

Required Supplementary

Stewardship Information (unaudited)

for the year ended September 30, 2002 (dollars in thousands)

HUMAN CAPITAL

	Stewardship Investments				
	1998	1999	2000	2001	2002
State and Local Responders					
National Fire Academy	\$ 16,385	\$ 19,163	\$ 26,474	\$ 23,803	\$ 27,682
Emergency Management Institute	\$ 7,855	\$ 7,079	\$ 8,022	\$ 7,160	\$ 4,542

National Fire Academy

FEMA provides training and professional development to emergency management “first responders” at the state and local level. Conducted through the National Fire Academy (NFA) in Emmitsburg, Maryland, training promotes the professional development of the fire and the emergency response community and its allied professionals. To supplement and support state and local fire service training programs, the NFA develops and delivers educational and training courses having a national focus. In 2002 and 2001, 89,955 and 48,270, respectively, state and local emergency responders received training.

NFA maximizes participation through three different delivery modes. The first is the traditional method where NFA provides the instruction directly to the students and is responsible for all the costs associated with the delivery. The second method of delivery is done in conjunction with state and local sponsors who share cost of delivery. The third method of delivery is the indirect method where the NFA develops course materials, and they are delivered by state and local fire and rescue training agencies or used independently.

Emergency Management Institute

Through its courses and programs, EMI serves as the national focal point for the development and delivery of emergency management training to enhance the capabilities of state, local, and Tribal government officials, volunteer organizations, and the public and private sectors to minimize the impact of disasters on the American public. EMI curricula are structured to meet the needs of this diverse audience with an emphasis on how the various elements work together in emergencies to save lives and protect property. In addition to classroom courses that train in excess of 8,968 and 5,491 students in 2002 and 2001 respectively, EMI provided training programs online over the Internet to 148,043 state and local emergency responders.

RESEARCH & DEVELOPMENT

	1998	1999	2000	2001	2002
Fire Administration	\$ 900	\$ 1,400	\$ 1,800	\$ 2,200	\$ 2,250

The United States Fire Administration (USFA) continues to work with public and private groups to promote and improve fire prevention and life safety through research and special studies on fire detection, suppression, and notification and on fire and emergency responder health and safety. For example, research was conducted on the fire suppression effectiveness of hose streams and structural ventilation techniques were evaluated. These two projects will lead to improved techniques for fire attack and reduction of harm caused by the presence of the products of combustion. Three initiatives were also undertaken with the Consumer Product Safety Commission. These projects dealt with smart stove technologies, electrical home wiring, and mattress fires. Research also continued into fire sprinkler technology, especially residential sprinklers, and firefighter protective clothing.

Required Supplementary

Stewardship Information (unaudited)

for the year ended September 30, 2002 (dollars in thousands)

RISK ASSUMED INFORMATION

In accordance with SFFAS No. 5, *Accounting for Liabilities of the Federal Government*, we have performed an analysis of the contingencies associated with the unearned premium reserve. That analysis shows that the unearned premium reserve is greater than the combined values of (i) the estimated present value of unpaid expected losses and (ii) other operating expenses associated with existing policy contracts. So in accordance with SFFAS No. 5, we can state that the likelihood is probable that the unearned premium reserve will be adequate to pay future losses and other operating expenses associated with existing policy contracts. However, there is always a chance that, given the volatile nature of flooding, the volume of flood losses in the next year could exceed the unearned premium reserve.

Our estimate of the present value of unpaid expected losses is based on a loss ratio (losses to premium) which is then multiplied by the current unearned premium reserve. This loss ratio is derived from the NFIP actual historical premium, historical losses, and historical mix of business; each adjusted to today's level. More specifically, historical premiums have been adjusted to reflect the premium levels of the present by making adjustments for historical rate changes and historical changes in coverage amounts. Historical loss have been adjusted for inflation, using inflation indexes such as the CPI as well as chain price indexes, to reflect the values that historical losses would settle at if they were settled today. In addition, the historical mix of business is adjusted to reflect today's mix of business. Examples of how the historical mix of business has changed are the fact that today there are proportionately fewer pre-firm policies versus post firm policies in-force compared to in the past, and today there are proportionately more preferred risk policies in-force than there have been historically.