UNIT 9: FLOOD INSURANCE AND FLOODPLAIN MANAGEMENT

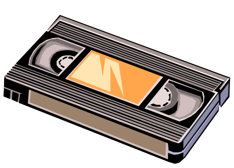
In this unit

While you are probably not an insurance agent, you should be aware of the close relationship between floodplain management and flood insurance.

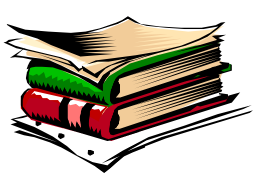
This Unit reviews:

- What a flood insurance policy covers,
- When a policy must be purchased,
- How flood insurance rates are determined,
- How the Community Rating System can reduce flood insurance premiums in communities that doe more than the minimum NFIP regulations, and
- The special rules that apply in the Coastal Barriers Resources System

Materials needed for this unit



- Videotape segment, *Community Rating System*
- Video cassette player



Additional information can be found in *Answers to Questions about the National Flood Insurance Program*, questions 21 - 66.

Contents

A. Flood Insurance Policies

This section is devoted to flood insurance policies: what's covered, what's not covered, when must a policy be bought, and other rules. This is important information for the local permit administrator to know because some construction decisions affect what is eligible for insurance coverage.

If you have additional questions:

- *Answers to Questions about the National Flood Insurance Program*, questions 21 – 66 covers the topics in this unit.
- Local insurance agents should have additional references, including FEMA's *Flood Insurance Manual*.

As noted in Unit 2, 99% of the communities in the NFIP are in the Regular Phase. Only a few communities with minor flood problems are still in the Emergency Phase. This section only discusses the Regular Phase provisions. The only major difference is that Emergency Phase policies have lower amounts of coverage.

Who's involved

Flood insurance policies are obtained through local property insurance agents. The agents may sell a policy through one of the Write Your Own insurance companies or a "direct" policy through FEMA. Both approaches will result in the issuance of a "Standard Flood Insurance Policy" that meets all the requirements and rates set by FEMA.

If an insured property is flooded, the property owner contacts his or her insurance agent. The agent arranges for an adjuster to review the damage and work with the insured to settle a claim.

Property owners always work through their insurance agents – they do not need to deal with FEMA.

Coverage

Flood insurance coverage is provided for insurable buildings and their contents.

Building coverage

Building coverage is for the structure. This includes all things that typically stay with the building when it changes ownership, including:

- Utility equipment, such as a furnace or water heater

- Wall-to-wall carpeting
- Built-in appliances
- Wallpaper and paneling

Ten percent of a residence's building coverage may apply to a detached garage or carport. Other appurtenant structures must be insured under a separate policy.

"Building" defined

A "building" is defined as a walled and roofed structure, including a manufactured home, that is principally above ground and affixed to a permanent site. This definition has three parts:

- "Walled and roofed" means it has in place two or more exterior rigid walls and the roof fully secured so that the building will resist flotation, collapse and lateral movement.
- "Manufactured (mobile) home" is a building transportable in one or more sections, which is built on a permanent chassis and is designed for use with or without a permanent foundation when attached to the required utilities.
- "Principally above ground" means at least 51 percent of the actual cash value of the structure, including machinery and equipment (but not land value), is above ground.

This definition is similar to, but not quite the same as, the definition for "building" or "structure" used for floodplain management and defined in Unit 5, Section E.

The term includes a building in the course of construction, alteration or repair.

Examples of things that are not considered insurable buildings include:

- Gas or liquid storage tanks,
- A structure with more than 50 percent of its value underground, such as an underground pumping station, well or septic tank,
- Tents,
- Tennis and swimming pool bubbles,
- Swimming pools,
- Fences, docks, driveways,
- Open pavilions for picnic tables and bleachers,
- Carports with open sides,

- Sheds on skids that are moved to different construction sites,
- Licensed vehicles, campers and travel trailers (unless permanently attached to the site),
- A building declared in violation of a state or local law (see Unit 7, Section E on Section 1316),
- Buildings over water or seaward of mean high tide which were built after October 1, 1982, and
- Landscaping, crops, and other items outside of a building.

Contents coverage

Contents coverage is for the removable items inside an insurable building. A renter can take out a policy with contents coverage, even if there is no structural coverage.

Certain contents are not insurable. These include:

- Animals and livestock,
- Licensed vehicles,
- Jewelry, artwork, furs and similar items valued at more than $250,
- Money or valuable papers, and
- Items in a structure that does not qualify as an "insurable building," such as garden tools stored in an open carport.

Basements

A basement is a floor that is below grade on all sides. There is limited coverage for basements:

- Building coverage is not extended to wallpaper, carpeting and similar finishings.
- The only contents kept in a basement that are covered are washers, dryers and freezers.

Enclosures

There is limited coverage in enclosures below the lowest floor of an elevated post-FIRM building (including a manufactured home):

- There is no contents coverage in these enclosures.
- The only structural coverage is for the required utility connections and the foundation and anchoring system required to support the building.

It therefore behooves the permit official to ensure that furnaces and other items that can be damaged by floodwater are not allowed in a crawlspace or other enclosure below an elevated lowest floor.

Amount of coverage

Insurance rates for all buildings are based on a two-tiered system: a first or basic layer of coverage and a second or additional layer. The maximum amounts available under each layer are shown in Figure 9 -1.

BUILDING COVERAGE	Basic Insurance limits	Additional insurance limits	Total Insurance Limits
Single-family dwelling	$ 50,000	$200,000	$250,000
2-4 family dwelling	$ 50,000	$200,000	$250,000
Other residential	$135,000	$115,000	$250,000
Nonresidential	$135,000	$365,000	$500,000
CONTENTS COVERAGE			
Residential	$ 15,000	$ 85,000	$100,000
Nonresidential	$115,000	$385,000	$500,000

Figure 9-1. Amount of Insurance Available

Note: This table is for communities in the Regular Phase of the NFIP. If your community has a Flood Insurance Rate Map and is participating in the NFIP, it is in the Regular Phase. Coverage amounts are as of October 1, 1997.

Waiting period

A 30-day waiting period follows the purchase of a flood insurance policy before it goes into effect.

The objective of this waiting period is to encourage people to keep a policy at all times. FEMA does not want folks to wait for the river to rise before they buy their coverage. Also, to be on a sound financial basis, the NFIP needs everyone at risk to pay their share of the premiums.

Many people have found out about the waiting period the hard way. Your community would be wise to publicize availability of flood insurance so residents can be protected when a flood comes.

THE MANDATORY PURCHASE REQUIREMENT

The Flood Disaster Protection Act of 1973 added a key requirement to the NFIP: if a community participates in the program, flood insurance is a prerequisite for receiving money from a federal agency or a federally-supported financial program.

Where it applies

The mandatory purchase requirement applies to all forms of federal or federally related financial assistance for buildings located in Special Flood Hazard Areas (SFHAs). This requirement affects loans and grants for the purchase, construction, repair, or improvement of any publicly or privately owned building in the SFHA, including machinery, equipment, fixtures, and furnishings contained in such buildings.

Financial assistance programs affected include loans and grants from agencies such as the Department of Veterans Affairs, USDA Rural and Housing Services, Federal Housing Administration, Small Business Administration, and Federal Emergency Management Agency.

The requirement applies to secured mortgage loans from financial institutions, such as commercial lenders, savings and loan associations, savings banks, and credit unions that are regulated, supervised or insured by Federal agencies such as the Federal Deposit Insurance Corporation and the Office of Thrift Supervision.

The requirement comes into play if a loan is made, increased, renewed or extended – at any of those steps, the lender must check to see if the building is in an SFHA at that time. For example, a building in an X Zone when the original mortgage was taken out, would be affected if the area is remapped in the SFHA and the loan is later refinanced.

The requirement also applies to all mortgage loans purchased by Fannie Mae or Freddie Mac in the secondary mortgage market.

How it Works

Before a person can receive a loan or other financial assistance from one of the affected agencies or lenders, there must be a check to see if the building is in an SFHA on the Flood Insurance Rate Map (FIRM). It is the agency's or the lender's responsibility to check the FIRM to determine if the building is in an SFHA, although many communities provide assistance.

If the building is in an SFHA, the agency or lender is required by law to require the recipient to purchase a flood insurance policy on the building. The requirement is for structural coverage equal to the amount of the loan (or other financial assistance) or the maximum amount available, whichever is less.

> Note: Many people who were required to get building coverage do not realize that their contents are not covered unless they voluntarily purchase contents coverage. A local public information program would help residents by informing them of this and other basic facts, such as the 30-day waiting period and the availability of insurance for properties outside the floodplain.

The mandatory purchase requirement does not affect loans or financial assistance for items that are not covered by a flood insurance policy, such as vehicles, business expenses, landscaping, and vacant lots.

It does not affect loans for buildings that are not in the floodplain, even though a portion of the lot may be floodprone. While not mandated by law, a lender may require a flood insurance policy as a condition of a loan for a property in any zone on a FIRM.

Flood insurance for your community

As a recipient of federal financial assistance, your community may have been subject to the mandatory purchase requirement. You should determine if there are any insurable buildings in your floodplain. If so, see if they received federal aid in the past. Likely prospects include:

- A wastewater treatment plant (which are always located near a body of water) which received a grant from the Environmental Protection Agency.
- Public housing or neighborhood center funded with help from the Department of Housing and Urban Development or the Community Development Block Grant.
- Any facility that received disaster assistance after a flood or other disaster declaration.

Whether there was a requirement to buy insurance or not, you should advise your risk manager or other appropriate office about the buildings exposed to flooding. Many agencies find out too late that their “all risk” insurance policies don’t cover flooding.

Over the last few years, Congress has taken steps to encourage public agencies and private property owners to purchase flood insurance instead of relying on disaster assistance for help after a flood. Disaster assistance for a public building will be reduced by the amount of insurance coverage a community should carry on the building (regardless whether the community is carrying a policy).

In effect, disaster assistance for public agencies now has a very large deductible equal to the insurance policy it should carry. Why wait for the disaster to be caught short? You should advise the appropriate people of the need to purchase flood insurance coverage on your community’s buildings.

B. RATING BUILDINGS

The insurance agent calculates the premium for a flood insurance policy on a property. The premiums on new buildings are based on the risk of flooding and flood damage. If a building is built incorrectly, the owner may be faced with very high premiums or insufficient coverage. On the other hand, if a building is built properly, the owner will pay less than what it costs to insure a pre-FIRM building under the "subsidized" rates.

The two aspects of the NFIP – insurance and regulations – reinforce each other. How well local floodplain management regulations are enforced affects the flood insurance rates paid by the citizens of your community. Consequently, it is important for you to know how flood insurance rates are set for new buildings.

As noted earlier, 99% of the communities in the NFIP are in the Regular Phase. Only a few communities with minor flood problems are still in the Emergency Phase. This section only discusses the Regular Phase rates. Emergency Phase policies are rated similarly to pre-FIRM policies.

RATING PRE-FIRM BUILDINGS

Pre-FIRM buildings are those built before the effective date of your first Flood Insurance Rate Map (FIRM). This means they were built before detailed flood hazard data and flood elevations were provided to the community and usually before your community enacted comprehensive regulations on floodplain construction.

Pre-FIRM buildings can be insured using "subsidized" rates. They are designed to help people afford flood insurance even though their buildings were not built with flood protection in mind.

The "subsidy" in the subsidized rate is not funded by taxpayers. It is, in fact, an insurance mechanism called cross-subsidization. The NFIP insurance costs are supported from flood insurance premiums, so post-FIRM and B, C and X Zone policy holders are, in effect, helping their pre-FIRM counterparts obtain affordable flood insurance coverage.

The pre-FIRM building rates for a single-family house are shown in Figure 9-2. They are based on the building type and FIRM zone. The elevation of the building is not counted because most people do not have elevation data on pre-FIRM buildings. If there is an elevation certificate or similar record, then the building can be rated at the post-FIRM rate, if it is lower.

Building type	A, AE, A1-A30, D Zones Building	Contents	V, VE, V1-V30 Zones Building	Contents	B, C, X Zones Building	Contents
No basement	.68/.20	.79/.36	.68/ .51	.79/.90	.31/.09	.50/.16
With basement	.73/.36	.79/.36	.73/1.29	.79/.90	.36/.19	.58/.31
With enclosure	.73/.28	.79/.36	.73/. 90	.79/.90	.36/.14	.58/.26
Mobile home	.68/.20	.79/.35	.68/2.48	.79/.90	.31/.19	.50/.16

Rates are per $100 coverage. The two numbers under each category (Building or Contents) reflect the rates for the basic and additional layers of coverage explained in Figure 9-2. The FIRM zones designations are explained in Figure 3-10.

Figure 9-2. Rates for pre-FIRM single-family dwellings.

If a pre-FIRM building is substantially damaged or substantially improved, it will be rerated as a post-FIRM building (determining substantial damage and substantial improvement is explained in Unit 8).

RATING NEW BUILDINGS

The premium rates for new or post-FIRM construction are actuarial, meaning they are based on the known risk the building is exposed to. Post-FIRM rates base the risk on the elevation of the lowest floor (including the basement) of the building in relation to the base flood elevation or BFE. These rates are shown for a single family residence in Figure 9-3.

Figure 9-3 shows how the rates are dependent on the elevation of the lowest floor in relation to the BFE. The higher the floor, the lower the rate. A building with the lowest floor at the BFE (“0" in Figure 9-3) benefits from a lower rate than a pre-FIRM building’s “subsidized” rate: 45 cents per $100 for the first layer compared to 68 cents per $100 for a building in the AE Zone.

Lowest floor vs. BFE	AE, A1 - A30 Zones Building	Contents	VE, V1 - V30 Zones Building	Contents
+4	.16/.08	.21/.12	.36	.19
+3	.16/.08	.21/.12	.41	.19
+2	.18/.08	.21/.12	.53	.27
+1	.26/.08	.36/.12	.71	.49
0	.45/.08	.80/.12	.93	.74
-1	1.16/.61	2.02/1.01	1.23	1.07
-2	Submit to rate		1.59	1.51

Notes: AE, A1 - A30 Zone rates are for one floor, no basement. The two numbers reflect the rates for the basic and additional layers coverage which are explained in Figure 9-1. VE, V1 - V30 Zone rates are for post-FIRM construction after 1981 with no lower obstruction. The rates for the first and second layers of coverage are the same in the V zones.

Figure 9-3. Rates for post-FIRM single family dwellings in the SFHA

Submit to rate

The insurance agent's rate tables do not cover cases where the building is two or more feet below the BFE. The agent must send the application to his or her company headquarters for a special, individualized rating. This procedure is known as <u>submit</u> <u>to</u> <u>rate</u>.

Submit to rate premiums on policies that are significantly below the BFE can be as high as $25,000.

Since a submit-to-rate policy often is an indicator of the property owner's noncompliance with a community's regulations, the community's failure to enforce its regulations, or the result of a variance action, these cases are forwarded to the appropriate FEMA Regional Office for investigation.

Elevation certificates

You can see how important it can be for the owner to have the building properly rated. One of the key tools that helps do this is the elevation certificate. This form tells the insurance agent how high the building is and how high the base flood elevation is. It is discussed in Unit 7, Section G.

Floodproofing

A floodproofed nonresidential building is rated based on the elevation of its lowest floor, unless it is floodproofed to one foot above the BFE. Then, one foot is subtracted from the flood protection level. Thus, a building must be floodproofed to one foot above the BFE in order to get the same rates as a building elevated to the BFE.

If a building is only floodproofed to the BFE or lower, this floodproofing credit cannot be used and it will be rated based on the floor elevation. If the lowest floor is two or more feet below the BFE, it will be a submit to rate.

Buildings that are floodproofed need floodproofing certificates, as explained in Unit 7, Section G.

RATING IN APPROXIMATE A ZONES

Approximate A Zones are floodplains that are mapped on the FIRM without a BFE. They are discussed in Unit 3, Section E. A post-FIRM building in an approximate A Zone cannot be rated using tables like Figure 9-3.

A post-FIRM single-family home in an approximate A Zone will be subject to a rate of $1.80/1.10 for building coverage and the same rate for contents coverage. This rate is much higher than the rates in Figures 9-2 and 9-3. This can be a real disincentive for people to buy flood insurance on post-FIRM buildings in approximate A Zones.

There are two ways to obtain lower rates in approximate A Zones. In either case, an elevation certificate is needed.

- ♦ If the community provides a locally developed BFE and the building is elevated to or above that BFE, the rates are comparable to those for buildings in AE Zones. Communities are encouraged to do this, as explained in Unit 5, Section B.
- ♦ If there is no base flood elevation from any source, rates can be set based on the height of the building above its highest adjacent grade. Rates are reduced for buildings 1 foot, 2 feet and 5 or more feet above grade (the higher the building, the lower the rate). Buildings built at or below grade can use the submit for rate approach.

PREMIUMS

A policy holder's total payment is calculated by:

- ♦ Multiplying the amount of building coverage desired times the rate (done once for the basic coverage and again for the additional limits),
- ♦ Multiplying the amount of contents coverage times the rate desired (done once for the basic coverage and again for the additional limits),
- ♦ Adding the premium for Increased Cost of Construction coverage (which varies from $4 to $75, depending on the type of building and FIRM zone. See Unit 8, Section B on ICC coverage),
- ♦ Adding the expense constant (currently $30 to help cover the cost of writing the policy), and
- ♦ Adding the Federal policy fee (currently $45 to help pay for administrative costs, such as floodplain mapping).

People may buy one-year or three-year policies. With a three-year policy, the expense constant and Federal policy fee are paid only once, saving $150 over three years.

The rates can vary based on the community's floodplain management program. If the community has not properly enforced its floodplain management ordinance, it could be put on probation. Under probation, all policies have an additional $50 surcharge.

NFIP/CRS

Conversely, a community that has an exemplary program that includes floodplain management activities above and beyond the minimum NFIP criteria may apply for a Community Rating System (CRS) classification. This has reduced the flood insurance premiums in 900 communities by up to 25%. The CRS is explained in more detail in the next section.

LEARNING CHECK #1

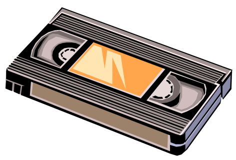
1. Where does a property owner go to buy a flood insurance policy?
2. Can I buy a flood insurance policy with building coverage on the following?
   - — An apartment building
   - — A septic tank
   - — An open sided park pavilion
   - — A motor home
   - — A boat dock
   - — A mobile home on a foundation in a mobile home park
   - — A flower garden
3. What is the maximum amount of contents coverage I can get for a single family dwelling?
4. Can I wait and buy a flood insurance policy after I hear the National Weather Service issue a flood warning?
5. Which of the following programs is likely to require a flood insurance policy as a condition of financial assistance?
   - — Department of Veterans Affairs mortgage loan guarantees
   - — HUD Community Development Block Grants
   - — Federal disaster assistance
   - — Home improvement loans from a bank participating in FDIC
   - — Mortgage from a federal credit union
6. Does your local government have flood insurance coverage on the buildings it owns in the floodplain?
7. Do I need an elevation certificate to purchase a flood insurance policy on a pre-FIRM building?
8. Is there much of a cost savings on flood insurance if the lowest floor of a post-FIRM building is one foot above the BFE instead of at the BFE?
9. Can I get a good flood insurance rate on a building in an AE Zone that is floodproofed to the base flood elevation?
10. What's the best way to get a good flood insurance rate for a new building in an approximate A Zone?

C. The Community Rating System

The Community Rating System (CRS) is one of the best programs around for encouraging and recognizing broad-based local flood hazard mitigation programs.

The CRS provides a reduction in flood insurance premium rates for communities that implement activities above and beyond the minimum requirements of the NFIP. The CRS provides credits for a variety of community flood protection activities.

Video: NFIP Community Rating System



Watch the video segment, *NFIP Community Rating System.* This was prepared by FEMA and copies are available to show your elected officials or citizen groups.

After viewing the segment, return to the text. You may rewind the tape.

To receive a 5 percent or greater CRS flood insurance premium reduction, a community must apply to its FEMA Regional Office. This involves application worksheets and presentation of appropriate documentation. The Insurance Services Office, Inc., (ISO) reviews the application for FEMA. An ISO/CRS Specialist visits the community and verifies that the activities are being implemented as described in the application.

The ISO/CRS Specialist is kept abreast of any changes in the community's program and conducts periodic visits to verify continued implementation.

Benefits

The CRS offers some nonfinancial benefits. First, the community's flood program would receive recognition from a national evaluation program.

Second, technical assistance in designing and implementing some activities is available at no charge from ISO.

Third, the CRS keeps track of the community’s floodplain management program. If future governing boards consider eliminating a flood-related program or reducing the regulatory requirements for new developments, it could affect the community's CRS status. This may give them second thoughts about reducing the community's flood protection efforts.

A similar system used in fire insurance rating has had a strong impact on the level of support local governments give their fire protection programs. In other words, the CRS encourages communities to keep their flood programs going during times of drought and diminished interest.

CRS ACTIVITIES

The *CRS Coordinator's Manual* describes the 18 floodplain management activities credited by the Community Rating System and the documentation required to receive credit for each activity. The credits and formulae used to calculate credits are also included.

The CRS *Application* provides a simpler summary of the activities and the initial steps needed to apply for credit.

These activities are divided into four categories, or series:

- ♦ 300 Public information
- ♦ 400 Mapping and regulations
- ♦ 500 Flood damage reduction
- ♦ 600 Flood preparedness

The activities' credit points can be increased if they are part of a comprehensive floodplain management or flood hazard mitigation plan. Special credits are provided for activities that affect special hazards, such as coastal erosion and alluvial fan flooding, that aren’t reflected in the NFIP mapping or regulatory standards.

The activities do not all have to be implemented at local expense. Many communities can qualify for “uniform minimum credit” whereby a state or regional agency can apply for a CRS activity that it is implementing on behalf of its communities.

Communities can receive credit for retrofitting projects funded by the owners, regulatory programs administered by the state or a regional district, or similar projects or programs implemented by another agency or organization. What counts to the CRS is what happens in the community, not who does it.

Public information activities

This series credits programs that advise people about the flood hazard, flood insurance and ways to reduce flood damage. These activities also provide data needed by insurance agents for accurate flood insurance rating:

- ♦ 310 (Elevation Certificates) Maintain FEMA elevation certificates for new construction in the floodplain. Keeping certificates after the date of CRS application is required of all CRS communities.
- ♦ 320 (Map Information) Respond to inquiries about what FIRM zone a property is in and publicize this service.
- ♦ 330 (Outreach Projects) Send information about the flood hazard, flood insurance and flood protection measures to residents.
- ♦ 340 (Hazard Disclosure) Advise potential purchasers of floodprone property about the flood hazard or require a notice of the flood hazard.
- ♦ 350 (Flood Protection Library) The public library maintains references on flood insurance and flood protection.
- ♦ 360 (Flood Protection Assistance) Give inquiring property owners technical advice on how to protect their buildings from flooding and publicize this service.

Mapping and regulation activities.

This series credits programs that provide increased protection to new development. The credit points for the activities in this series are increased for growing communities:

- ♦ 410 (Additional Flood Data) Develop new flood elevations, floodway delineations, wave heights or other regulatory flood hazard data for an area that was not mapped in detail by the flood insurance study; or have the flood insurance study based on a higher state or local standard.
- ♦ 420 (Open Space Preservation) Guarantee that currently vacant floodplain lands will be kept free from development; additional credit is given for areas still in, or restored to, their natural state.
- ♦ 430 (Higher Regulatory Standards) Require freeboard; require engineered foundations; require compensatory storage; zone the floodplain for minimum lot sizes of one acre or larger; have regulations to protect critical facilities, or have other standards for new construction that exceed the minimum NFIP requirements.
- ♦ 440 (Flood Data Maintenance) Keep flood and property data on computer records; use better base maps; or maintain elevation reference marks.
- ♦ 450 (Stormwater Management) Regulate new development throughout the watershed to ensure that post-development runoff is no worse than predevelopment runoff and/or protects or improves water quality.

Flood damage reduction activities

This series credits programs for areas in which existing development is at risk. There is no CRS credit for new structural flood control measures because greater reductions in flood insurance rates are provided through the FIRM revision process.

- 510 (Floodplain Management Planning) Prepare, adopt and implement a comprehensive plan that addresses the community's flood problem, and evaluate and revise the plan annually.
- 520 (Acquisition and Relocation) Acquire and/or relocate floodprone buildings so that they are out of the floodplain.
- 530 (Retrofitting) Protect floodprone buildings through elevation, on-site barriers, or floodproofing.
- 540 (Drainage System Maintenance) Conduct periodic inspections of all channels and retention basins, and remove debris as needed.

Flood preparedness activities

This series is oriented toward preparing for and responding to a flood due to natural causes, a levee failure or a dam breach. They are usually coordinated by the community's emergency manager:

- 610 (Flood Warning Program) Provide early flood warnings to the public and have a detailed flood response plan keyed to flood crest predictions.
- 620 (Levee Safety) Maintain levees that are not reflected on the FIRM as providing base flood protection.
- 630 (Dam Safety) All communities in a state with an approved dam safety program receive credit.

PUBLICATIONS

Even if you are not in the CRS, its publication series can be helpful. It includes the references on ordinance language and planning mentioned in other sections of this course.

CRS publications are free.

A CRS publications order form is on the next page. The key document for nonparticipating communities is the *CRS Application*. CRS and non-CRS communities are welcome to order any of the publications that will assist their floodplain management programs.

Community Rating System Publications Order Form

The following publications can be obtained free by folding and mailing this form to The form can be faxed to the number listed or mailed to Flood Publications, NFIP/CRS, P.O. Box 501016, Indianapolis, IN 46250-1016 or faxing it to 317-848-3578. If you want more than one copy, call (317) 848-2898.

General and application

_____ *CRS Coordinator's Manual*
_____ *CRS Application*
_____ Community Rating System brochures
_____ *Computerized Calculations for the Community Rating System* (3.5" disk)
_____ CRS Video (13 minutes)
_____ *CRS Record Keeping Guidance*

Specific activities

_____ "Computerized Format for FEMA Elevation Certificates" (3.5" disk)
_____ *CRS Credit for Drainage System Maintenance*
_____ *CRS Credit for Flood Warning Programs*
_____ *CRS Credit for Outreach Projects*
_____ *CRS Credit for Stormwater Management*
_____ *CRS Credit for Higher Regulatory Standards*
_____ *Example Plans*

Special hazards

_____ *CRS Commentary Supplement for Special Hazards Credit*
_____ *CRS Credit for Management of Alluvial Fan Flood Hazards*
_____ *CRS Credit for Management of Areas Adjacent to Closed Basin Lakes*
_____ *CRS Credit for Management of Areas Adjacent to Moveable Bed Streams*
_____ *CRS Credit for Management of Areas Subject to Land Subsidence*
_____ *CRS Credit for Management of Ice Jam Hazards*
_____ *CRS Credit for Management of Pacific and Caribbean Tsunami Hazards*

Please send these publications to:

Name: ____

Address: ____

____

City: _________________________________ State: ______ Zip: ______________:

Community name (if applicable): ____

NFIP number (if applicable): ____________________________________

D. THE COASTAL BARRIERS RESOURCES SYSTEM

The Coastal Barriers Resources Act of 1982 (COBRA) and later amendments, removed the Federal government from financial involvement associated with building and development in undeveloped portions of coastal areas (including the Great Lakes). These areas were mapped and designated as Coastal Barrier Resources System units or “otherwise protected areas.” They are colloquially called ACOBRA zones.@

Any Federal program which may have the effect of encouraging development on coastal barrier islands is restricted by COBRA. These include “any form of loan, grant, guarantee, insurance, payment, rebate, subsidy or any other form of direct or indirect Federal assistance” with specific and limited exceptions. For example, Federal disaster assistance is limited to emergency relief – there are no loans or grants to repair or rebuild buildings in COBRA zones.

COBRA also banned the sale of NFIP flood insurance for structures built or substantially improved on or after a specified date. For the initial COBRA designations, this date is October 1, 1983. For all subsequent designations, this date is the date the COBRA zone was identified. COBRA Zones and their identification dates are shown in the legend of Flood Insurance Rate Maps.

If an owner of a building in a COBRA zone wanted to buy flood insurance, he or she would need a copy of the building permit showing that the building was properly built before the designation date and a signed statement from the floodplain ordinance administrator that it had not been substantially damaged or improved since then. The insurance agent would provide more information on the format for this documentation.

The boundaries of the COBRA Zones cannot be revised through the Letter of Map Amendment or Revision (LOMA/LOMR) process. They can only be revised by the following:

- Congressional action,
- Interpretation of boundaries by the U.S. Department of the Interior, Fish and Wildlife Service, or
- Cartographic modifications by FEMA to correct errors in the transcription of the Department of the Interior maps onto FIRMs.

If an NFIP policy is issued in error in a COBRA zone, it will be cancelled and the premium refunded. No claim can be paid, even if the mistake is not found until a claim is made.

If a grandfathered building with flood insurance is substantially improved or substantially damaged, the policy will be cancelled. Determining substantial improvements and substantial damage is covered in Unit 8.

Banks can only make conventional loans. They are hesitant to do so because conventional loans are often sold to the secondary loan market, and that transfer will require flood insurance. While they cannot require flood insurance on newer buildings in COBRA zones, lenders are required to notify borrowers of the flood hazard and the lack of disaster assistance. Many lenders are reluctant to lend without protecting their investment with flood insurance, and private flood insurance is not readily available.

LEARNING CHECK #2

1. What are some of the benefits of joining the Community Rating System?

2. Does your community implement any of the 18 activities credited by the CRS?

3. What is a COBRA zone?

4. Can I request a LOMA to get my property out of a COBRA zone?

5. Are there any COBRA zones in Flood County?

UNIT LEARNING EXERCISE

1. Who sets the rates and coverage rules for flood insurance policies, FEMA or private insurance companies?
2. What are the two types of flood insurance coverage available?
3. Can I get flood insurance coverage for furniture in a basement?
4. Can a bank require flood insurance for a property outside the SFHA shown on the latest FIRM?
5. What are the two key factors in rating post-FIRM buildings?
6. How do I know how much a flood insurance policy will cost for a post-FIRM building with the lowest floor four feet below the BFE?
7. How can your community help its residents get lower flood insurance rates?
8. Can a community get CRS credit for activities implemented by a state agency on behalf of the community?
9. Can non-CRS communities obtain and benefit from CRS publications?
10. RM 38-1 is located near Site A on Flood County's FIRM. Is RM 38-1 in an SFHA?
11. Is RM 38-1 in a COBRA zone?
12. Mrs. Murphy's Chowder House was built at the east end of Vassar Road on panel 38 in 1994. The restaurant got flooded last month. Which of the following can help Mrs. Murphy rebuild her damaged restaurant?
    - — An NFIP flood insurance policy
    - — A FEMA disaster assistance grant
    - — A Small Business Administration disaster loan

ANSWERS TO THE LEARNING CHECKS

Learning check #1

1. Where does a property owner go to buy a flood insurance policy?

   To any licensed casualty insurance agent.

2. Can I buy a flood insurance policy with building coverage on the following?

   — An apartment building *yes*

   — A septic tank *no*

   — An open sided park pavilion *no*

   — A motor home *no, unless it's permanently attached to a foundation*

   — A boat dock *no*

   — A mobile home on a foundation in a mobile home park *yes*

   — A flower garden *no*

3. What is the maximum amount of contents coverage I can get for a single family dwelling?

   $100,000

4. Can I wait and buy a flood insurance policy after I hear the National Weather Service issue a flood warning?

   No. There is a 30-day waiting period before coverage takes effect.

5. Which of the following programs is likely to require a flood insurance policy as a condition of financial assistance?

   — Department of Veterans Affairs mortgage loan guarantees *yes*

   — HUD Community Development Block Grants *yes*

   — Federal disaster assistance *yes*

   — Home improvement loans from a bank participating in FDIC *yes*

   — Mortgage from a federal credit union *yes*

6. Does your local government have flood insurance coverage on the buildings it owns in the floodplain?

   Depends on the community. This is an important thing to check because flood insurance may be the only source of funds to rebuild and repair those buildings after a flood.

7. Do I need an elevation certificate to purchase a flood insurance policy on a pre-FIRM building?

   No. However, if you have one that shows the building to be at or above the BFE, you can get a post-FIRM actuarial rate that is lower than the rate for pre-FIRM buildings.

8. Is there much of a cost savings on flood insurance if the lowest floor of a post-FIRM building is one foot above the BFE instead of at the BFE?

   Yes. For example, the rate for the first layer of building coverage in an AE Zone goes from $.45/$100 coverage to $.26, a savings of over 40%.

9. Can I get a good flood insurance rate on a building in an AE Zone that is floodproofed to the base flood elevation?

   Probably not. Unless the building is floodproofed to at least one foot above the BFE, the rate will be based on the elevation of the lowest floor. If the lowest floor is two or more feet below the BFE, it will be a submit to rate.

10. What's the best way to get a good flood insurance rate for a new building in an approximate A Zone?

    Obtain or develop a base flood elevation for the site and require the building to be elevated above it.

Learning check #2

1. What are some of the benefits of joining the Community Rating System?

   — *Residents get reduced flood insurance premiums*

   — *The community's flood program receives recognition from a national evaluation program.*

   — *Technical assistance in designing and implementing some activities is available at no charge from ISO.*

   — *It encourages the community to maintain its program during times of diminished interest in flood issues.*

2. Does your community implement any of the 18 activities credited by the CRS?

   Depends on the community. If your community implements five or more of the activities listed, it may be worth your while to obtain a copy of the CRS Application or contact the ISO/CRS Specialist for your area. Call 317/848-2898, your State NFIP Coordinator or your FEMA Regional Office for the name and phone number of your ISO/CRS Specialist.

3. What is a COBRA zone?

   An undeveloped area of the coast designated as part of the Coastal Barriers Resources System.

4. Can I request a LOMA to get my property out of a COBRA zone?

   No. The U.S. Fish and Wildlife Services can interpret the boundaries and FEMA can correct map errors, but only Congress can change the designation.

5. Are there any COBRA zones in Flood County?

   Yes. Panels 38 and 40 of Flood County contain COBRA zones designated in 1983 and after 1990.

Unit Learning Exercise

1. Who sets the rates and coverage rules for flood insurance policies, FEMA or private insurance companies?

   FEMA

2. What are the two types of flood insurance coverage available?

   Building and contents coverage

3. Can I get flood insurance coverage for furniture in a basement?

   No

4. Can a bank require flood insurance for a property outside the SFHA shown on the latest FIRM?

   Yes. Any lender can require flood insurance wherever it wants (Federal law doesn't give lenders a choice for properties in the SFHA).

5. What are the two key factors in rating post-FIRM buildings?

   FIRM Zone and the lowest floor's elevation in relation to the BFE

6. How do I know how much a flood insurance policy will cost for a post-FIRM building with the lowest floor four feet below the BFE?

   The insurance agent has to send information on the building in for a special individualized rating known as "submit to rate."

7. How can your community help its residents get lower flood insurance rates?

   Join the Community Rating System

8. Can a community get CRS credit for activities implemented by a state agency on behalf of the community?

   Yes

9. Can non-CRS communities obtain and benefit from CRS publications?

   Yes

10. RM 38-1 is located near Site A on Flood County's FIRM. Is RM 38-1 in an SFHA?

    Yes

11. Is RM 38-1 in a COBRA zone?

    No

12. Mrs. Murphy's Chowder House was built at the east end of Vassar Road on panel 38 in 1994. The restaurant got flooded last month. Which of the following can help Mrs. Murphy rebuild her damaged restaurant?

— An NFIP flood insurance policy

— A FEMA disaster assistance grant

— A Small Business Administration disaster loan

None of these programs are available because the building was built in a COBRA zone two years after it was designated as such.

You are now only one short unit from finishing this course. If you think you will be ready in a week, call now for the final examination to be mailed to you.