lieutenant Governor of Nebraska. He joined FEMA in 2001 as the Director of the Region VIII Office.

DEFINITION

Stock

Lock, stock, and barrel may be what many commercial property owners would like to insure...but the NFIP is quite specific about what merchandise can be insured against flood damage. According to the *Flood Insurance Manual*, stock is defined as:

"Merchandise held in storage or for sale, raw materials, and in-process or finished goods, including supplies used in their packing or shipping. 'Stock' does not include any property not covered under 'Section IV. Property Not Covered' of the General Property Form, except the following:

- **Parts and equipment for self-propelled vehicles;**
- **Furnishings and equipment for watercraft;**
- **Spas and hot-tubs, including their equipment; and**
- **Swimming pool equipment."**

Reaching for 100-Percent Coverage

Melissa Klein, Ogilvy Worldwide

Special Flood Hazard Areas (SFHAs) receive this designation because hydrologic, hydraulic, and historical data show that significant floods have occurred and can occur in the area. Under Federal law, homebuyers in SFHAs are required to get flood insurance to receive a loan from a federally regulated lender. While the requirement provides many residents in high-risk areas with financial protection against flooding, many others remain unprotected. All SFHA residents, regardless of their mortgage status, need to assess their flood risk and protect themselves with flood insurance.

Since 2004, the NFIP has increased its efforts to raise the number of those protected with flood insurance through marketing and through collaboration with the insurance and lending industries. Thus far, the results have been significant. In May 2005, the NFIP policy base had grown by 7,000 more than the previous year. Just 1 year later, the policy base had grown by 78,000. Despite the NFIP's unprecedented recent policy growth—almost 12 percent—more than 50 percent of buildings at the highest risk for flooding remain unprotected by flood insurance.

In light of these statistics, FEMA's Mitigation Division has committed to helping insure 100 percent of the

homeowners, renters, and businesses located in the nation's SFHAs. The NFIP's marketing program, FloodSmart, is working with community leaders and local officials, professionals in the real estate and financial fields, insurance agents, and others to help spread the word and reach this goal. FloodSmart also conducts targeted outreach to consumers and stakeholders in SFHAs.

of households in SFHAs across the Northeast are covered by flood insurance. That number drops to a mere 0.6 percent of coverage in the region's low- to moderate-risk areas.

In addition, many parts of the Southeastern U.S. are in high-risk areas, where flooding from hurricanes and tropical storms is a constant threat during the summer and fall months. Even after the devastating

floods from Hurricane Katrina in 2005, Mississippi remains underprotected in the high-risk areas of the state. Only

approximately 20 percent of households in the 5.2 million acres located in a floodplain across the state are insured against flooding.

The NFIP recognizes that holding onto the policies that are already in place is less labor- and cost-intensive than selling new policies. And policy retention is essential to increase the number of NFIP policies in force. According to a recent analysis, retention is lowest among first-year policyholders. Therefore, to boost retention rates, the FloodSmart campaign is also reaching out to all new purchasers of NFIP policies by sending them customized monthly mailings.

While targeted marketing and outreach is necessary to raise



Facilitating Growth

FloodSmart has conducted analyses of new sales and retention rates to show which flood insurance markets have seen significant increases in policies as well as those that have yet to be reached. Studying recent flood events also reveals high-risk areas with low flood coverage, where the NFIP policy base can be increased. For instance, after the June 2006 floods that hit the Northeastern U.S., it became apparent that many residents of high-risk areas in that region lacked flood insurance protection. According to the recent RAND Corporation study of market penetration, only 28 percent

awareness where policies are most needed, reaching 100-percent coverage in high-risk areas requires support from each NFIP community to make flood insurance protection a priority.

Crossing the SFHA Boundary

While working together to achieve 100-percent coverage in SFHAs is a high priority, properties in non-SFHA areas also are vulnerable and should be protected. An estimated 20 to 25 percent of all flood insurance claims

made annually continue to come from low- to moderate-risk areas.

Also, while a significant percentage of recent NFIP policy growth has been through the purchase of Preferred Risk Policies (PRPs)—increasing by 30 percent between May 31, 2005, and May 31, 2006—non-SFHA policy growth continues to lag for "other residential" and "non-residential" buildings. These also represent a PRP marketing opportunity for insurance agents.

For more information about FloodSmart's flood insurance marketing strategies and outreach messages and materials, visit the FloodSmart.gov website.

Melissa Klein is an Account Representative with Ogilvy Public Relations Worldwide, one of the J. Walter Thompson (JWT) companies supporting the NFIP's FloodSmart advertising and public awareness campaign.

New EC Photo Requirements

With the introduction of the NFIP's new Elevation Certificate (EC), all ECs certified on or after January 1, 2007, must be submitted on the new EC form and with few exceptions (discussed below) must include a least two recent photographs that show the front and back of the building and are taken and dated within 90 days of the submission date, which is the mailing date (not within 90 days of the EC certification date). If the EC certification date is older than 90 days, the insured or agent must provide photographs taken within 90 days of the submission date. If the building is a split-level or has multi-level areas at ground level, at least two additional photographs showing views of both sides of the building must be submitted.

A building in the course of construction, without the "as-built elevations," can obtain a policy based on proposed elevations, even though photographs are not submitted. However, prior to the policy being renewed, a revised EC with "as-built

elevations" must be provided along with the photographs.

These new requirements pertain to all new business applications, including transfer of business, for elevation-rated risks with a policy effective date of January 1, 2007, or later. The requirements also apply to all renewal and endorsement transactions adding elevation rating effective on or after January 1, 2007.



Use of the Building Photographs sheets included with the new EC is not a requirement for photograph submission as long as the date the photographs were taken is provided and attested. All photographs must measure at least 3" x 3" and provide a good, clear image of the building's

distinguishing features. Analog or digital photographs are acceptable. Color photographs are preferred.

An EC submitted without the required photographs is not considered a valid EC unless the building is in the course of construction. Each WYO company may use its current business practice in handling ECs without photographs, whether this is using tentative or provisional rates, or rejecting the application.

In cases where the agent is transferring his or her entire book of business to another company or when a company acquires a book of business of another company, the photograph requirements do not apply. FEMA will continue to consider these policies as renewals even though they are reported as new business under the Transaction Record Reporting and Processing Plan. However, in cases where an individual insured decides to change agent and company, that application is considered new business and the photograph requirement applies.

NFIP Rule Changes

The following changes to the NFIP were implemented effective October 1, 2006. For more details about these changes, refer to the NFIP's *Flood Insurance Manual* accessible online (www.fema.gov/business/nfip/manual.shtm) or order a hardcopy subscription for \$25 from FEMA's Map Service Center (MSC). To order by phone, call the MSC toll free at 800-358-9616 or fax your order to the MSC at 800-358-9620.

Severe Repetitive Loss Program

Properties that flood repeatedly cause financial hardship for the owners and have a significant, adverse financial impact on the NFIP, as well. In 2000, the NFIP established a Special Direct Facility (SDF) to identify those insured properties most prone to repeated flooding and to enable easier tracking of mitigation activities that would remove these properties from harm's way.

In response to legislation in the Flood Insurance Reform Act (FIRA) of 2004, the NFIP has now created a new category of repetitive loss—Severe Repetitive Loss (SRL) properties—for identification and mitigation. See "Tracking Severe Repetitive Losses" on page 13 for a description of this new program and how it impacts those policies already held in the SDF.

The *Flood Insurance Manual* contains a new SRL section about Severe Repetitive Loss properties that provides details about changes in the SDF's policies and procedures. The new definition for Severe

Repetitive Loss properties is on page DEF 8 of the manual.

New Photo Requirements

FEMA is making it easier to correctly rate policies for elevated buildings by requiring that all Elevation Certificates certified on or after January 1, 2007, be accompanied by at least two recent photographs (see "New EC Photo Requirements" on page 10 for details).

Preferred Risk Policies and Prior Losses

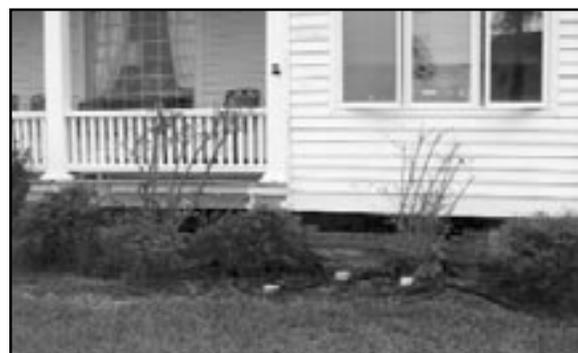
Preferred Risk Policies (PRPs) offer eligible NFIP policyholders financial protection from flooding at a moderate cost. A building's eligibility for the PRP is based on several requirements, including its flood loss history. If one of the following conditions exists, regardless of any change(s) in ownership of the building, then the building is not eligible for the PRP:

- 2 flood insurance claim payments, each more than \$1,000; or
- 3 or more flood insurance claim payments, regardless of amount; or
- 2 Federal flood disaster relief payments (including loans and grants), each more than \$1,000; or
- 3 Federal flood disaster relief payments (including loans and grants), regardless of amount; or
- 1 flood insurance claim payment and 1 Federal flood disaster relief payment (including loans and grants), each more than \$1,000.

FEMA has clarified the PRP eligibility criteria pertaining to receipt of Federal flood disaster relief payments. Federal flood disaster relief payments (including loans and grants) are counted only if the building suffered flood damage. A flood insurance claim payment (building and/or contents) and a Federal flood disaster relief payment (including loans and grants) for the same loss are considered a single payment.

Clarifying Crawl Space Rating

Determining which rating table to use for a building constructed before the Flood Insurance Rate Map (FIRM) was published for the area in which the structure is located can become more complex if the building has a crawl space. As of October 1, 2006,



Crawl spaces below buildings must be properly vented for the free flow of water. (Photo by Rodney Cross, NFIP Bureau)

Pre-FIRM buildings with subgrade crawl spaces may now, for the first time, use optional Post-FIRM elevation rating, provided that the lowest floor is below the Base Flood Elevation. The building must be reported statistically as a "submit-for-rate" policy using Risk Rating Method 2. To process these risks, agents

must follow the submit-for-rate procedures on pages RATE 23-24. This is the only Pre-FIRM construction that can be rated using the submit-for-rate procedure.

Cancellation Code 01

Clarification has been provided in the manual's October 1, 2006, changes for situations in which an insured wants to cancel his or her policy because the building has been foreclosed or because it has sustained flood damage equal to or greater than its replacement cost and is considered a total loss. In such cases, agents must use cancellation/nullification reason code "01" on the Cancellation/Nullification Request Form and submit this with proper documentation to the current NFIP insurer to process the cancellation of the flood insurance policy.

CRS Changes

A number of new communities have joined the Community Rating System or have improved their class rating as of October 1, 2006. See "Increasing Policyholder Discounts" on page 14 for these changes and "First-Rate Community" on page 1 for a description of the first community to receive the CRS Class 1 rating.

Start of Waiting Period

There is a standard 30-day waiting period for new applications and for endorsements to increase coverage. If the application or endorsement form and the premium payment are received at the NFIP within 10 days from the date of application or endorsement request, or if mailed by certified mail within 4 days from the date of application or endorsement request, then the waiting period will be calculated from the application or endorsement date.

An October 1, 2006, clarification states that agents must count the application date (or the endorsement date) plus 9 days to determine if the application or endorsement and premium payment were received within 10 days. When these materials are sent by certified mail, agents count the application date (or endorsement date) plus 3 days to determine if the application or endorsement and premium payment were mailed within 4 days.

Getting the Details

You will find all recent enhancements to the *Flood Insurance Manual* by accessing the manual online (www.fema.gov/business/nfip/manual.shtm) or by ordering it from FEMA's Map Service Center (800-358-9616). Semiannual revisions are identified by a vertical bar in the page margin next to the text, table, or illustration that has been changed. 

Revised Lender Guidelines Due in 2007

The *Mandatory Purchase of Flood Insurance Guidelines* booklet is the NFIP's primary guidance document for lenders and servicers when it comes to National Flood Insurance. Several changes have occurred since this publication was last revised in 1999. For some time, work has been under way to update and clarify information in this document.

Although the revised Guidelines was scheduled for distribution by the end of 2006, in light of pending legis-

lation affecting the NFIP, FEMA viewed it beneficial to delay publication until the U.S. Congress votes on the House and Senate Bill versions of the Flood Insurance Reform and Modernization Act of 2006. The anticipated release and distribution of the updated/revised version of the *Mandatory Purchase of Flood Insurance Guidelines* (FEMA 186) has been extended to mid-2007.

Lenders and servicers should continue to use the current booklet as a

source of guidance regarding flood insurance purchase requirements. A final source of guidance can be obtained from the appropriate Federal regulatory entity or Government Sponsored Enterprise.

When the revised booklet is published, it will be announced in the e-*Watermark* (watermark.nfipstat.com) and a notice will be posted on the FEMA website (www.fema.gov/business/nfip). 

Tracking Severe Repetitive Losses

FEMA is committed to eliminating or reducing damage to properties that are caught in the flood-repair-flood-repair cycle. Through the Flood Insurance Reform Act (FIRA) of 2004, Congress authorized a pilot program to mitigate the most severe of these repetitive loss properties. As of March 2006, approximately 8,300 properties insured by the NFIP had reported so many losses or costly claims that they were categorized as "severe repetitive loss properties" and were placed into the new pilot program to track their mitigation. Included were some properties whose policies were formerly assigned to the Repetitive Loss Target Group, which has been phased out (see below). Effective January 1, 2007, all policy transactions for Severe Repetitive Loss properties must be processed by the NFIP Special Direct Facility (SDF).

The Severe Repetitive Loss Program now includes any NFIP-insured property that has met at least one of the following paid flood loss criteria since 1978, regardless of ownership:

- Four or more separate claim payments of more than \$5,000 each (including building and/or contents payments); or
- Two or more separate claim payments (building payments only) where the total of the payments exceeds the current market value of the structure.

In either case, two of the claims payments must have occurred within 10 years of each other. Multiple loss-

es at the same location within 10 days of each other are counted as one loss and the payment amounts are added together.



In any flood zone, mitigated buildings (above) fare better than unmitigated buildings (right). (Photos by Rodney Cross, NFIP Bureau)



The strategy for reducing the number of Severe Repetitive Loss properties is twofold. First, the NFIP has centralized in the SDF the processing of all flood insurance policies of these properties to obtain additional underwriting information, verify loss information, and collect information about their flood risk. Second, FEMA is implementing a new mitigation grant program authorized by FIRA 2004 to mitigate these properties.

WYO companies and the NFIP Servicing Agent are notified 150 days prior to expiration of NFIP policies being moved to this group that renew on or after January 1, 2007. Ninety days before the expiration of the policy term, the WYO company notifies the policyholder, mortgagee, and agent of record about the movement of this property into the Severe Repetitive Loss group. Policyholders should continue to contact their

agent directly for any service needs on the policy because he or she will remain the agent of record throughout the time that the property is in this group.

Policies with effective dates on or after October 1, 2006, that are currently written through the SDF as part of the Repetitive Loss Target Group program, but do not match the loss characteristics of the new Severe Repetitive Loss group, are being identified by the NFIP Bureau and SDF. The SDF will notify the policyholder, mortgagee,

and agent at least 90 days prior to the renewal date that their flood insurance may now be issued through a participating WYO company or the NFIP Servicing Agent.

The new mitigation grant program authorized by FIRA 2004 may provide Federal grant funds to pay for up to 75 percent (up to 90 percent if certain state mitigation floodplain requirements are met) of the cost of eligible mitigation activities, such as elevating the policyholder's building. Mitigated properties may qualify for reduced flood insurance rates. Additional information about FEMA's Hazard Mitigation Assistance programs is available online at www.fema.gov/pdf/rebuild/comparison_chart_for_mitigation_grant_programs_june_2006.pdf and from local floodplain managers and state hazard mitigation officials. 

Increasing Policyholder Discounts

Residents of more than a dozen NFIP communities are now receiving premium discounts of 5 percent or greater, because their community joined the Community Rating System (CRS) last year. In addition, on October 1, 2006, more than 30 communities already receiving CRS discounts were able to increase them by 5 to 20 percent. One CRS community—Roseville, California—is now earning its residents the largest discount offered by the CRS: a 45-percent reduction on the annual premium paid for flood insurance coverage (see "First-Rate Community" on page 1 for a description of Roseville's achievement).

Reducing premiums is a compelling strategy for boosting flood insurance sales. And, saving property and lives can be an effective way to convince taxpayers to fund mitigation projects. The CRS is a successful FEMA program designed to meet these three goals: (1) reduce flood losses; (2) facilitate accurate insurance rating; and (3) promote the awareness of flood insurance.

A Class System

More than 15 years ago, the CRS was created as a mitigation incentive program based on a partnership of local, State, and Federal agencies and insurance industry experts to provide flood insurance premium reductions in recognition of proactive community floodplain management efforts that exceed NFIP minimum standards.

Modeled after the insurance industry's Community Fire Rating System,

the CRS provides discounts in 5-percent increments for each of 10 rating classes. A community accrues points to improve its CRS class rating and receive increasingly higher discounts. Points are awarded for engaging in any of 18 creditable activities, organized under four categories:

- Public Information
- Mapping and Regulation
- Flood Damage Reduction
- Flood Preparedness.

Sometimes, it is merely a matter of documenting creditable activities that are already under way for a community to earn CRS credit. The number of points awarded for each activity is dependent on how well the community meets the goals of the CRS.

Most communities enter the CRS as a Class 9 (earning a 5-percent premium discount) or a Class 8 (earning a 10-percent discount). However, the following communities were already engaging in so many mitigation activities that, when they joined the CRS in October 2006, they entered at class levels that earned their residents discounts of 15 to 20 percent.

Community	Class Rating on Entry	Premium Discount
Miami Lakes, FL	6	20%
Vassar, MI	6	20%
Rock Island County, IL	7	15%
Sugar Grove, IL	7	15%

Once a community joins the CRS, it can continue to improve its class

rating by engaging in mitigation and outreach activities that earn it even more points. As of October 1, 28 communities improved their class by one step. Two communities—Waveland, Mississippi, and Skagit County, Washington—moved to Class 5, making their residents eligible for a 25-percent discount on their flood insurance premiums.

Improvement in CRS Class	Number of Communities
9 to 8	10
8 to 7	11
7 to 6	5
6 to 5	2

Some communities engaged in so many creditable activities since their last rating, that they improved more than one class. The communities listed at the top of the next page improved two CRS classes.

The community of Roseville, California, is especially notable. During this last rating cycle, Roseville jumped over three classes—moving from a Class 5 community with a 25-percent premium discount—to become the first Class 1 community, earning a 45-percent premium discount for NFIP policyholders in the floodplain.

1,049 Strong, and Growing!

The CRS was implemented in 1990 with 300 communities. By October 1, 2006, the number of CRS communities had grown to 1,049, representing more than 3 million NFIP policyholders. Although CRS commu-

Community Improvement in CRS	Class Improvement	Discount in Premium
Nez Perce County, ID	9 to 7	5 to 15%
Sand Springs, OK	8 to 6	10 to 20%
Elm Grove, WI	8 to 6	10 to 20%
Noblesville, IN	7 to 5	15 to 25%

flood warning system (maximum 225 points), keeping Elevation Certificates on file (maximum 162 points), or engaging in community outreach (maximum

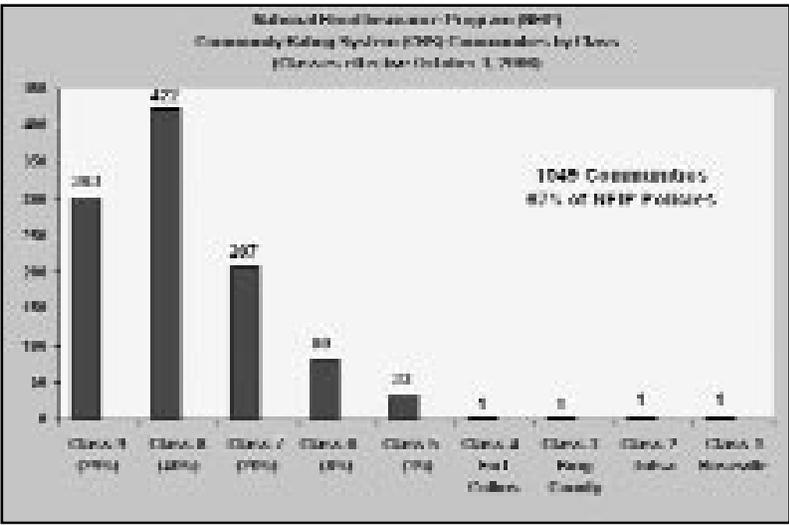
acquisition and relocation of flood-prone property (maximum 3,200 points) or instituting high regulatory standards for the floodplain (maximum 2,720 points).

The CRS strategy is twofold: to recognize floodplain management and insurance activities that meaningfully distinguish one class of community from another, and to act as a catalyst to encourage communities to initiate new prevention activities.

Since 1990, 50 percent of all CRS communities have improved their CRS classifications by undertaking more creditable activities.

For more information about how to join the CRS or how to improve the class rating and premium

ities represent less than 6 percent of the 20,236 NFIP communities in the United States and its territories, they contain 67 percent of all NFIP policies in force. The accompanying bar chart shows the distribution of CRS communities in each class. Most are Class 9 and Class 8 communities. It takes only 500



Sometimes this can be accomplished with just one or two mitigation initiatives such as providing drainage system maintenance (maximum 330 points), installing a

315 points). Or, a community can accumulate enough points to lower insurance premiums dramatically by engaging in major activities such as

discount of a community that is already participating in the CRS, contact the Insurance Services Office by email (nfipcrs@iso.com) or telephone (317-848-2898).

DEFINITION

Modular Building

In a nation on the move, millions of Americans come home to buildings that were themselves moved to new locations. Most of these are manufactured (mobile) homes, built in one place and trucked to another. Modular buildings have their own NFIP definition because they are built in pieces at one location, transported to another site, and then assembled there on a permanent foundation (like large-scale Legos or Tinkertoys). And this definition earns them a different flood insurance rating schedule than a mobile home. According to the *Flood Insurance Manual*, a modular building is:

"A building that is usually transported to its site on a steel frame or special trailer because it does not have a permanent chassis like a manufactured (mobile) home. A modular building is classified and rated under one of the other building types."

A Model For Retention

What happens to insurance retention when local flood maps are rezoned and thousands of NFIP policyholders are removed from the Special Flood Hazard Area (SFHA)? Many policyholders who are rezoned out of the floodplain might use this as an opportunity to drop their coverage at renewal. However, a collaborative education and marketing effort by local insurance agents and public officials can turn a rezoning scenario into a recipe for policy retention and growth.

Here is how one community did it.

You Mean I Don't Have to Buy Flood Insurance?

More than 2 years ago, *Watermark* ran an article about the efforts undertaken by Northern California's Sacramento Area Flood Control Agency (SAFCA) and FEMA Region IX to educate consumers about keeping NFIP insurance in place when flood maps were revised in their community (see "Map Prep" on page 12 of the 2004, Number 1 *Watermark* located at www.fema.gov/pdf/nfip/wm2004_1.pdf). As a result of levee improvements and resulting changes in Flood Insurance Rate Maps (FIRMs), more than 45,000 NFIP policyholders were removed from the floodplain in the Sacramento area in January 2004.

Many property owners who were removed from the SFHA that January may have been tempted not to renew their flood insurance policies. However, months prior to remapping,

SAFCA's outreach program cautioned policyholders that no zone is risk free and reminded them about NFIP coverage options for those whose property



is located in lower-risk zones—in particular, the economical Preferred Risk Policy (PRP).

Proactive Outreach

When communities found that FIRM changes also added a substantial number of properties to the SFHA, the SAFCA plan provided local officials with an orderly framework for ensuring timely property owner compliance with the mandatory purchase requirements set forth in the Flood Disaster Protection Act of 1973 and the National Flood Insurance Reform Act of 1994.

SAFCA's outreach strategy consisted of four phases, each involving a different group of stakeholders: community leaders, insurance agents, WYO companies, lenders, and property owners. When the first phase—project development—was completed, the SAFCA program began working with local elected officials to build momentum for outreach. Next, SAFCA enlisted the support of, and trained, insurers—the agents and companies who are on the frontline of major flood insurance changes. Finally, the program directed outreach to property owners—those people who will feel

the monetary impact of the inception or end of the flood insurance mandatory purchase requirements. This final phase of SAFCA's outreach strategy included direct mailings to property owners in the affected areas, coordinating and implementing Town Hall meetings, developing a commercial property component, and conducting a media campaign.

An Unprecedented Response

Prior to remapping, property owners in Sacramento's American River and South Sacramento Streams Assessment Districts spent more than \$30 million each year on flood insurance and purchased roughly 25 percent of California's NFIP policies.

Although SAFCA estimated that the outreach campaign would result in at least a 15-percent rate of flood insurance policy retention, in fact, the percentage of NFIP policies retained was much higher. By March 30, 2006, 74 percent of the 45,000 policyholders removed from the federal requirement to purchase flood insurance coverage for buildings in the SFHA that have loans from federally regulated lenders, maintained their flood insurance protection. Of this group, 43 percent opted to purchase PRPs.

"This choice to purchase Preferred Risk Policies represents a savings of nearly \$3 million in premium annually for Sacramento area NFIP policyholders," says George Deukmejian, a SAFCA consultant. "I think that people who aren't required to buy flood

insurance are more likely to stay in the NFIP if they can pay less for insurance by purchasing a PRP."

SAFCA estimated the total cost of the campaign was approximately \$215,000, with SAFCA paying 25 percent (\$54,000) of the project's costs, and FEMA providing the remaining 75 percent (\$161,000).

Adapting this Model to Your Community

Outreach programs like the one implemented in Sacramento provide valuable public education about flood hazards while enabling FEMA and



WYO companies to meet ambitious policy growth goals.

Although SAFCA's plan was a comprehensive one, it can be scaled down to meet the needs of smaller communities. WYO companies and their agents can get a jump on marketing PRPs in communities that are being remapped by knowing what changes in the FIRMs may affect their policyholders. For more information about the SAFCA/FEMA outreach program, contact the FEMA Region IX Mitigation Division at 510-627-7100.



Improving the Appeals Process

The NFIP claims appeals process is being strengthened, and Program policyholders are now receiving new documents that will explain these improvements.

Traditionally, FEMA used an informal process for handling appeals regarding decisions made about NFIP coverage or claims. However, Section 205 of the Flood Insurance Reform Act of 2004 required FEMA to establish a formal process for policyholders who are dissatisfied with a decision to deny a claim. The appeals process is an option for a policyholder's right to file a lawsuit in federal district court for the disallowed portion of the claim, or to invoke the appraisal provision of the Standard Flood Insurance Policy (SFIP)—a procedure to resolve disputes about the actual value of covered losses.

The new appeals rule provides a process that enables policyholders to formally appeal the decisions of any insurance agent or adjuster, insurance company, FEMA employee, or contractor with respect to their SFIP claims, proofs of loss, and loss estimates. The rule's effective date is November 13, 2006.

A policyholder can initiate this formal appeals process after his or her insurance company issues its final determination in the form of a written denial—in whole or in part—of the claim. The appeal must be filed within 60 days of receiving the insurance company's final claim determination. FEMA will acknowledge receipt of an appeal in writing and advise the policyholder if additional information is required for full consideration of the appeal. Next, FEMA will review docu-

mentation submitted by the policyholder, and conduct any additional investigation needed. Finally, the policyholder and his or her insurance company will be advised of FEMA's decision regarding the appeal.

The formal appeals process outlined in this rule does not abolish or replace the right to file a lawsuit against the insurance company, nor does it expand or change the 1-year statute of limitation to file suit against the insurer for the disallowed portion of the insured's claim. To avoid potentially conflicting results as well as duplication of effort, a policyholder who files suit against an insurance company based on the denial of a claim or who has been subject to appraisal, is prohibited from filing an appeal under this process.

Supporting Local Loss Reduction Planning

Analyzing flood risk and developing long-range strategies for floodplain management are essential for ensuring that new development does not exacerbate local flood risks or create downstream flood hazards. Last year, the Community Rating System (CRS) revised several of its planning requirements and added a new element to its floodplain management planning category to provide additional credit toward improving the community's class rating and increasing associated NFIP premium discounts. Tools are now available to help floodplain managers track flood hazards and guide regional growth in a way that does not adversely impact their community or downstream residents and businesses.

CRS Activity 510: Floodplain Management Planning

Minor adjustments were made in the requirements in this category to match the credit criteria with planning requirements under the Disaster Mitigation Act of 2000. Now, a multi-hazard mitigation plan approved by a FEMA Regional Office will receive credit under this activity.

In addition, a new CRS element—area analysis—provides credit for communities that provide an intensive review of the problems and flood protection alternatives in repetitive loss areas. Points for this element can be received in addition to or instead of the credit for a full floodplain management or hazard mitigation plan, which is required if a community has 10 or more repetitive loss properties.

New Tools

The 2006 *CRS Coordinator's Manual* offers some new credits and sources of assistance for communities conducting an area analysis. One part of an analysis is to collect and record the data on flood and building conditions in the repetitive loss areas on new database software developed by FEMA.

National Flood Mitigation Data Collection Tool

This new FEMA software provides a step-by-step process to gather information about each building in the area to be analyzed. If the analysis concludes that site-specific approaches should be pursued, the data and the software can be helpful in determining which measures would be most appropriate. Use of the Data Collection

Tool also facilitates updating FEMA's repetitive loss database. Data from the community's work can be sent digitally to FEMA using the Tool's formatting. Copies of the Tool are available at no cost by e-mailing

NFIPCRS@iso.com or downloading from www.fema.gov/plan/prevent/floodplain/Data_collection_tool.shtm (it is a very large file).



No Adverse Impact

No Adverse Impact (NAI) is a concept developed and encouraged by the Association of State Floodplain Managers (ASFPM). NAI seeks to ensure that local flood problems are not increased by new development in the floodplain. For local governments, NAI floodplain management offers a framework to design programs and standards that meet their actual needs, not just the requirements of a federal or state agency.

The ASFPM has published a manual for understanding and implementing No Adverse Impact floodplain management. *A Toolkit for Common Sense Floodplain Management* offers 108 pages of step-by-step instructions, guidelines, and real-life examples of the NAI approach to floodplain management. It also has a crosswalk that relates tools in the toolkit to CRS credit. The toolkit can be downloaded from the ASFPM website (www.floods.org/NoAdverseImpact/NAI_Toolkit_2003.pdf) at no cost. CRS communities can order a hard copy from NFIPCRS@iso.com.



Reducing Damage from Localized Flooding

FEMA Publication 511, *Reducing Damage from Localized Flooding*, is intended to help local officials understand what they can do to reduce the damage, public and private costs, and disruption that result from shallow, localized flooding. This is flooding that all too often escapes the attention received by larger floods and often takes place in areas



that are not clearly mapped or subject to floodplain development regulations. The handbook is especially helpful for communities wrestling with repetitive loss areas subject to localized flooding. It can be downloaded free from FEMA's website (www.fema.gov/hazards/floods/flood-damage-toc.shtm).

Need More Information?

Check out the details about all CRS activities at the CRS Resource Center (training.fema.gov/EMIWeb/CRS/). Click on the "Resources" tab for links to the *CRS Coordinator's Manual*, CRS forms and newsletters, and contact information for FEMA Regional Offices, CRS/ISO Specialists, and State NFIP Coordinators. 

Agent Training May Earn CRS Credit

Does the department of insurance in your State mandate flood insurance training for agents? If so, your community could be earning points that will reduce insurance premiums for local NFIP policyholders.

A number of State Departments of Insurance now mandate flood insurance training for property and casualty agents so that property owners will be given correct information—before a flood occurs, as well as after—about purchasing financial protection against flood losses and filing claims if a loss occurs. Numerous states also offer continuing education (CE) credit to agents who attend flood insurance training or successfully complete an online course, and some states include questions about flood insurance in their agent licensing examinations.

The NFIP's Community Rating System (CRS) awards points to partic-

ipating communities that engage in floodplain mitigation activities beyond the NFIP's baseline requirements. When a CRS community increases the number of points it earns by documenting enough creditable activities, residents receive a reduction in their annual NFIP premiums.

Sometimes, State legislators put into place disclosure, training, or additional floodplain management requirements that make communities within that state eligible to receive CRS points. Now, as more states are mandating flood insurance training for their agents, CRS communities within these states are able to apply for credit in the CRS "Higher Regulatory Standards" category of creditable activities, which recognizes the benefit received by the NFIP for a state-required measure that is implemented in both CRS and non-CRS communities in that state.

Communities can earn up to 45 CRS points just by documenting that their state has mandated regulatory standards. If the state mandates that property insurance agents must attend at least 3 hours of flood insurance training per year as a condition of obtaining or maintaining their license, CRS communities within the state can earn as many as 20 points. A community can receive 10 points for 2 hours of required training and 5 points for 1 hour of required training.

For more information about how to apply for this credit, contact the CRS field representative for your region. Contact information is available in Appendix G of the *CRS Coordinator's Manual*, available online under "Resources" at the CRS Resource Center (training.fema.gov/EMIWeb/CRS/). 

New Insurance Outreach Toolkit

Earning the support of area residents and business owners for changes to local Flood Insurance Rate Maps (FIRMs) and informing property owners about the new insurance choices that may result is an important part of every community's adoption of new maps.



In 2005, the NFIP's flood awareness and advertising campaign, FloodSmart, and Hillsborough County (a large, highly populated, urban county surrounding Tampa), Florida, partnered to develop a comprehensive suite of outreach materials to explain the re-mapping process and its flood insurance implications. The suite of outreach materials was created to help community officials inform real estate agents, lenders, surveyors, builders, insurance agents, community groups, members of the media, and the public about the upcoming map changes and their impact on flood insurance. These materials

were deployed for use in conjunction with the release of Hillsborough County's digital FIRMs, or DFIRMs (see "Hillsborough County Tests Map Mod Outreach" on page 17 of the 2006, Number 2, edition of *Watermark*, located online at www.fema.gov/pdf/nfip/wm2006_2.pdf).

FloodSmart has incorporated feedback from the use of these outreach materials in Hillsborough County and has now created template versions of each piece. The new templates form a comprehensive toolkit that commu-



nities across the country can use to communicate more effectively about map changes and changes in insurance requirements.

The templates for each of the materials are all in Microsoft Word (except for a PowerPoint presentation) and allow easy substitution of infor-

mation particular to the county/community using it. Included are PDF samples of each piece as it was used when the preliminary DFIRMs were introduced to Hillsborough County. Now available on FEMA's website (www.fema.gov/business/nfip/hillsbo1.shtm), the toolkit is divided into sections to reflect the audiences for whom the various pieces are designed.

It is expected that this toolkit will be a tremendous resource for communities going through map studies and working to educate and inform individuals in their area. For more up-to-date information about flood insurance, visit www.floodsmart.gov. Insurance agents have their own section of the FloodSmart website (www.agents.floodsmart.gov). 



Frequently Used FEMA Mitigation Webpages

When FEMA.gov reorganized its website in April 2006, many mitigation pages were moved to new areas. Following are the new locations of some of the most frequently used mitigation webpages.

About FEMA's Mitigation Division	www.fema.gov/about/divisions/mitigation.shtm
Disaster Preparation	www.fema.gov/plan/index.shtm
FEMA Flood Recovery Maps for Louisiana and Mississippi	www.fema.gov/hazard/flood/recoverydata/index.shtm
FEMA's Map Service Center	msc.fema.gov
Flood Hazard Mapping	www.fema.gov/plan/prevent/fhm
Flood Map Modernization	www.fema.gov/plan/prevent/fhm/mm_main.shtm
Floodplain Management	www.fema.gov/plan/prevent/floodplain/index.shtm
FloodSmart Website for Consumers	www.FloodSmart.gov
HAZUS MH (FEMA's Software Program for Estimating Potential Losses from Disasters)	www.fema.gov/plan/prevent/hazus
Mapping Information Platform (MIP)	www.hazards.fema.gov
Mitigation Best Practices Portfolio	www.fema.gov/plan/prevent/bestpractices
Mitigation Planning	www.fema.gov/plan/mitplanning
National Flood Insurance Program (NFIP)	www.fema.gov/business/nfip/index.shtm
National Flood Mitigation Data Collection Tool	www.fema.gov/plan/prevent/floodplain/Data_collection_tool.shtm
Pre-Disaster Mitigation (PDM) Grant Program	www.fema.gov/government/grant/pdm
Recovering and Rebuilding After a Disaster	www.fema.gov/rebuild/index.shtm
Repetitive Flood Claims (RFC)	www.fema.gov/government/grant/rfc/index.shtm

DEFINITION

Walled and Roofed

Impermanence is not an approach to construction that is endorsed by the NFIP. According to the *Flood Insurance Manual*, a structure that is eligible for NFIP coverage must be:

"A building that has two or more exterior rigid walls and a fully secured roof and that is affixed to a permanent site."

We, Too, Are the NFIP: JWT

Jim Caponigro, JWT

The NFIP is a single organization with several components, all uniquely suited to carry out its numerous and diverse functions. Fewer than 175 Federal employees work in the Mitigation Division at FEMA. But more than twice that many specialists work for FEMA contractors to support the efforts of their Mitigation Division counterparts. This article is the second in a series about the companies that currently are contracted to assist the Mitigation Division in fulfilling its mission. We want you to know who these companies are and what they do so that the next time you interact with the NFIP, you'll have a better idea of how the organization works.

In 2003, FEMA's Mitigation Division began searching for a marketing company to help convince the country to protect their homes and businesses with flood insurance. It took more than a year and a half to award a contract to the J. Walter Thompson (JWT) advertising company.

JWT carries a rich tradition in managing some of America's best known brands. Their clients include Ford Motor Company, the United States Marine Corps, Orkin Pest Control, Kraft Foods, and Nestle, just to name a few. JWT is not only known for being the first advertising agency in existence, but the agency also has an enormous geographical footprint, with offices in 150 cities located in 86 countries. *Advertising Age* ranked JWT

as the Number 3 agency network, worldwide, in 2005, with revenues of \$1.3 billion.

The primary goal of JWT's NFIP marketing strategy is policy growth. NFIP policy growth means financial



security and peace of mind to those affected by flood waters, as well as less reliance on the government's disaster assistance fund. FEMA has tasked JWT with developing a program to reach an annual 5-percent net policy growth. Led by the company's Atlanta office and including members from our parent company, WPP, and three WPP sister companies, the JWT marketing team delivers the optimal variety of experience to meet this aggressive 5-percent net policy growth goal and to provide seamless marketing support to the NFIP.

JWT manages brand direction, strategic planning, creative development, administration, research, and financial services for the NFIP's marketing initiatives. RMG Connect (Minneapolis, Chicago, New York) provides direct mail efforts, online advertising, and website development for the program—creating Floodsmart.gov and Agents.floodsmart.gov. Ogilvy Public Relations

(Washington, DC) organizes and drives NFIP consumer, influencer, and media outreach efforts. Mindshare Media (Atlanta, New York) handles all NFIP media planning and placement for broadcast and print media.

Together, these companies supported the Mitigation Division in creating the FloodSmart campaign. The campaign communicates "Everyone is at risk" messaging—featuring a red warning label—to the public and to key stakeholders, including the agent community, insurance companies, state and local public officials, real estate professionals, and lenders. It is important for consumers to realize that homeowners insurance doesn't cover flooding and just as important for the agent community to become ambassadors of the program.

JWT developed means to bring new customers into the flood insurance program, retain existing policyholders, and reacquire lapsed customers. Consistency across all communications and brand elements helped build program recognition immediately, continues to grow brand awareness for the NFIP across the country, and contributes to policy growth by linking consumers to agents.

An integrated communications campaign was established to surround consumers and key stakeholders with the risk message and to motivate them to take action to protect themselves. Direct response television is just one of the ways the

FloodSmart campaign reaches a broad audience. Other target programs include print advertising, public outreach, direct mail, online banners, key word search, and sales support materials that provide insurance agents around the country with tools to help explain to their customers and prospects the risks of floods as well as the importance and benefits of NFIP coverage.

By fall 2006, NFIP messages on direct response TV had been seen 800 million times by cable TV viewing Americans. And by the end of 2006, direct mail had been sent to more than 9 million homes. Online advertising was seen as many as 100 million times. The NFIP print ad "Coaster" has reached more than 20 million readers of *Parade* and *USA Weekend* magazines. In 2006, JWT's public outreach efforts generated more than 2,000 stories in daily newspapers and television news outlets about the benefits of flood insurance.

JWT is now in the third year of its 5-year contract. New to the program this year was production of a television public service announcement (PSA) designed to gain consumer attention about the 2006 hurricane season. JWT has considerable experience in producing PSAs. For example, the PSA program JWT created for the U.S. Marine Corps focuses on the dedication and hard work of the Marine Corps. This program regularly achieves more than \$5 million a year in free media exposure.

Putting together a PSA program for the NFIP took several months. At the end of May 2006, JWT began looking for a director to bring to life the idea of a new NFIP PSA. They settled on James Gartner, who recently filmed the movie "Glory Road" in New Orleans. This city became the central setting for the new NFIP PSA, titled "Listen." The PSA was designed to generate awareness and inform communities about the risks of flooding from hurricanes. In the PSA, experts



New Orleans jazz clarinetist Lewis Ford is recorded for FloodSmart's PSA. (Photo courtesy of JWT)

predict another active hurricane season. Important to the concept was the use of water imagery to communicate this message, as well as having the message delivered by a credible source. It was decided to tell the story through music...performed by musicians of New Orleans.

Casting directors were sent out to scout locations and interview musicians who would perform in the PSA. Of the 110 musicians who auditioned, seven were hired. Accompanying Mary Jo Vrem (the Mitigation Division's contract project

manager) on the production filming were the JWT people responsible for putting this entire process together, from coming up with the idea to presenting it to FEMA to completing the PSA's production: the producer, account manager, writer, and art director. After two 12-hour days, the action was put down on film. Locations included areas in the French Quarter, the Ninth Ward, and Jackson Square.

Following the shoot, editing took place in New York City under JWT's guidance. This portion of production took 2 weeks and included editing, coloring the film, adding graphics and titles, recording the voice-over narration, and mixing the music.

Finally, "Listen" was sent to television stations in 18 states along the Gulf Coast and Atlantic seaboard. It was first aired in August 2006...the culmination of a 3-month process! It is too early to determine how widely this PSA has been used; however, the overall impact of the

FloodSmart campaign has been significant since it began. Since the inception of the FloodSmart campaign in 2004, the NFIP's policy base has shown 27 consecutive months of growth (through August 2006). And FEMA's growth goal has been surpassed in many states. 

Jim Caponigro is a Senior Partner, Management Director at J. Walter Thompson. He is responsible for brand strategy and all integrated business activities for the FloodSmart marketing campaign.

Re:Sources

Watermark seeks to serve its readers with as wide a variety of resources as possible. We remain dedicated to disseminating information about flood insurance. As our readership expands to include more engineers, surveyors, and community planners, we hope to increase the available resources to ensure that all of our stakeholders can provide themselves, their clients, and their community members with the tools needed to better protect against flood losses.

We offer this information for reference but do not necessarily endorse any organization, product, or service. Unless otherwise noted, resources cited are free of charge. Website addresses may have changed since this edition of *Watermark* went to press.

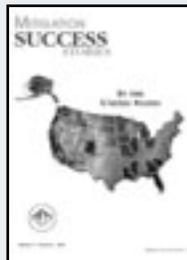
Publications

Mitigation Success Stories in the United States, IV

A joint production of the Association of State Floodplain Managers (ASFPM) and the Federal Emergency Management Agency, this publication is the fourth in a series of *Mitigation Success Stories*.

According to the ASFPM, *Mitigation Success Stories, Edition IV* showcases examples of natural hazard mitigation activities and publicizes the benefits of mitigation successes across the country. Examples come from 39 communities in 24 states.

The 100-page document is accessible on the ASFPM website (www.floods.org).



Large Floods in the United States: Where They Happen and Why

Jim O'Connor and John Costa authored this 2003 report for the U.S. Geological Survey (USGS) to show that the locations of most of the largest



floods are related to regional climatology, topography, and basin size. The report may be accessed online at the USGS website (<http://pubs.usgs.gov/circ/2003/circ1245/pdf/circ1245.pdf>) or by calling the USGS Information Services at 888-ASK-USGS (888-275-8747).

Availability and Affordability of Insurance Under Climate Change: A Growing Challenge for the U.S.

This white paper was published in 2005 by Ceres, a national coalition of investors, environmental groups, and other public interest organizations working with business and industry to address sustainability challenges such as climate change.

According to the Ceres website, the report was prepared immediately prior to Hurricane Katrina by a three-person collaboration that included a scientist, an insurance actuary and former regulator, and an insurance veteran of 50 years. They explored the insurability of risks from extreme weather events and climate change, and ways in which insurance affordability and availability could be adversely impacted in the U.S. in the coming years.

Included in the paper are examples where affordability and availability of insurance are already at risk from rising weather-related losses and how future financial exposure for insurers, governments, businesses, and consumers could worsen if current climate and business trends continue.

The 50-page white paper can be accessed on the Ceres website (www.ceres.org/pub/docs/Ceres_insure_climatechange_120105.pdf).



Websites

www.flash.org

The Federal Alliance for Safe Homes (FLASH) is a non-profit organization dedicated to promoting disaster safety and property loss mitigation.

FLASH produces educational materials and programs for consumers and building professionals about the importance of strengthening homes and safeguarding families from disaster. These include "Animated

Homeowner How-To's" (a series of animations that guide homeowners and builders through tested and approved mitigation techniques for the home), "Blueprint for Safety" (a training program for building professionals about the latest disaster-resistant techniques and products), "FLASH® Cards" (cards that provide disaster safety information in 20 topic areas), and the "One-Stop Hazard Resource Guide" (a media and consumer reference guide that provides concise safety information). Free memberships to FLASH include issues of their *Blueprint for*

Safety News newsletter, available in print and electronic editions. Visit the website for details.

www.nfipservices.com

Since 1983, insurance companies have been allowed to deliver and service NFIP policies in their own names, through the Write Your Own (WYO) Program. Agents may obtain flood policy application forms from a WYO company or directly from the federal government through the NFIP Direct Servicing Agent.

Visitors to the NFIP Services website will find pages that guide homeowners through all of the steps of obtaining a flood insurance policy or submitting a claim, provide insurance agents with information about enrolling with the NFIP Direct Servicing Agent to enable policy placement, and make claims forms available to insurance adjusters who are settling claims on policies placed through the NFIP Direct Servicing Agent. This website also includes more than 20 publications and forms used in servicing NFIP policies. 



Mitch McKron pumps water from the basement of the home he'd raised just in time to prevent it from flooding. Record rains in November 2006 caused many towns to flood in western Washington. (Photo by Marvin Nauman, FEMA)

National Flood Insurance Program

www.fema.gov/business/nfip

NFIP Telephone Numbers

Number	Service
800-638-6620	Direct Business
800-720-1093	Agent Information
800-427-4661	General Information
800-611-6125	Lender Information
800-427-5593	TDD
877-336-2627	FEMA Map Assistance Center (Information about flood hazard maps and map changes)
800-358-9616	FEMA Map Service Center (Order flood maps and FIS studies, <i>Flood Insurance Manual</i> , and <i>Community Status Book</i>)
800-480-2520 301-497-6378 FAX	FEMA Distribution Center (Order free NFIP forms and public awareness materials)

Regional Office Telephone Numbers

Region	FEMA	NFIP Bureau & Statistical Agent
Region I CT, MA, ME, NH, RI, VT	617-956-7501	781-848-1908
Region II NJ, NY Caribbean Office-PR,VI	212-680-3600 787-729-7624 ¹	856-489-4003 ² 281-829-6880 ³
Region III DC, DE, MD, PA, VA, WV	215-931-5608	856-489-4003
Region IV AL, GA, KY, MS, NC, SC, TN FL	770-220-5200 770-220-5400 ⁴	770-887-6865 813-779-9642 ⁵
Region V IL, IN, MI, MN, OH, WI	312-408-5500	708-326-3072
Region VI AR, LA, NM, OK, TX	940-898-5399	281-829-6880
Region VII IA, KS, MO, NE	816-283-7061	785-242-1097
Region VIII CO, MT, ND, SD, UT, WY	303-235-4800	303-275-3475
Region IX AZ, CA, GU, HI, NV	510-627-7100	916-780-7889
Region X AK, ID, OR, WA	425-487-4600	425-482-0316

¹ FEMA contact number for Puerto Rico and Virgin Islands

² B&SA contact number for Regions II and III

³ B&SA contact number for Puerto Rico and Virgin Islands

⁴ FEMA contact number for Florida

⁵ B&SA contact number for Florida

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