FEMA WATERMARK

FALL 2002 NATIONAL FLOOD INSURANCE PROGRAM

State of the NFIP

Following is the speech given by Howard Leikin, Deputy Administrator for Insurance of the Federal Insurance and Mitigation Administration (FIMA), on the second day of the National Flood Insurance Program's (NFIP's) 2002 National Flood Conference, held in New Orleans in May.

At last year's conference in Minneapolis, I invited the NFIP's stakeholders to join me as we set off on an adventure—a journey distinguished by our partnerships and by our service to the American people.

One year has passed since my invitation, and we've accomplished a lot and traveled a long way together in the past 12 months.

Brief Statistics

The numbers for last year paint a bright picture for the NFIP. We gained 630,000 policyholders—brand new to the Program. More than

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Introducing FIMA's New Administrator

On March 22, Anthony S. Lowe was nominated by President Bush to be the new Administrator of the Federal Insurance and Mitigation Administration (FIMA) at the Federal Emergency Management Agency (FEMA). He was confirmed by Congress on July 25.

Mr. Lowe worked as the Senior Legislative Counsel for the U.S. Senate Judiciary Subcommittee on Antitrust, Competition and Business Rights prior to his nomination.

Before joining the Subcommittee staff in 1997, he was a Deputy Prosecutor with the King County Prosecutor's Office in Seattle, Washington. Lowe also served as a Commissioner on the Planning Commission for the City of Redmond, Washington. In 1991, he was named an Associate Director at the International Center for Economic Growth and International Center for Self-Governance Programs of the Institute of Contemporary Studies. From 1988 to 1990, Lowe was a Legislative Assistant to Senator Slade Gorton (R-WA).

A native of King County, Washington, Lowe is a graduate of the University of Washington, University of Santa Clara Law School, and Virginia Union University's School of Theology.

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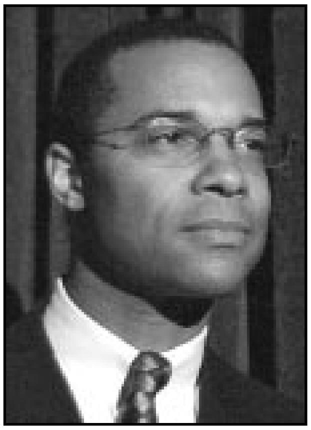

Dear Watermark Reader,

Hello, I'm Anthony Lowe, the new Administrator of the Federal Insurance and Mitigation Administration. I've come to an organization that runs smoothly, and I'm excited about the opportunity to get to work. Now, on to business.

I want to take this opportunity to let you know about my support for the NFIP, for FIMA, for FEMA, and for our diverse stakeholder groups. Right now, FEMA is involved in defining a Strategic Plan that contains six far-reaching goals. FIMA will take a leading role in implementing that plan.

The first two goals of FEMA's Strategic Plan—to reduce loss of life and property and to minimize suffering and disruption when disasters occur—represent FEMA's traditional lines of business, including planning, prevention, preparedness, response, and recovery. This is what mitigation and flood insurance are all about. These two goals are of highest concern to you, our NFIP stakeholders, and we are dedicated to continuing our highest service to America by achieving these goals.

Goals three and four address the expansion of FEMA's terrorism preparedness and knowledge management. During the last year, these goals have come to affect Americans in a more intrinsic way than ever before. Finally, FEMA and FIMA are committed to two other goals—one internal and the other very external, yet both significant to the American public. They are to create a motivating and challenging work environment within FEMA, and to make FEMA a world-class enterprise.

I look forward to working with the dedicated staff at FEMA and its stakeholders in continuing the good work of the NFIP. For more than 30 years this program has helped to protect Americans from flood damage. As we anticipate the storms of 2003, we can be proud that we are all involved in meeting the goals of helping the American public prepare for, and recover from, hard times. Those goals remain constant.

Anthony S. Lowe
Administrator
Federal Insurance and Mitigation Administration

WATERMARK

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Editor
Susan Bernstein

Writer
Lynd Morris

Graphic Design
Glenn H. Martin

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Susan Bernstein
FEMA/FIMA
Room 441
500 C Street SW
Washington, DC 20472

Members of Congress, please write to:

FEMA
Office of Congressional Affairs
Room 820
500 C Street SW
Washington, DC 20472

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NFIP Bureau & Statistical Agent
P.O. Box 710
Lanham, MD 20703-0710

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19,000 communities now are participating in the program, including our first Class 3 community under the NFIP's Community Rating System (CRS). Many other communities have improved their CRS classifications, and we expect that it won't be long before we have our first Class 1 community.

With almost 4.4 million policies and more than $605 billion worth of insurance in force, we clearly are fulfilling our mission to protect property owners from flood loss through insurance and effective mitigation.

Payback of 1990s Borrowing

And on the financial front, just before Tropical Storm Allison devastated the Gulf Coast States and the Eastern U.S., we paid back what we had borrowed from the Treasury to cover heavy losses in the 1990s—a balance once as high as $922 million.

Our accomplishments for the past year reflect the hard work and cooperation of many in attendance at this year's conference. But numbers don't tell the whole story. We have undergone an important organizational change.

Realignment

During the summer of 2001, the insurance and mitigation functions and programs within FEMA were realigned to ensure the closest coordination for the nation's natural hazard reduction programs—and especially for the NFIP.

The former Federal Insurance Administration and the former Mitigation Directorate were merged into a single organization, the Federal Insurance and Mitigation Administration. In this way, FEMA is better accomplishing the dual mission of the NFIP—to insure property owners against flood losses and to prevent or reduce future flood losses through sound floodplain management.

The realignment expands our opportunities for mutually supported messages and risk reduction measures with other hazards, as well.

Already, we're seeing how this realignment is paying off in efficiencies and better coordination. Insurance and effective floodplain management and mitigation are producing safer communities. The technical assistance that FEMA and our state partners are providing to local communities, and those communities' vigilance in carrying out their responsibilities, are reducing flood losses by more than a billion dollars annually.

Allison

This past year we weathered our first billion-dollar storm—Tropical Storm Allison in June 2001.

That event was the costliest disaster in the NFIP's history. We paid more than 30,000 claims.

But that represents more than a billion dollars we saved the taxpayers last year, not only in Federal disaster relief, but also in tax write-offs for uninsured losses. It's the type of losses that would have put added pressure on the Federal Government to expand disaster assistance, if there were no flood insurance program.

Tropical Storm Allison ravaged entire communities in the Gulf States and in the East. But in the aftermath many of us here showed the merit of our partnership. Together, we provided responsive and efficient recovery to 30,000 NFIP policyholders.

That partnership in service is what really defines the NFIP as one of the nation's showcase programs. And while many taxpayers may not connect some of you with that service, or thank you for your service, we know your contributions and deeply appreciate them.

Those 30,000 policyholders who got claims checks for their losses paid their own way by buying a flood insurance policy.

I'd like to elaborate a bit on what the long-term results have been for the NFIP. Prior to 1986, a little more than a billion dollars in taxpayer funds was appropriated to supplement our premiums to cover flood losses. No funds have been appropriated since then, and over the history of the program, we have paid out $12 billion in loss and loss adjustment expenses.

That's $11 billion from premium income—not appropriated taxpayer funds—that has funded the recovery of property owners from flood damage.

Mega-Storm

At the time of last year's conference, we had just hosted a meeting in Charleston, South Carolina, with insurance industry, state, and Federal officials to see how our collective resources might be overburdened by a mega-storm. Since then we have joined forces with the Institute for Business and Home Safety's Mega-Storm Committee to continue that work.

While some of the many good ideas that have been generated from this past year's discussions require further careful review, we do have some proposals that could be put in place in the near term. These are proposals that will ensure expeditious claims handling in the aftermath of a mega-storm, such as making use of telephone adjusting, using prequalified contractors to provide estimates and photos, and providing limited draft authority for selected agents. We will be discussing these and other ideas further with you.

President Bush's 2003 Budget

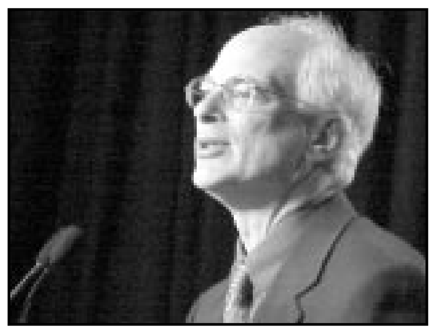
I mentioned that as of June 2001 we had extinguished our debt with the U.S. Treasury—that was the good news. The not-so-good news is that Tropical Storm Allison caused us to borrow funds again. Currently we have an outstanding balance of $560 million. Now, borrowing is not in itself a problem, but it does highlight our need to continue to improve financial soundness and encourage mitigation of older flood-prone properties.

The President's Budget for 2003, currently being deliberated by Congress, contains some significant proposals for the NFIP that promote financial soundness, rate equity, and mitigation.

First, the Budget proposes that, after 30 years, it is time that we begin phasing out subsidized premiums under the NFIP for occupancies that are not primary residences. These include second homes, rental properties, and businesses.

Second, the Budget proposes for FIMA to map coastal erosion areas and for the NFIP to charge premiums that reflect this risk. Based on independent study, the existing NFIP policy base is expected, over the next 60 years, to be subject to an annual average of an additional $80 million of insured damages because of the increasing risk of flooding due to coastal erosion. Providing erosion information on the maps and charging premiums that are more reflective of the risk should lead to wiser decisions as to where to build and how to mitigate existing structures, as well as more equitably distribute premium charges.

Third, the President's Budget proposes to make flood insurance purchase requirements consistent with practices in the lending and insurance industries for other perils. The Budget proposes to change the amount of flood insurance required as a condition for a loan in Special Flood Hazard Areas from the outstanding balance of the loan—the current requirement—to the full property value.



Howard Leikin, FIMA

Mapping

The Bush Administration also has proposed a $300 million appropriation to modernize and digitize our flood maps. Such an increase will at last allow us to make significant inroads into the backlog of outdated maps and to more fully apply digital and other technology. And so far, no one seems to be opposed to this particular Budget item.

Disaster Mitigation

Finally, the President's 2003 Budget proposes a $300 million program of pre-disaster mitigation. This new mitigation program would replace the Hazard Mitigation Grant Program currently funded strictly in a post-disaster environment. This increased funding of pre-disaster mitigation efforts potentially dovetails very nicely with our efforts to reduce the number of repetitive flood loss properties.

Repetitive Losses

Speaking of repetitive loss properties, on average, they cost us about $200 million a year in losses. During the past year, we continued to target this costly drain on the NFIP.

And we're making some progress. The Special Direct Facility (SDF) is operating and now fully populated for the roughly 10 to 11 thousand extreme cases of repetitive loss properties on which we have paid out close to a billion dollars in flood insurance claims over the last 21 years. Selling and servicing these policies through the SDF helps ensure coordinated claims handling from one loss to another.

We're continually making more data available to State and local governments for mitigation projects. With the feedback from State and local governments, we are refining our database of repetitive flood loss properties.

We're offering incentives under our Community Rating System to communities that address this issue locally.

We're also targeting the annual $20 million in our Flood Mitigation Assistance Program for loss reduction efforts to mitigate these properties—to elevate or floodproof them out of harm's reach, or to remove them altogether from the floodplain out of harm's way.

To the extent possible, we're making use of the Hazard Mitigation Grant Program, which makes mitigation funds available after declared disasters.

Unfortunately, the limited funding available through the Flood Mitigation Assistance Program and the luck of the draw as to where post-disaster mitigation funding is made available relative to our repetitive loss properties, has afforded us only a few nibbles at the problem. This is what makes the Budget proposal for $300 million in pre-disaster mitigation funding so intriguing. It presents the potential for us to make much more headway in reducing repetitive losses.

A New Concept of Operations

In the past year, with the help of our Write Your Own (WYO) company partners, we continued to fine-tune our business process improvement project for the NFIP.

We now have a strategic plan, a concept of operations, and a potential technology architecture to explore what we believe will help us integrate all our systems and information, and make it easier to sell and service flood insurance.

We need to modernize. We need to make use of emerging technologies, particularly e-commerce, to make the entire process of writing flood insurance—accessing and using risk data (including building elevation data)—more effective and efficient. This is one of the key management goals of the Bush Administration—for an e-government that is easily accessible to the public and that is technologically friendly for the average citizen.

Part of the Administration's goal extends to data exchange between the Federal Government and its partners. We need to reduce the time and expense of our data exchange and help our WYO companies meet new financial reporting requirements.

We're convinced that the concept of operations that we have been exploring with the WYO companies will be a cost-effective improvement. With your help, we can refine this concept and architecture over the next year and achieve a more robust and efficient environment in which to conduct business.

NFIP and Homeland Security

But over and above what we've done to redirect our course and over and above what we've done together since last year's conference, we've also had to deal with profound changes in America. The events of September 11, 2001, have changed us unlike any event in our history.

There is no doubt that the FEMA of the 21st century will be different from the FEMA of the 20th century. But whatever new roles we may be playing, we will not leave a void by neglecting older responsibilities.

In April, our Director, Joe Allbaugh, in his remarks at the National Hurricane Conference, made the following comment, which I believe puts FEMA's role in perspective:

"Since September 11th, FEMA has been asked to take on new responsibilities for homeland security and terrorism preparedness.... but our new challenges in that area will not be met at the expense of our core function of natural disaster preparedness and response. Rest assured, our responsibilities aren't changing, just growing."

So FEMA has some added work and a broadened vision, but we at the NFIP will not neglect our role to make people and property safer from floods.

In fact, Director Allbaugh and the Bush Administration are asking us to do more. And in that regard, I'm asking our stakeholders to do more.

Administration's Growth Goals for 2002

The Administration has set a 5 percent policy growth goal for the NFIP this year.

The only way—and I stress the only way—we can reach it is through your efforts, the efforts of every partner and stakeholder of the NFIP. Of course, we have to continue to attract new business as we did last year, but we also must keep the customers we already have. Attracting more than 600,000 new policyholders to the program is exactly what we need to be doing, but we're simply losing too many.

So what can we do about it?

I'll tell you what we're doing at FIMA.

<u>Retention Push in Connection with Map Changes</u>

FIMA is working to ensure that all our messages relating to flood map changes encourage policy retention. We are also working to improve the timing of notification to stakeholders regarding upcoming major map revisions, to allow ample lead time for WYO companies and lenders to plan and implement a retention push and provide the best service to customers.

Post-Disaster Marketing

In connection with the first anniversary of major flood events, we will work closely with our Office of Public Affairs to develop news releases and activities that draw attention in the affected areas to the NFIP and put special emphasis on encouraging policyholders to renew their coverage.

WYO Company Marketing of Non-Renewed Policies

The NFIP Bureau and Statistical Agent is helping WYO companies identify their policies that have not renewed for 90 days, and have not been picked up by another company, so that companies and agents can contact these customers and encourage them to maintain their protection.

Financial Incentives for Policy Retention

FIMA will continue to provide WYO companies with financial incentives for policy retention as well as for new business. We recognize the significant efforts required to ensure that customers renew annually and believe companies should be rewarded for their good results.

Renewal Payments

Many of these ideas came out of a brainstorming session we held last November to re-examine our policy growth strategies. Joining us were WYO company representatives, agents, lenders and lending regulators, floodplain managers, flood zone determination companies, and Federal agencies.

There are other recommendations that we intend to research further. Some could have profound effects on retention, such as discounts for policyholder longevity, credit card payment, and electronic funds transfer.

Call to Service

So once again I am asking for your help. We can't prevent all flood losses, but we can make the recovery for our fellow Americans much easier. We can't prevent all flood damages, but we can mitigate repetitive flood loss properties and we can build smarter. We can't change all of the ground rules that we operate under, but we can have a clear vision of the future and how we can improve our systems to make it easier for people to buy insurance and for us to serve them.

We've come a long way together in the past year; we've made good progress toward our goal of making America's property owners better protected from floods. But we still have miles to go.

Tell us how we can make the trip ahead clearer for all of us, how we can get the job done easier and protect more people.

Thank you for your efforts over the past year. I know that our new FIMA Administrator, Anthony Lowe, looks forward to our working together over the next 12 months, and I do too.

And thank you for joining us for this, our 19th National Flood Conference.

Howard Leikin is FIMA's Deputy Administrator for Insurance. In that position, he oversees the insurance and floodplain management aspects of the NFIP. He is also responsible for overseeing flood insurance marketing and coordinates communication and outreach strategies to reduce losses from flooding and other perils.

The Cajun Connection

The first NFIP policy was purchased in 1969 to insure a building in Louisiana. This year, almost 35 years later, the NFIP returned to its roots for the 19th annual National Flood Conference. From May 20 through 23, more than 740 of the NFIP's stakeholders met at the Hyatt Regency, New Orleans, to learn more about recent changes in the world of flood insurance and mitigation and to explore the concerns of all of the Program's constituencies.

Each day, Mike Moye, Vice President of Bank of America and Past President of the National Lenders Insurance Council (NLIC), brought a light touch to his encore performance as Master of Ceremonies, sharing unlikely explanations for a number of New Orleans traditions and donning a chef's hat to fulfill his role as Chef Extraordinaire: serving up a daily conference cuisine of witty repartee.

Monday: A New Orleans Perspective

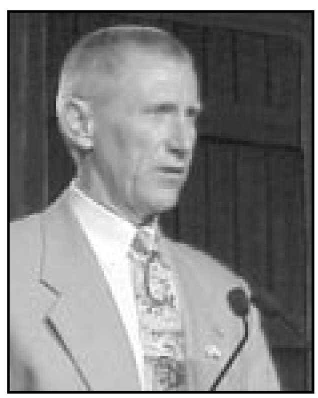
Howard Leikin, FIMA's Deputy Administrator for Insurance, welcomed conferees to the first day's general session. He introduced Corinne "Lindy" Claiborne Boggs, former member of the U.S. House of Representatives, U.S. Ambassador to the Vatican, and wife of the late Honorable Hale Boggs, one of the authors of the legislation that created the NFIP.

Corinne "Lindy" Claiborne Boggs, former U.S. Ambassador to the Vatican and former U.S. Representative (D-LA)

"You are holding your conference in a very appropriate place this year," Mrs. Boggs said. "The City of New Orleans is extremely vulnerable to flooding, as many of you are intimately aware. Much of the city is located below sea level. Even in our beautiful cemeteries—the cities of the dead—the tombs are built above ground because of the sogginess of the ground and the water level below them."

Mrs. Boggs recounted some of the NFIP's early history and her part in it. "When the NFIP was developed," said Mrs. Boggs, "it provided an innovative approach to dealing with flood losses and working to diminish future flood losses. The Program's objectives are to provide flood victims with more reliable assistance and to reduce costs to taxpayers, to require those at risk of flooding to assume responsibility for their own risk by paying premiums, and to guide future development away from at-risk areas, thereby reducing flood losses over time." She described several local initiatives that have been undertaken in New Orleans to achieve those goals and closed by inviting conferees to "have the greatest time that you can have in New Orleans, recognizing that you [the NFIP's stakeholders], indeed, are the saviors of our city."

The keynote address was given by Dr. Timothy Ryan, Dean of the College of Business Administration and Professor of Economics at the University of New Orleans. Using the large video screens that flanked the stage, Ryan showed a number of graphs demonstrating that Louisiana is the NFIP's largest beneficiary in terms of per capita loss payments. He detailed some of the state's policy, premium, and loss payment history.



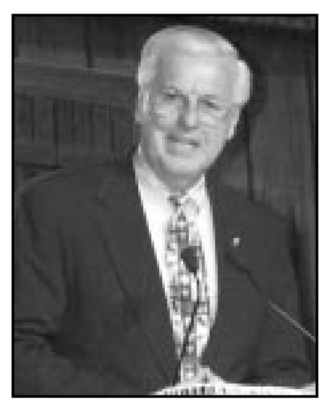
Dr. Timothy Ryan, University of New Orleans

"Though we think of Louisiana as a state where there is a lot of flooding and flood damage," stated Ryan, "more than 84 percent of Louisiana's cumulative flood losses are in New Orleans, which has about a third of the state's population and is below sea level—a combination that produces significant damage." Ryan explained that the NFIP's primary impact on the New Orleans economy has been through the "multiplier ripple effect" that takes place in the aftermath of a flood. According to Ryan, claims payments used to reconstruct flood-damaged buildings provide increased income for carpenters, electricians, and plumbers, who spend their earnings in the local economy.

Analyzing the flow of claims payments in and premium dollars out, Ryan concluded that the NFIP has been very important to bolstering the economy throughout the state. "The NFIP has had an almost billion-dollar economic impact on Louisiana since 1978," he said. "And, that doesn't even include the impact of flood control projects by the Army Corps of Engineers. It is clear that the economy of the New Orleans region is inexorably tied to flood insurance. It has been a significant economic benefit to this community, and will continue to be."

Tuesday: Past, Present, and Future

Jim Donelon, Louisiana's Chief Deputy Commissioner of Insurance, was the first speaker at Tuesday's general session. He reviewed some of Southern Louisiana's worst storms in the last 3 decades and reminded conferees that not all floods result from hurricanes and winter or spring storms. "I remember a serious flood that happened when a December freeze resulted in a broken pipe in one of our pumping stations, shutting it down," Donelon recounted.



Jim Donelon, Louisiana Department of Insurance

"The domino effect of this event was to flood a large portion of Jefferson Parish, putting water in thousands of homes."

Donelon described efforts made by the Louisiana Department of Insurance to promote flood insurance by encouraging more insurance companies to write homeowners policies. "The more homeowners insurance there is in place, the more likely those folks are to insure themselves against flood through the NFIP" said Donelon. "We think that there is a direct correlation, that one goes with the other." He affirmed the Department's commitment to partnering with the NFIP's stakeholders in their outreach efforts. "We will use our media contacts and network of agents across Louisiana to do anything we can to educate folks to the need for flood insurance," he said. "We are committed to making flood insurance a priority for the citizens of Louisiana."

The next speaker was Hartwig Moss, III, who, accompanied by his son, Robbie Moss, represented the Hartwig Moss Agency, the insurance agency that wrote the first three NFIP flood insurance policies in Louisiana 33 years ago.

Robbie Moss (left) and Hartwig Moss, III, Hartwig Moss Agency

Moss underscored the importance of partnership in the NFIP's success. "As a member of your team, I want to express the appreciation you deserve for doing a really super job over a long period of time. When the chips are down and people have had serious losses and are traumatized because their houses have filled with water, you all—as a group, and with your cohorts from around the country who are not present at this conference—have done a really wonderful job in delivering the promise and the vision of the NFIP with compassion and compensation. The history of the NFIP over the last 33 years is not only a great testament to what you have done, but a terrific foundation for the future in which we will learn to work even more closely as teammates to realize the goals set for the NFIP back in 1968."

The final speaker at Tuesday morning's general session was FIMA's Deputy Administrator for Insurance, Howard Leikin, who offered conferees a taste of the NFIP's most recent accomplishments and laid out a road map for the future in his "State of the NFIP" speech. Leikin described some of the lessons learned from Tropical Storm Allison—the NFIP's first billion-dollar storm—which hit the Gulf Coast at the beginning of the 2001 hurricane season. He then provided a synopsis of the significant rate and rule, mitigation, and mapping changes proposed for the next fiscal year. The "State of the NFIP" article on page 1 is the text of this speech.

On Tuesday evening, more than a dozen stakeholders were honored for their contributions to the NFIP at the annual Program Awards Dinner. (See pages 12-14 for information about the award winners.)

Wednesday: Identifying the Hot Issues

The final day of the conference afforded attendees several forums in which to examine the hottest issues facing the NFIP.

The day began with five concurrent town hall meetings in which panels of specialists in floodplain management and mapping, lender issues, marketing, claims, and underwriting addressed questions raised by town hall attendees.

Highlights from each of the town halls were presented in the final general session of the conference. Ed Pasterick, Director of the Program Marketing and Partnership Division of FIMA, moderated a panel made up of representatives from several of the NFIP's largest stakeholder groups: Bruce Bender, Senior Vice President, American Reliable Insurance Company, and Chair of the WYO Marketing Committee; Cynthia DiVincenti, Director, Flood Program, Travelers Insurance, and Chair of the Flood Insurance Servicing Companies Association of America (FISCAA); Rhonda Kleine, Vice President, Omaha Property and Casualty Company, and Chair of the Institute for Business and Home Safety (IBHS) Flood Committee; Mike Moye, Vice President, Bank of America, and former President of the National Lenders Insurance Council (NLIC); Mike Buckley, Director of the Hazard Mapping

Division of FIMA; and J. Fletcher Willey, President, J. Fletcher Willey Agency, and Chair of the Flood Insurance Producers National Committee (FIPNC). Following are the hottest issues raised in each of the focus areas.

Floodplain Management and Map Modernization

FEMA's map modernization project and the part that States and localities will play in it dominated discussion in this town hall. As flood maps are modernized, each of the more than 19,000 NFIP-participating communities will have to update its floodplain management ordinance to remain compliant. A project of this size will necessitate an increase in staffing on the national, regional, and local levels to update the ordinances at a time when most government spending is decreasing. "And, not only is the map modernization initiative going to impact community officials and insurance agents," cautioned Mike Buckley, "but when we reissue the maps, the lending community will be impacted, too. Lenders will have to see if their portfolios are still up to date."

According to several FEMA representatives, one of the NFIP's greatest mapping challenges will be to work with the program's Cooperating Technical Partners (communities that combine resources with FEMA to upgrade maps) to streamline the modernization process and to do proactive outreach to communities before new maps are "rolled out." (See related article on page 17.)

Updating the maps will include building a new database to accompany them. FIMA continues to urge the private development of desktop rating systems and other tools that can help insurance agents use the new maps. Rate calculation software and map zone and property location information are already available. However, to complete a desktop rating system, it is also necessary to be able to determine a building's lowest floor elevation. At present, the only way to establish this elevation is through use of FEMA's Elevation Certificate (EC). FIMA is seeking alternative ways to determine the lowest floor elevation and to build a database that would make that information available to NFIP stakeholders in a more efficient and less costly manner not dependent on individual ECs.

Lender Issues

Several questions were raised at the Lender Town Hall about how much insurance is required to be compliant with the National Flood Insurance Reform Act of 1994. Language included in FEMA's 2003

Hot Issues moderator and panelists (from left) Ed Pasterick (FIMA), Mike Moye (NLIC), Cynthia DiVincenti (FISCAA), Rhonda Kleine (IBHS Flood Committee), Bruce Bender (WYO Marketing Committee), Mike Buckley (FIMA), and J. Fletcher Willey (FIPNC).

budget would require insurance to value on all NFIP policies.

Lender and WYO systems interface problems have been reported in the processing of insurance premium payments from escrow accounts and in processing insurance renewals in which premium payments were sent to the wrong address. In response, the NLIC has offered to meet with WYO company representatives to develop new procedures that will prevent property owners from being unintentionally uninsured.

Improving retention through escrow of flood insurance premiums was discussed. According to Mike Moye, "The law requires that, if a lender is required to escrow for other taxes and insurance, then they are required to escrow for flood insurance. They will not voluntarily escrow flood insurance."

A third hot lender issue centered on flood insurance coverage requirements for home equity loans in which only a small portion is drawn down on the total approved loan amount. "For example," said Moye, "if a $100,000 home equity loan only had $10,000 drawn down on it, should the lender only require insurance on the $10,000? Well, you don't know if, the day after that policy is purchased, the homeowner is going to draw down the rest of the loan, creating a $100,000 exposure covered by a $10,000 policy. Asking for repeated increases in insurance and tracking these is a logistical problem. The recommendation is that if you have a $100,000 line of credit, require a $100,000 flood insurance policy."

Marketing

Marketing discussions at past National Flood Conferences have focused on the education of insurance agents. But this year, educating potential NFIP partners—such as builders, real estate agents, and surveyors—was the hottest issue reported from the Marketing Town Hall.

Attendees identified the need for a Speakers Bureau, which could provide NFIP information at a grassroots level to local Rotary Clubs and other service organizations that seek speakers for their monthly meetings. Many of the experts among the Program's insurance agents and WYO companies could participate in an NFIP Speakers Bureau. Cynthia DiVincenti noted that, although most WYO companies and independent insurance agencies have restricted travel budgets, it might be possible to identify potential NFIP speakers located across the country and then place their names and contact information on a list at the FISCAA web site so that organizations could invite a local speaker to their meetings. Bruce Bender pointed out that trainers from WYO companies might also be able to participate in an NFIP Speakers Bureau.

The IBHS Flood Committee already is active in doing outreach to the business community. In addition, the mapping modernization initiative will present many educational opportunities to reach out to community leaders and citizens in the "roll out" phase of implementing the new maps.

Claims

Increased Cost of Compliance (ICC) coverage was the hottest claims issue. Tropical Storm Allison has provided an excellent opportunity to evaluate ICC coverage. Several large ICC projects currently are under way in Texas. (See page 37.) FEMA is working to streamline the methods of identifying substantially damaged structures and to better coordinate processing of ICC claims. The application of ICC coverage depends on the local community's willingness to take action in declaring a structure substantially damaged. Attendees discussed how to avoid claims in which the community declares a structure substantially damaged well after the qualifying losses occurred and repairs have been made. In cases such as these, policyholders feel as though they have had two losses: first the flood and then the declaration of substantial damage.

A number of attendees commented that, although State Floodplain Coordinators and claims adjusters have been efficiently promoting ICC benefits to their communities, most policyholders do not seem to be well informed about ICC claims. Discussion centered on how to communicate more effectively with policyholders about ICC claims. Cynthia DiVincenti suggested that, when the preliminary report is received by the WYO company, notification could be sent to the policyholder that ICC might be an option. But, because ICC relies on the community to make the substantial damage designation, the insurance agent or WYO company can only tell the insured about the ICC coverage—they can't pursue the claim. It was noted that, in many cases, ICC claims have been paid because knowledgeable property owners put pressure on their community officials to make the designation. Agents can contact policyholders who have claims and inform them about the ICC coverage in their policy.

Bruce Bender noted that in recent years there has been an increase in the ICC emphasis in WYO agent training. Some WYO carriers conduct training sessions specifically about ICC. This year, FIMA will educate flood victims with new brochures, flyers, and public service announcements about ICC coverage. Suggestions were made to target more information about ICC coverage to consumers long before they have a claim.

A new FIMA repetitive loss work group recently has been established. One of the issues being addressed by this group is that the expense of elevating a building far exceeds the amount of ICC coverage offered by the NFIP. However, the NFIP has not had enough ICC loss experience to request a change in the coverage limit.

Underwriting

FEMA's EC was the most discussed topic of the Underwriting Town Hall. As users are becoming more familiar with the revised EC, additional clarification is being requested in the area of surveyor training. A new procedure has been set up to help the NFIP Bureau identify users who are having difficulty completing the form correctly so that they can be contacted and given individual training. FIMA also has filed with the Office of Management and Budget to make a number of changes to the EC's instructions to surveyors. These include clarifications regarding crawlspaces (particularly those in which the interior might be subgrade) and sunken living rooms.

Refund rules were another hot underwriting issue. FIMA has formed a work group to review all of the refund rules and make recommendations for changes.

Ending Where It Began

Sitting well below sea level, the City of New Orleans provided an appropriate venue for a conference about flood insurance and mitigation. Many speakers touched on the city's flood history, but none with more humor than the closing speaker, Gaspar J. "Buddy" Stall. A Louisiana writer, lecturer, and media personality, Stall gave conferees a picturesque taste of flooding and of early mitigation efforts that began as far back as the late 1800s in New Orleans.

As "The Cajun Connection: A Recipe for Success" 2002 National Flood Conference ended, conferees packed their "Be Flood Alert" potholders and other conference materials to return home and start cooking up their own flood insurance and mitigation promotions. But before the Tabasco sauce had begun to settle, the National Flood Committee had already begun to plan the 2003 conference to be held May 28-30 at the San Francisco Hilton in San Francisco, California. If you have not attended an NFIP Flood Conference and would like to be added to the mailing list of those receiving conference announcements early in 2003, send a fax to Catherine King of the NFIP Bureau and Statistical Agent at 301-918-1471 or contact her by e-mail (catheriner.king@fema.gov).

Hazard Mitigation

Mitigation refers to activities that lessen the potential for future damage. Mitigation can be undertaken by a homeowner, by a community, or by the Federal government. Examples of flood hazard mitigation are elevating a structure above the predicted flood level, constructing retention basins to enhance the natural flood storage of a floodplain, and updating floodplain ordinances to reflect the most recent flood data.

Honoring Our Stakeholders

Each of our stakeholders deserves credit for making the NFIP a success. Every time you make the extra effort to understand NFIP policies and procedures and to explain this program to your clients, you've spread the protection offered by this program a little bit farther.

As a result of your efforts and the efforts of thousands of your fellow NFIP stakeholders, millions of people throughout the United States and its territories are protected from financial devastation by their flood insurance policies. Millions more who are uninsured also benefit from your efforts through the mitigation work undertaken in NFIP communities.

When floods hit, our stakeholders can take satisfaction in knowing that they have done their best to protect residents in their communities from becoming flood victims. Floods may be a fact of life, but, thanks to you, their consequences become less damaging each year.

To honor the outstanding work of our stakeholders, we present awards at the National Flood Conference to a number of NFIP partners for activities they've undertaken on behalf of the program during the previous fiscal year. At the 19th annual National Flood Conference, held in New Orleans this year, 11 NFIP stakeholders were recognized for their work during the last fiscal year—October 1, 2000, through September 30, 2001.

Public Awareness Materials Contest

WYO companies and other NFIP partners are urged to submit recent flood awareness materials they've developed to the Public Awareness Materials Contest held at the National Flood Conference each year. Conference participants have the opportunity to vote for the companies that created the most creative and compelling materials. Of the 21 items entered in this year's contest, the winners were:

- Bankers Insurance Company for Best Printed Marketing Material
- Bankers Insurance Company for Best Advertising Material
- Farmers Insurance Group for Best Training Material
- Mobile USA Insurance Company for Best Web Site

Accepting awards for the Public Awareness Materials Contest were (from left) Yvonne Lemmones for Mobile USA Insurance Company, Barbara Peat for Bankers Insurance Company, and Doris Dunn for Farmers Insurance Group.

Agency of the Year Awards

This award is given to three insurance agencies that have displayed innovative marketing strategies, increased their flood portfolios, and actively promoted flood insurance awareness.

The winners of this year's Agency of the Year Awards were:

- Clark Gristina Agency
- Coastal Insurance
- Keer and Heyer Insurance

See the article on page 13 for details about these agencies.

Accepting the Administrator's Club Awards were (from left) Janice Pagan for United Surety & Indemnity Company, Bruce Banich and Doris Dunn for Farmers Insurance Group, Robert Butler for Selective Insurance, Paula Keith of National Flood Services, Inc. for American Strategic Insurance Corporation, and Donald Cronin of United Insurance Management for United Property and Casualty Insurance Company.

Administrator's Club and Trophy Awards

Within each of five size categories, the WYO company that achieved the highest percentage of policy growth for the previous Arrangement Year qualifies for the Administrator's Club. The company that experienced the highest percentage of overall growth and gained more than 2,500 new policies is awarded the Administrator's Club Trophy. WYO companies that received Administrator's Club awards for the 2000-2001 Arrangement Year were:

- American Strategic Insurance Corporation
- Farmers Insurance Group
- Selective Insurance Company of America
- United Property and Casualty Insurance Company
- United Surety and Indemnity Company

This year's Trophy winner was American Strategic Insurance Corporation.

Administrator's Quill Award

This award recognizes the highest percentage of overall growth (excluding rewritten policies) among large WYO companies.

Bruce Banich and Doris Dunn accept the Administrator's Quill Award for Farmer's Insurance Group.

The Administrator's Quill Award was given this year to Farmers Insurance Group.

Roy T. Short Memorial Award

This award is given by the National Lenders Insurance Council (NLIC) to honor innovative and inspiring people who have provided the best service to lenders attempting to comply with Federal regulations while protecting investors and consumers from flood losses.

Jeri Williams of SWBC Flood Services, Inc. (left) accepts the Roy T. Short Memorial Award from Linda Hood, President of NLIC.

The award was given this year to Jeri Williams, Vice President, Flood Administration, for Southwest Business Corporation (SWBC) Flood Services, Inc. A licensed property/casualty agent since 1997, Williams has spent almost 15 years assisting lenders in understanding NFIP regulations, particularly those in the lender placement arena. Williams works with lenders and flood mapping vendors to audit lender loan portfolios for flood insurance compliance, helps manage SWBC's Excess Flood Insurance Program, and assists with the placement of special risks such as commercial property, property in CBRS areas, and property in non-participating communities.

As the organizer and director of the NLIC 5K Flood Run at the National Flood Conference each year, Williams has been instrumental in raising almost $35,000 in the last 4 years for the Salvation Army to use in its local disaster relief efforts.

Agency of the Year Award Winners

Clark Gristina, owner of Gristina Agency, LLC, in Mandeville, Louisiana, has 464 flood insurance policies in place. Of these, 70 percent are Preferred Risk Policies. "Last year Clark personally wrote a total of 121 new business items," noted Dwayne LeBlanc, of Omaha Property and Casualty (Gristina's WYO company). "But that in and of itself is not the amazing part of his accomplishment. What is amazing is the fact that 94 (78 percent) of those new NFIP policies were Preferred Risk Policies. Anyone can sell flood insurance when it is in a Special Flood Hazard Area under the Mandatory Purchase Requirements, but it takes a dedicated sales professional to sell flood where it is not required."

Much of the success of this three-person agency can be attributed to Gristina's property insurance sales presentation and to the insurance lapse procedure handled by his wife, Ann Albin. Clients who visit this agency are seated next to a large digital image of Hurricane Hugo, placed there to emphasize flood risks associated with hurricanes. While an agency representative gathers data, the client is provided with information about the availability of flood insurance. A quote for flood insurance is always included when property insurance is sold. Clients must either buy the flood insurance or sign a rejection form. Whenever a policy lapses, Albin sends the client a reminder packet that includes

Accepting the Agency of the Year Awards were (from left) Clark Gristina for the Gristina Agency, Grant Blackwell for Coastal Insurance, and John Heyer for Keer and Heyer Insurance.

information about hurricane flooding and Preferred Risk Policies. Recipients must contact the Gristina Agency office for more information or return an enclosed flood insurance rejection form.

Gristina increases flood awareness by conducting "Flood Insurance From A to X" seminars for Realtors. These seminars emphasize Errors and Omissions exposure and stress the need for protection regardless of the zone in which a building is located. As a member of or a speaker for numerous local associations—such as the St. Tammany West Chamber of Commerce, the National Association of Insurance and Financial Advisers, Rotary International, and four local and state Realtor organizations—Gristina brings information to the public through local events sponsored by these organizations. Gristina, previously the host of a weekly real estate radio talk show, continues to reach area property owners as a featured consultant in a local news publication.

Coastal Insurance Agency, of Destin, Florida, has sold 225 flood insurance policies since the agency opened in early 2000. The agency's growth rate in 2001 was 270 percent. Thanks to the efforts of Coastal Insurance owner Grant Blackwell and his three agents, 100 percent of all single-family homes in Destin's A and V Zones have flood coverage. In addition, approximately 60 percent of all X Zone properties have flood insurance policies in place.

"We market diligently to achieve a significant share of the homeowner and condo market in the Destin area. Coupled with that, we explain forcefully to new home and condo buyers their exposure to flood loss and the value of NFIP policies," explains Blackwell. "Our agents do not have the authority to issue a homeowner or dwelling policy in an A or V Zone without an accompanying flood insurance policy, and the agency provides incentives for selling flood insurance to homeowners in X Zones. In fact, flood insurance rejection forms must be signed by all homeowners with property located in X Zones who choose not to purchase flood insurance."

Coastal Insurance agents make sure that each new homeowner client receives a hurricane awareness package along with a thank-you letter for placing their business with the agency. "We've found that, after reading through the package, 60 percent of our clients located in an X Zone who had rejected flood coverage turn around and order it," states Blackwell.

Blackwell offers a seminar to area Realtors that focuses on hurricane flooding and on the dangers of postconstruction tampering with building elevation and water flow. There has been significant development in Destin's Coastal Barrier Resources System areas, where NFIP insurance is not available; consequently, Blackwell's seminar emphasizes the insurance dilemma that potential homebuyers must face.

Coastal Insurance has worked closely with area homeowners, the local government, and FEMA to correct errors on Destin's flood maps. Additionally, Blackwell has written articles about flood insurance for area publications and has designed numerous agency marketing materials that include flood risk information.

Keer and Heyer Insurance Agency, in Point Pleasant Beach, New Jersey, has 1,638 flood insurance policies in force. The agency has experienced a 49 percent growth rate in the past 2 years and has achieved a 94 percent retention rate for its book of flood business.

As many as seven people contribute to the agency's flood insurance sales and underwriting efforts. Working with their WYO company, American Bankers Insurance Company, Keer and Heyer uses a combination of NFIP and American Bankers marketing materials—stickers, stuffers, and brochures—to promote flood insurance and educate their clients about its benefits.

"Keer and Heyer Insurance is recognized as the 'Flood Expert' in their community," states Ron Abbene of American Bankers. "Over the years, this agency has demonstrated to American Bankers that its agents are leaders in their community, committed to ensuring that their clients and their community are educated about flooding and flood insurance. And, they have become an 'expert' in understanding NFIP underwriting guidelines. For example, when FEMA's EC was revised, Keer and Heyer agents took time to make sure they were comfortable with the new form and then helped to educate local surveyors, providing guidance in filling out the form correctly for elevated buildings."

The solid relationships the agency has built with local lenders, attorneys, and real estate agents have provided many new sales leads. Keer and Heyer agents attend local community meetings to discuss flooding with area residents and work with public officials to increase awareness of problem areas.

Save Your Flood Book from Taking a Plunge

Melanie Ross and David Allen, Bankers Insurance Group

When flood zones change from high risk to low risk, policyholders may rethink their need for flood coverage. But that doesn't mean you have to lose their business. Knowing how to address the key issues concerning your insured's flood coverage can prevent its new "low-risk" status from becoming a "no-risk" mindset.

Tell Them the Plain and Simple Truth

Every property is at risk of flooding. Insureds need to know that the new risk status of their property is low risk, not risk free. In fact, NFIP statistics from the last 25 years demonstrate that one in four flood claims is paid on a building located in a low-risk flood zone. That's an important reminder for those seeking a flood insurance cancellation or refund after a zone change.

If necessary, take your point a step further. Canceling a flood policy may provide a 1-year refund for your insured, but saving that small amount of money now could prove financially disastrous later. Ask your customers how much damage even an inch of water would do to their homes or businesses. Ask them how much it would cost to replace things like carpeting, appliances, and furniture. Make the value of a flood policy a concrete image.

Deliver the Good News of Great Savings

In view of their new, low-risk status, explain to your clients how lucky they are that the same flood coverage they had been carrying now will cost far less than before. How often do you get to deliver news like that?

Insureds living in one- to four-family homes located in B, C, or X Zones may qualify for the Preferred Risk Policy (PRP). The PRP offers pre-set building and contents coverage combinations for premiums that start as low as $106 a year. The PRP can save up to 50 percent off the standard rates. The property's loss history is a factor in determining eligibility. See the NFIP *Flood Insurance Manual*'s Preferred Risk Policy section for detailed underwriting rules.

If an insured doesn't qualify for the PRP, there's still an affordable, standard flood policy for virtually everyone—residential, commercial, condominium associations, and even renters. The standard flood policy gives your customers the freedom to choose separate coverage limits for building and contents. Even insureds who qualify for the PRP may decide that a standard policy is better for their situation.

If You Can't Protect the Insured, Protect Your Agency

Be careful when explaining what options an insured has after a flood zone change. A dangerously easy way to increase your E&O exposure is to tell customers that they don't need flood insurance. And offering flood insurance to clients who have Federally insured mortgages isn't just a courtesy. It's the law.

Warn insureds who want to cancel a flood policy that they're taking on the full responsibility for flood losses. If your client still insists on canceling, have him or her sign an agent's Waiver of Responsibility. This requirement forces serious consideration of the decision to drop flood coverage and reduces your E&O exposure.

Reduce Time Spent Canceling Policies

If you have to cancel a policy, the last thing you want to do is spend a lot of time doing it. The following steps will help you minimize cancellation processing time.

1. Use NFIP Code 19 on the cancellation request form and get two statements in writing from the insured's lender:

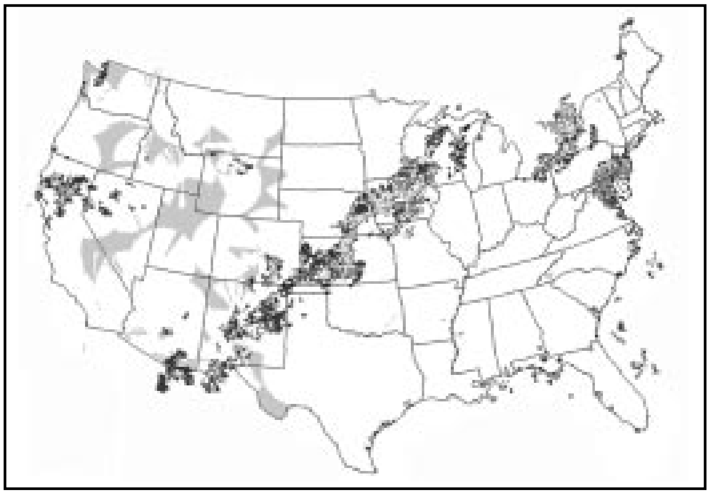
- Insurance was required as a condition of the mortgage.
- The lender no longer requires the property owner to carry flood insurance.

2. Submit the lender's written release and a copy of the cancellation request form to the NFIP or WYO company. Between 60 and 90 days later, eligible property owners will receive a 1-year refund of their flood insurance premium. (Flood insurance refunds do not extend to contents coverage because contents are not part of the lender's mandatory purchase requirements.)

Treat Cancellations As Fresh Leads

Though some insureds do cancel their flood policies with an air of finality, many others may reconsider this decision as the rainy season draws near. Often, all it takes to win back the latter is a friendly reminder.

Use the 30-day waiting period (standard on most new flood policies) as your reason for calling and mailing them flood information before flooding typically occurs in your area. Winter flooding is an issue every year in the Pacific Northwest and the Northern Atlantic states, while spring snowmelt brings flood conditions to the Plains states annually. Much of the United States is affected by the Atlantic hurricane season, which starts June 1. The Southwest typically is hit by an annual summer monsoon season. Local media often produce awareness campaigns for each of these predictable seasons. Make the most of this free advertising by strategically planning your marketing efforts around them. The NFIP and many WYO carriers will even supply free flood brochures, postcards, and marketing letters.



Thunderstorms move across the U.S. in July 2002.

Provide Expert Counsel and Reap the Rewards of Loyalty

Ultimately, the decision to keep or cancel a flood policy is up to the insured. But, by the same token, being an outstanding insurance agent is up to you. Achieving this goal takes more than telling customers what they want to hear. It takes looking past their wants and demonstrating to them their needs.

Keep your customers informed of the risks they're taking by abandoning their flood coverage. Even if they cancel now, you've planted a seed that could easily grow into a new policy later.

Melanie Ross is a licensed property and casualty insurance agent and writes for Bankers Insurance Group as well as a variety of industry magazines and web sites. David Allen is a writer with Bankers Insurance Group.

Passing the Notification Baton

Lena M. Thompson, FIMA

Any track coach will tell you that relay races can be won or lost in the passing of the baton from one runner to another. Seldom is the baton dropped once it is firmly in the next runner's grasp. Instead, dropping usually occurs in the exchange between runners. In the flood insurance arena, providing the change of servicer notice can be compared to a relay race. Today, mortgage loans and servicing rights are sold or transferred in rapid succession. No wonder flood insurance renewals sometimes get dropped, even when practices and procedures are in place to avoid this.

The National Flood Insurance Reform Act of 1994 requires a Federally regulated lender to notify FEMA's designee of the identity of the loan servicer when a loan is made, increased, renewed, extended, sold, or transferred. FEMA has designated the various WYO companies and insurance agents as the representatives to receive notice of change of servicer. When an application is made for insurance coverage, the agent indicates on the application form the name of the mortgagee who is to receive notices. The obligation of the seller of the loan to inform the insurer is also triggered each time the loan is assigned or transferred to another lender or servicer.

The main reason for the notice is to let the insurer know who is to receive mailings, such as the policy expiration and renewal notices. Unfortunately, when this information isn't passed along, policies often lapse because renewal notices don't reach the current servicer. The NFIP relies on lenders and servicers to maintain flood insurance coverage for their customers. They must send the change of servicer notice to the insurer and avoid uninsured flood losses that may threaten their portfolio and the financial health of their borrowers.

When selling a loan, lenders and servicers can successfully pass the baton by identifying the new servicer to the insurer.

Lena M. Thompson is FIMA's Lender Compliance Officer.

Flood Map Rollout Outreach Process

This year, FEMA began developing a Flood Map Rollout Outreach process to better involve communities in flood mapping activities. This new process is being developed to offer guidance to FEMA staff and community officials in a variety of outreach activities before and during preliminary release of revised Flood Insurance Rate Maps (FIRMs). Because the Flood Hazard Study process can span 1 to 2 years, FEMA's new outreach initiative is designed to bolster community involvement, awareness, and participation throughout the entire flood mapping process, rather than just at the beginning when the project kicks off and at the end when the maps are released to the community.

Making Mapping Less Mysterious

Communities can be greatly affected when one of FEMA's older flood maps is updated. Often citizens don't understand why their communities are being mapped and remapped or why their property is now in a Special Flood Hazard Area when it wasn't previously. Their flood insurance rates may change, they may be confused by these changes, and they need to know how these changes will better protect property and lives from the future risks of floods—creating a safer community.

Through the Flood Map Rollout Outreach process, FEMA hopes to decrease flood map appeals and protests and to facilitate community ownership of the maps. The process will be used to educate the public about flood risks and the importance of flood hazard mapping. In addition, the Flood Map Rollout Outreach process is intended to increase community and individual participation in the NFIP; increase the number of people and homes protected by flood insurance policies; ensure that citizens understand their legal rights and the process available for appealing map determinations; and encourage active participation of stakeholders during the flood mapping process through a continuous exchange of information.

Anticipation Is the Best Preparation

Every community has different informational needs regarding mitigation depending on a variety of circumstances, ranging from the types of risk facing those communities to the financial ability to address the risks that face their community. Community leaders should try to anticipate objections and be ready with a basic outreach strategy that clearly explains their mitigation decisions. If you know your outreach audiences, including their needs, roles, and the interest level of each constituency, you can best assist them in meeting those needs.

Finally, our NFIP partners need to present a clear property protection message as well as use a variety of tools and products to educate each audience within the community. Contact your nearest NFIP or FEMA Regional Office if you have questions or need resources for addressing map changes in your community. Regional Office contact information is available on the detachable flap at the back of this issue. The FEMA Map Assistance Center (FMAC) is a good resource for flood hazard map information. You can call FMAC toll free at 877-FEMA MAP (877-336-2627).

Floodplain

You can't fly to Tahiti on a "floodplain." Part of a "watershed" (see definition on page 26), a floodplain stores and transports flood waters. Floodplains are dynamic—today's floodplain may not always be the same. Nature and development are two of the many ways a floodplain may change.

According to the NFIP *Flood Insurance Manual,* a floodplain is:

"Any land area susceptible to being inundated by flood waters from any source."

Map Changes May Affect Loans

FEMA frequently revises flood hazard maps. Map changes have implications for lenders, borrowers, real estate agents, and insurance agents. Lenders and real estate agents who are relatively new to the flood insurance business may need a "heads up" to know what to look for to best serve their clients.

Insurance agents and WYO companies may have more experience in anticipating map changes, but there are proactive ways everyone can prepare for them.

- Look for Legal Notices in local newspapers. FEMA's Regional offices use news publications to give notice of map changes.
- Find information about changes on-line at the FEMA Map Service Center web site (http://web1.msc.fema.gov).
- Contact local community officials for map change information that will affect your customers.
- The *NFIP Compendium of Flood Map Changes* can be found in the mitigation section of the NFIP web site (http://www.fema.gov/mit/tsd/dl_comp.htm).

Changes in Risk

Some property owners who had not been subject to the mandatory flood insurance purchase requirement in the past now might find themselves in Special Flood Hazard Areas (SFHAs). An SFHA designation on a flood map indicates that flood insurance rates for buildings in that area reflect a higher risk of loss. In SFHAs, flood insurance is required on buildings in connection with loans from Federally regulated lending institutions and Federal agencies and loans sold to Government Sponsored Enterprises.

NFIP "Grandfathering" rules also may apply to some properties. "Grandfathering," as used by the NFIP, is defined further in the *Flood Insurance Manual* on page DEF 4. However, in "new" SFHAs, under these rules, the flood insurance rates remain the same for policyholders who are covered under the Standard Flood Insurance Policy and who (1) have maintained continuous coverage without lapse and (2) originally built in compliance with NFIP risk data, assuming that the property has not been altered. The rate will remain the same if a policy has been purchased and is correctly rated on the basis of the Flood Insurance Rate Map (FIRM) in effect at the time the policy was obtained, or if construction was started before the change in the FIRM. If there is a change in ownership, these rules will apply as long as the transactions are concurrent with the transfer of title.

Moving Out of the Floodplain

On new FIRMs, some property owners formerly at high risk of flooding might find themselves in low- to moderate-risk flood areas, where mandatory purchase of flood insurance for Federally backed lending is not required.

The removal of property from an SFHA does not necessarily mean that the lender (or owner) should stop protecting the property with flood insurance. The flood risk has not been miraculously eliminated! More than a quarter of all flood insurance claims come from losses occurring in low- to moderate-risk areas. The change in designation is just that. It is simply a different way to describe the flood risk. The property still may be at risk from flooding, but now it can be protected by flood insurance at a lower premium cost through the NFIP's Preferred Risk Policy (PRP). If the property has been removed from the SFHA, the lender still needs to protect the collateral. It is important that all communications to property owners whose risk has been downgraded state that a building removed from a high-risk area on FEMA maps still is at risk from flood. Reclassification as a lower-risk area should be great news to consumers, who will be able to protect their property under substantially lower-cost PRPs. Lenders should refer borrowers to their agents for assistance! See the related article about zone changes on page 15.

To find out what's new with FEMA's flood hazard mapping studies, visit the map section of FEMA's web site (www.fema.gov/mit/tsd).

TATE STATS

Communities With Significant Market Potential

Communities with 1,000 or more buildings in the SFHA and less than 5 percent NFIP market penetration.

STATE/CITY	BUILDINGS IN SFHA[1]	INSURED BUILDINGS[2]	PERCENT INSURED	UNINSURED BUILDINGS
ALABAMA				
Jefferson County *	7,071	279	3.95%	6,792
Prichard, City Of	3,300	35	1.06%	3,265
Cherokee County*	2,486	34	1.37%	2,452
Marshall County *	2,185	11	0.50%	2,174
Blount County*	1,307	4	0.31%	1,303
Winston County *	1,150	4	0.35%	1,146
ALASKA				
Kenai Peninsula Borough	4,127	147	3.56%	3,980
Anchorage, Municipality of	3,637	144	3.96%	3,493
ARIZONA				
Pinal County*	3,355	104	3.10%	3,251
Colorado River Indian Tribe	2,840	0	0.00%	2,840
ARKANSAS				
Poinsett County*	6,152	37	0.60%	6,115
Clay County *	2,225	79	3.55%	2,146
Malvern, City of	2,020	30	1.49%	1,990
Clark County *	1,967	15	0.76%	1,952
Woodruff County*	1,713	33	1.93%	1,680
Benton County*	1,695	46	2.71%	1,649
Ashley County	1,013	25	2.47%	988
Jackson County *	1,000	39	3.90%	961
CALIFORNIA				
Pasadena, City of	53,032	0	0.00%	53,032
El Dorado County	26,000	116	0.45%	25,884
Inglewood, City of	22,000	0	0.00%	22,000
Mendocino County *	20,000	215	1.08%	19,785
Oakland, City of	11,100	104	0.94%	10,996
La Verne, City of	8,890	0	0.00%	8,890
La Puente, City of	8,000	0	0.00%	8,000
Azusa, City of	6,550	0	0.00%	6,550
Stockton, City of	6,445	130	2.02%	6,315
Palmdale, City of	5,915	61	1.03%	5,854
Napa County *	6,000	276	4.60%	5,724
Palm Springs, City of	5,545	215	3.88%	5,330
San Marino, City of	4,479	0	0.00%	4,479
South El Monte, City of	4,340	0	0.00%	4,340
Chula Vista, City of	3,868	114	2.95%	3,754
La Canada Flintridge, City of	3,500	0	0.00%	3,500
Temecula, City of	3,100	98	3.16%	3,002
Rolling Hills Estates, City of	2,600	0	0.00%	2,600
Berkeley, City of	2,410	15	0.62%	2,395
Citrus Heights, City of	2,023	15	0.74%	2,008

STATE/CITY	BUILDINGS IN SFHA[1]	INSURED BUILDINGS[2]	PERCENT INSURED	UNINSURED BUILDINGS
CALIFORNIA (cont.)				
Union City, City of	1,535	70	4.56%	1,465
Agua Caliente Cahuilla Indians	1,450	2	0.14%	1,448
Alpine County*	1,319	0	0.00%	1,319
Trinity County *	1,000	30	3.00%	970
COLORADO				
Alamosa, City of	2,110	48	2.27%	2,062
Alamosa County *	1,450	25	1.72%	1,425
Logan County *	1,031	23	2.23%	1,008
CONNECTICUT				
Bridgeport, City of	9,360	291	3.11%	9,069
Manchester, Town of	6,752	19	0.28%	6,733
DELAWARE				
Milford, City of	2,800	24	0.86%	2,776
FLORIDA				
Palm Beach Gardens, City of	10,005	297	2.97%	9,708
Lafayette County*	3,550	139	3.92%	3,411
Pahokee, City of	2,840	0	0.00%	2,840
South Bay, City of	2,745	0	0.00%	2,745
Daytona Beach Shores, City of	2,749	22	0.80%	2,727
Okeechobee, City of	2,039	0	0.00%	2,039
Liberty County *	1,690	18	1.07%	1,672
Neptune Beach, City of	1,487	73	4.91%	1,414
GEORGIA				
College Park, City of	3,358	39	1.16%	3,319
Worth County*	2,621	28	1.07%	2,593
Gordon County*	1,812	29	1.60%	1,783
Sugar Hill, City of	1,752	0	0.00%	1,752
Washington, City of	1,720	0	0.00%	1,720
Walker County *	1,202	27	2.25%	1,175
Chattooga County*	1,070	3	0.28%	1,067
IDAHO				
Bonner County*	2,769	120	4.33%	2,649
Shoshone County *	2,200	69	3.14%	2,131
ILLINOIS				
East St. Louis, City of	30,200	186	0.62%	30,014
Granite City, City of	13,000	206	1.58%	12,794
St. Clair County *	4,200	175	4.17%	4,025
Riverdale, Village of	3,728	1	0.03%	3,727
Iroquois County*	3,586	54	1.51%	3,532
Washington Park, Village of	3,400	0	0.00%	3,400
Schiller Park, Village of	3,500	117	3.34%	3,383
Evergreen Park, Village of	1,900	0	0.00%	1,900

STATE/CITY	BUILDINGS IN SFHA[1]	INSURED BUILDINGS[2]	PERCENT INSURED	UNINSURED BUILDINGS
ILLINOIS (cont.)				
Johnson County *	1,825	2	0.11%	1,823
Jackson County *	1,830	16	0.87%	1,814
Alexander County*	1,100	0	0.00%	1,100
Danville, City of	1,100	44	4.00%	1,056
Schaumburg, Village of	1,058	32	3.02%	1,026
Logan County *	1,020	27	2.65%	993
INDIANA				
Brown County*	6,233	68	1.09%	6,165
Bartholomew County *	6,029	214	3.55%	5,815
Scott County *	4,400	6	0.14%	4,394
Noble County *	3,065	133	4.34%	2,932
Terre Haute, City of	2,503	36	1.44%	2,467
Anderson, City of	1,939	68	3.51%	1,871
Spencer County *	1,899	51	2.69%	1,848
Gary, City of	1,841	79	4.29%	1,762
IOWA				
Waterloo, City of	3,550	168	4.73%	3,382
Woodbury County *	2,963	16	0.54%	2,947
Altoona, City of	2,111	0	0.00%	2,111
Atlantic, City of	1,736	2	0.12%	1,734
Mills County *	1,360	11	0.81%	1,349
Buchanan County*	1,362	30	2.20%	1,332
Carter Lake, City of	1,041	0	0.00%	1,041
KANSAS				
Sedgwick County*	6,350	238	3.75%	6,112
Cowley County *	2,800	42	1.50%	2,758
Barton County*	1,600	69	4.31%	1,531
Bourbon County*	1,378	15	1.09%	1,363
Allen County *	1,000	17	1.70%	983
KENTUCKY				
Mason County *	6,621	4	0.06%	6,617
Bell County *	3,000	75	2.50%	2,925
Carroll County*	2,720	18	0.66%	2,702
Magoffin County *	2,300	17	0.74%	2,283
Knox County *	2,245	30	1.34%	2,215
McLean County *	1,215	48	3.95%	1,167
Rowan County *	1,194	54	4.52%	1,140
Phelps, City of	1,085	0	0.00%	1,085
Montgomery County*	1,086	3	0.28%	1,083
Allen County	1,050	0	0.00%	1,050
Lewis County*	1,067	33	3.09%	1,034
Harlan, City of	1,004	48	4.78%	956
LOUISIANA				
Franklin Parish*	4,600	71	1.54%	4,529
Natchitoches Parish*	4,686	178	3.80%	4,508
Madison Parish*	1,685	51	3.03%	1,634
Ferriday, Town of	1,639	5	0.31%	1,634
Lake Providence, Town of	1,500	1	0.07%	1,499
East Carroll Parish*	1,500	25	1.67%	1,475

STATE/CITY	BUILDINGS IN SFHA[1]	INSURED BUILDINGS[2]	PERCENT INSURED	UNINSURED BUILDINGS
LOUISIANA (cont.)				
Rayville, Town of	1,484	62	4.18%	1,422
MAINE				
Standish, Town of	1,250	26	2.08%	1,224
MARYLAND				
Charles County *	4,600	116	2.52%	4,484
MASSACHUSETTS				
Somerville, City of	5,250	1	0.02%	5,249
Brockton, City of	4,500	193	4.29%	4,307
New Bedford, City of	4,300	134	3.12%	4,166
Amesbury, Town of	3,812	27	0.71%	3,785
Attleboro, City of	3,000	45	1.50%	2,955
Southbridge, Town of	1,716	23	1.34%	1,693
Woburn, City of	1,550	6	0.39%	1,544
Barre, Town of	1,098	9	0.82%	1,089
Danvers, Town of	1,100	38	3.45%	1,062
MICHIGAN				
Oak Park, City of	9,800	0	0.00%	9,800
Hamburg, Township of	7,420	143	1.93%	7,277
Berkley, City of	6,368	0	0.00%	6,368
Saline, City of	2,420	1	0.04%	2,419
Grand Rapids, City of	2,222	98	4.41%	2,124
Eveline, Township of	1,764	0	0.00%	1,764
Cascade Charter, Township of	1,752	28	1.60%	1,724
Port Huron, City of	1,510	14	0.93%	1,496
Detroit, City of	1,538	67	4.36%	1,471
Muskegon, Township of	1,470	3	0.20%	1,467
Fort Gratiot, Township of	1,360	4	0.29%	1,356
Forester, Township of	1,354	0	0.00%	1,354
Bay Mills, Township of	1,356	19	1.40%	1,337
Lake, Township of	1,322	0	0.00%	1,322
Scio, Township of	1,325	4	0.30%	1,321
Lexington, Township of	1,300	3	0.23%	1,297
Leelanau, Township of	1,200	55	4.58%	1,145
Clark, Township of	1,136	14	1.23%	1,122
Grosse Pointe Park, City of	1,100	9	0.82%	1,091
Blair, Township of	1,007	0	0.00%	1,007
MINNESOTA				
Richfield, City of	11,100	0	0.00%	11,100
Winona, City of	3,400	81	2.38%	3,319
Fillmore County*	2,400	6	0.25%	2,394
Morris, City of	2,238	0	0.00%	2,238
Duluth, City of	1,568	42	2.68%	1,526
Norman County*	1,527	24	1.57%	1,503
Traverse County*	1,151	22	1.91%	1,129
Mille Lacs County *	1,080	20	1.85%	1,060
Lyon County *	1,003	4	0.40%	999
MISSISSIPPI				
Simpson County *	5,007	27	0.54%	4,980
Yazoo County *	4,541	120	2.64%	4,421

STATE/CITY	BUILDINGS IN SFHA[1]	INSURED BUILDINGS[2]	PERCENT INSURED	UNINSURED BUILDINGS
MISSISSIPPI (cont.)				
Kosciusko, City of	1,810	6	0.33%	1,804
Tallahatchie County *	1,700	58	3.41%	1,642
Pike County *	1,643	32	1.95%	1,611
Quitman County *	1,500	39	2.60%	1,461
Sharkey County*	1,290	55	4.26%	1,235
MISSOURI				
Reynolds County*	4,577	45	0.98%	4,532
Carter County*	3,527	41	1.16%	3,486
Ripley County*	2,503	41	1.64%	2,462
Phelps County*	2,044	51	2.50%	1,993
Barton County*	1,920	3	0.16%	1,917
Wayne County	1,825	69	3.78%	1,756
Springfield, City of	1,066	48	4.50%	1,018
Atchison County	1,040	38	3.65%	1,002
MONTANA				
Valley County*	3,950	35	0.89%	3,915
Flathead County*	3,624	89	2.46%	3,535
Fort Peck Indian Reservation	2,874	0	0.00%	2,874
Sanders County *	1,650	18	1.09%	1,632
Yellowstone County *	1,400	47	3.36%	1,353
Blaine County*	1,360	23	1.69%	1,337
Teton County *	1,223	10	0.82%	1,213
Anaconda-Deer Lodge County	1,070	3	0.28%	1,067
NEBRASKA				
Seward County *	11,600	7	0.06%	11,593
Platte County *	3,980	58	1.46%	3,922
Sidney, City of	1,160	1	0.09%	1,159
NEVADA				
Lincoln County*	1,050	2	0.19%	1,048
NEW HAMPSHIRE				
Litchfield, Town of	1,831	8	0.44%	1,823
NEW JERSEY				
Camden, City of	11,222	403	3.59%	10,819
Elizabeth, City of	5,992	28	0.47%	5,964
Moonachie, Borough of	3,750	137	3.65%	3,613
Nutley,Town of	2,893	102	3.53%	2,791
Galloway, Township of	2,525	26	1.03%	2,499
Evesham, Township of	1,894	38	2.01%	1,856
Collingswood, Borough of	1,454	14	0.96%	1,440
Fairfield, Township of	1,220	38	3.11%	1,182
Garwood, Borough of	1,181	53	4.49%	1,128
East Brunswick, Township of	1,043	21	2.01%	1,022
NEW MEXICO				
Santa Fe County *	3,181	29	0.91%	3,152
Eddy County*	3,030	0	0.00%	3,030
San Miguel County*	1,600	21	1.31%	1,579
Zuni, Pueblo of	1,555	30	1.93%	1,525
Taos County *	1,515	18	1.19%	1,497
Las Vegas, City of	1,500	52	3.47%	1,448

STATE/CITY	BUILDINGS IN SFHA[1]	INSURED BUILDINGS[2]	PERCENT INSURED	UNINSURED BUILDINGS
NEW MEXICO (cont.)				
San Juan County *	1,252	0	0.00%	1,252
Gallup, City of	1,198	37	3.09%	1,161
NEW YORK				
Glenville,Town of	9,041	18	0.20%	9,023
Wawarsing, Town of	7,340	25	0.34%	7,315
Yorktown, Town of	7,005	46	0.66%	6,959
Kenmore,Village of	5,698	0	0.00%	5,698
Elmira, City of	3,184	156	4.90%	3,028
New Windsor, Town of	2,502	9	0.36%	2,493
Valley Stream, Village of	2,343	116	4.95%	2,227
Hector, Town of	1,661	8	0.48%	1,653
Shelby,Town of	1,367	0	0.00%	1,367
Hamburg, Town of	1,365	43	3.15%	1,322
Rotterdam, Town of	1,300	22	1.69%	1,278
Orleans, Town of	1,250	4	0.32%	1,246
Sloan, Village of	1,200	0	0.00%	1,200
Eastchester, Town of	1,106	1	0.09%	1,105
NORTH CAROLINA				
Nash County *	8,000	35	0.44%	7,965
Northampton County*	6,878	3	0.04%	6,875
Sampson County *	4,955	23	0.46%	4,932
Montgomery County	3,025	18	0.60%	3,007
Buncombe County *	3,014	101	3.35%	2,913
Mcdowell County*	2,000	40	2.00%	1,960
Harnett County *	1,950	27	1.38%	1,923
Swain County*	1,400	19	1.36%	1,381
Duplin County *	1,393	64	4.59%	1,329
Cornelius, Town of	1,200	38	3.17%	1,162
Stanly County *	1,030	15	1.46%	1,015
Rockingham County*	1,013	4	0.39%	1,009
Iredell County *	1,000	4	0.40%	996
NORTH DAKOTA				
Minot, City of	7,148	65	0.91%	7,083
Renville County	5,900	0	0.00%	5,900
Foster County	1,434	0	0.00%	1,434
Slope County *	1,336	0	0.00%	1,336
OHIO				
Mahoning County *	16,030	37	0.23%	15,993
Scioto County *	7,887	245	3.11%	7,642
Ross County *	5,714	110	1.93%	5,604
Campbell, City of	4,480	0	0.00%	4,480
Ashtabula County *	3,324	21	0.63%	3,303
Vinton County *	2,556	9	0.35%	2,547
Gallipolis, City of	1,634	40	2.45%	1,594
Auglaize County *	1,464	29	1.98%	1,435
Cleveland, City of	1,400	15	1.07%	1,385
Pickaway County *	1,260	27	2.14%	1,233
Catawba Island, Township of	1,200	0	0.00%	1,200
Delaware County *	1,020	44	4.31%	976

STATE/CITY	BUILDINGS IN SFHA[1]	INSURED BUILDINGS[2]	PERCENT INSURED	UNINSURED BUILDINGS
OKLAHOMA				
Choctaw County*	7,783	2	0.03%	7,781
Muskogee, City of	2,500	60	2.40%	2,440
Oklahoma County*	2,050	86	4.20%	1,964
Mayes County*	1,749	41	2.34%	1,708
Adair County*	1,694	11	0.65%	1,683
Comanche County *	1,450	50	3.45%	1,400
Pottawatomie County*	1,400	61	4.36%	1,339
Idabel, City of	1,000	25	2.50%	975
OREGON				
Marion County*	3,334	146	4.38%	3,188
La Grande, City of	1,369	35	2.56%	1,334
Lakeview, City of	1,015	1	0.10%	1,014
PENNSYLVANIA				
Old Forge, Borough of	9,526	5	0.05%	9,521
Hellertown, Borough of	2,486	12	0.48%	2,474
Swoyersville, Borough of	2,115	7	0.33%	2,108
Forty Fort, Borough of	1,600	4	0.25%	1,596
Erie, City of	1,580	14	0.89%	1,566
Bradford, City of	1,616	52	3.22%	1,564
Williamsport, City of	1,584	33	2.08%	1,551
Northumberland, Borough of	1,526	7	0.46%	1,519
Ford City, Borough of	1,525	6	0.39%	1,519
Frackville, City of	1,500	1	0.07%	1,499
Mount Joy, Township of	1,500	3	0.20%	1,497
Haverford, Township of	1,500	39	2.60%	1,461
Sugarloaf, Township of	1,263	7	0.55%	1,256
Millcreek, Township of	1,240	38	3.06%	1,202
Plymouth, Borough of	1,180	0	0.00%	1,180
West Whiteland, Township of	1,118	38	3.40%	1,080
Saltlick, Township of	1,050	22	2.10%	1,028
Shamokin, City of	1,050	29	2.76%	1,021
PUERTO RICO				
Bayamon, Municipality of	2,390	1	0.04%	2,389
SOUTH CAROLINA				
Grand Strand Flood District	12,781	0	0.00%	12,781
Edgefield County *	7,180	3	0.04%	7,177
Florence County *	5,183	148	2.86%	5,035
James Island, Town of	3,350	3	0.09%	3,347
Walhalla, Town of	1,219	0	0.00%	1,219
Pickens County *	1,050	34	3.24%	1,016
Rock Hill, City of	1,000	18	1.80%	982
SOUTH DAKOTA				
Marshall County *	3,082	0	0.00%	3,082
Tripp County *	2,139	0	0.00%	2,139
Edmunds County *	1,805	0	0.00%	1,805
Grant County*	1,593	4	0.25%	1,589
Davison County*	1,162	6	0.52%	1,156
TENNESSEE				
Knox County *	7,106	100	1.41%	7,006
Tipton County *	5,450	10	0.18%	5,440

STATE/CITY	BUILDINGS IN SFHA[1]	INSURED BUILDINGS[2]	PERCENT INSURED	UNINSURED BUILDINGS
TEXAS				
El Lago, City of	3,977	58	1.46%	3,919
Rio Grande City, City of	1,923	3	0.16%	1,920
Brooks County*	1,900	6	0.32%	1,894
Comanche, City of	1,875	21	1.12%	1,854
Harris Co. Water Control Dist. #93	1,721	0	0.00%	1,721
Clute, City of	1,786	73	4.09%	1,713
Lakeview, Town of	1,150	0	0.00%	1,150
UTAH				
Salt Lake City, City of	6,153	83	1.35%	6,070
American Fork, City of	1,300	3	0.23%	1,297
South Salt Lake, City of	1,100	7	0.64%	1,093
VIRGINIA				
Nottoway County*	4,068	0	0.00%	4,068
Buchanan County*	3,665	80	2.18%	3,585
Bedford County *	2,918	32	1.10%	2,886
Westmoreland County*	2,400	57	2.38%	2,343
Washington County*	1,672	17	1.02%	1,655
Tazewell County *	1,662	58	3.49%	1,604
WASHINGTON				
Pierce County*	17,000	403	2.37%	16,597
Kitsap County *	8,244	205	2.49%	8,039
Yakima County *	7,590	366	4.82%	7,224
Kent, City of	2,739	62	2.26%	2,677
WEST VIRGINIA				
Wayne County*	15,100	225	1.49%	14,875
Fayette County*	9,200	114	1.24%	9,086
Wyoming County *	8,000	270	3.38%	7,730
Boone County *	6,700	303	4.52%	6,397
Mingo County *	6,091	210	3.45%	5,881
Putnam County*	5,191	166	3.20%	5,025
Lincoln County*	3,400	101	2.97%	3,299
Mcdowell County *	3,070	104	3.39%	2,966
Marshall County *	1,960	62	3.16%	1,898
St. Albans, City of	1,750	33	1.89%	1,717
Marion County*	1,784	86	4.82%	1,698
Monongalia County *	1,717	77	4.48%	1,640
Moorefield, Town of	1,510	61	4.04%	1,449
Mount Hope, City of	1,030	6	0.58%	1,024
WISCONSIN				
Door County *	14,159	48	0.34%	14,111
Chippewa County *	1,997	51	2.55%	1,946
Richland County*	1,775	28	1.58%	1,747
Marinette County *	1,706	51	2.99%	1,655
Marquette County*	1,150	14	1.22%	1,136
Waushara County*	1,025	25	2.44%	1,000

* Indicates unincorporated areas

1 Buildings in the Special Flood Hazard Area (SFHA) as of 12/31/98 as reported in the Community Biennial Reports to FEMA.

2 Insured buildings as of 9/30/01, based on policy contracts.

Meeting a Higher Standard—the CRS 400 Series

Insurance agents, public officials, lenders, and other community leaders are being rewarded for working together to protect the floodplain. NFIP communities that engage in activities meeting higher standards of floodplain mapping and regulation not only mitigate future flood damage, but also become eligible to receive flood insurance premium discounts for area residents.

FEMA's Community Rating System (CRS) offers incentives for communities to be more proactive in protecting their citizens from flooding (see message from CRS Task Force Chair Richard Decker on page 27). There are 18 activities that earn credit toward premium discounts for residents of the 948 NFIP communities that (as of May 1, 2002) participate in the CRS. These activities are grouped in four broad categories: Public Information (300 Series), Mapping and Regulations (400 Series), Flood Damage Reduction (500 Series), and Flood Preparedness (600 Series).

This article about Mapping and Regulations (400 Series) activities is the second of several that examine the four CRS categories and the hundreds of ways in which communities can earn credit. Public Information (300 Series) activities were discussed in the Summer 2002 *Watermark*.

Mapping and Regulations

Not all parts of the floodplain are created equal. Mapping and regulatory standards that work for one community's floodplain may not take into account conditions existing in another community. As the cost to produce and update Flood Insurance Rate Maps (FIRMs) increases, and communities continue to grow and change the landscape, there is an ever-greater need for local communities to help in the generation of new FIRMs and to regulate newly defined floodplains.

The CRS 400 Series provides that incentive through a variety of activities such as creating new maps, enforcing tougher building standards, preserving open space, and applying GIS technology to land use decisions. In addition, the CRS rewards communities that regulate development in areas of their communities that are affected by any of the eight special flood hazards not fully regulated under the NFIP (see upper right).

A community receives CRS credit for higher standards of mapping and development by determining what portions of its floodplain area are affected by each element of its mapping or regulatory program. The *CRS Coordinator's Manual* provides impact adjustment ratios for making this determination and specifies documentation requirements for receiving 400 Series credit (see the *CRS Coordinator's Manual* on-line at www.fema.gov/nfip/crs.htm).

Special Flood Hazards

1. Uncertain flow paths such as alluvial fans, moveable stream beds and other floodplains where the channel moves during a flood.
2. Closed basin lakes (with small or no outlet) that may stay above flood stage for extended periods.
3. Ice jams caused when warm weather and rain break up a frozen river and the broken ice floats downstream until it is blocked by an obstruction (such as a bridge) and causes a dam.
4. Land subsidence caused by the withdrawal of subsurface water, minerals, or soil.
5. Coastal dunes and beaches.
6. Mudflow hazards such as a river or inundation of liquid mud down a hillside after brush cover has been lost and groundwater has accumulated after a period of heavy rain.
7. Coastal erosion in which land masses are worn away by oceanic wave action.
8. Tsunamis caused by underwater earthquakes or volcanoes.

Activity 410: Additional Flood Data

Good floodplain maps and other information about local flood hazards are crucial for determining which properties require flood insurance coverage, rating insurance policies, and regulating new development. FIRMs that include details about at least some of the

Activity 410: Additional Flood Data

Charlotte County, Florida, joined the CRS in 1992. Now a Class 6 community, Charlotte County has developed flood map overlays that show the floodplain and floodways, building and lot locations, the Base Flood Elevations established by both FEMA and the county, FIRM zones, special hazards, 2-foot contours, all changes to previous FIRMs, and the projected elevations and boundaries of floods having a .2 percent chance of occurring in any given year.

existing flood hazards are available for most NFIP communities. However, even mapped communities have flooding areas where specific data may not be provided on the FIRM. New development in these communities is particularly vulnerable to flood damage.

Communities that use a higher mapping standard than the FEMA flood insurance study to collect flood data can earn hundreds of CRS points. Even more credit is available for communities that sign Cooperating Technical Partner (CTP) agreements with FEMA.

Cooperating Technical Partners

CTPs are communities, regional agencies, or State agencies that enter into an agreement with FEMA to formalize their contribution and commitment to flood mapping. CTPs take advantage of this partnership with FEMA to ensure that their flood maps are accurate, up to date, and based on local conditions.

The CTP initiative maximizes limited funding by combining resources and aligning the objectives of FEMA and the CTP. To become a CTP, communities may contact the CTP Coordinator at the nearest FEMA Regional office (see the contact information on the tear-off flap on *Watermark's* back cover). Arrangements will be made for the community to enter into a Partnership Agreement. CTPs then identify mapping activities and coordinate with FEMA the scope and type of mapping products to be contributed. Together, FEMA and the community will determine their responsibilities and contributions. The community then will initiate mapping activities and review this process annually.

Activity 420: Open Space Preservation

One of the best ways to prevent flood damage is to keep floodprone areas undeveloped by preserving them as open space. The CRS defines "open space" as land that is free of buildings, fill, and other barriers to flood waters. Some pavement, such as a small parking lot or a park roadway, is acceptable, but it must be designed to minimize development.

Additional CRS credit is given for programs that preserve environmentally sensitive areas such as wetlands, natural areas, animal sanctuaries, and beaches from development. Additional credit is provided if any of these areas are also subject to any of the eight listed CRS special flood hazards (see page 23). Even more CRS credit is available for communities that take the extra step to deed-restrict these areas as open space for generations to come.

Activity 420: Open Space Preservation

Stone Harbor, New Jersey, has been involved in the CRS program since October 1994 and has been a CRS Class 8 community since October 1996. This community receives nearly 200 of 420 possible CRS points for maintaining areas in their floodplain as open space, including their beaches, park and recreation areas, and bird sanctuaries. Some of these areas also are subject to deed restrictions through the state of New Jersey's "Green Acres" program. The Stone Harbor Bird Sanctuary and Sedge Island areas are subject to natural and beneficial functions, because they not only preserve part of the floodplain for flood storage but also serve as nesting grounds for a variety of bird species.

Activity 430: Higher Regulatory Standards

The minimum regulatory standards required for participation in the NFIP provide improved flood protection for a community. However, flood damage still can occur because floodplain elevation regulations are based on estimates of flood heights subject to inaccuracies, particularly in areas without long-term flood and rainfall records. In addition, urbanization and other changes made in the watershed after a FIRM was published can increase the hazard of flooding.

Many communities have adopted higher regulatory standards, such as requiring "freeboard" on all new construction, that provide more protection for new development and redevelopment. Freeboard is a measurement of the height the lowest floor of a building must be elevated above the projected height of floodwaters, the Base Flood Elevation (BFE), to ensure the building's safety. The extra margin of protection provided by freeboard takes into account the effect of waves, debris, miscalculations, or lack of data.

Higher regulatory standards also include requiring foundation protection from settling, scour, and erosion. For example, prohibiting construction of building enclosures below the BFE eliminates a source of debris that might hit other buildings. This prohibition also discourages property owners from storing valuable or hazardous items in an area that is vulnerable to flood waters or coastal wave action.

Regulatory standards that reduce flood damage to vital public buildings ensure that critical facilities can operate during flood emergencies and may also reduce pollution of floodwaters by hazardous materials.

> **Activity 430: Higher Regulatory Standards**
>
> In July of 2001 the State of Michigan officially adopted the International Code Series, along with the approved state rules, as the Michigan Building Code. The effects of this adoption are far reaching and have an immediate impact on CRS participation in Michigan. In addition to the Freeboard, Foundation Protection, and Protection of Critical Facilities credits of the new code, under the 2002 *CRS Coordinators Manual*, each community that has adopted the required Michigan Building Code now will be eligible for all or part of the new Building Code credits that are based on the adoption of the International Code Series (I-Codes). Adoption of the I-Codes also will eventually impact the community's Building Code Effectiveness Grading Schedule classification and the related CRS credit points.
>
> Higher regulatory standards are nothing new to the State of Michigan. In fact, based on their state mandated standards for Additional Flood Data (Activity 410), Higher Regulatory Standards (Activity 430) and Stormwater Management (Activity 450) alone, any Michigan community that meets the minimum requirements of the CRS and is properly enforcing the State regulations would easily qualify for a CRS Classification of 9.

Flooding can occur when floodplains lose their ability to absorb runoff. Building on fill in a substantial portion of the floodplain reduces storage for floodwater and often increases peak flows downstream. Regulations that prohibit use of fill reduce this problem. To compensate for floodwater storage that is lost when land is developed, regulations can be enacted that require excavation of retention and detention ponds.

Public health regulations can restrict floodplain development that might degrade the beneficial, natural functions that floodplains perform. For example, when septic and surface water mix during a flood, the resulting pollution can cause health hazards. CRS credit is available for enacting regulations that prohibit hazards such as sanitary landfills or septic systems in the floodplain.

CRS credit also can be earned for requiring new streets in floodplains to be constructed at or above the BFE to provide access for emergency vehicles during a flood, and requiring all new residential and commercial buildings to have dry land access.

There are many other approaches to developing higher regulatory standards. Among them are implementation of more stringent building improvement rules, development and implementation of a local building code, certification of regulatory staff as floodplain managers, subjecting manufactured (mobile) homes to the same elevation requirements as conventional homes, and making use of zoning to maintain a low density of development in the floodplain.

Activity 430LD: Land Development Criteria

Activity 420 (described on page 24) is designed to keep development out of the floodplain entirely. However, merely reducing the amount of development that is allowed in the floodplain can also be helpful in decreasing the potential for flood damage.

Many communities already have adopted regulations for preserving farmland or protecting environmentally sensitive areas. Regulations that encourage developers to keep buildings out of floodprone areas and that establish zoning restrictions on the density of floodplain construction can earn CRS credit under Activity 430LD. For example, credit is given if floodprone areas of new subdivisions are set aside as open space, drainage fields, or back yards. Credit also can be earned when buildings, streets, and other damage-prone infrastructure are grouped on natural high ground out of the regulatory floodplain while the floodplain is used for open space or recreational land.

Low-density zoning can receive CRS credit when development is limited to no more than one building per acre. Additional credit is allowed when density drops to no more than 1 building per 10 acres.

Activity 440: Flood Data Maintenance

Making available a community's current FIRM is a minimum requirement of the NFIP; therefore, CRS credit is not given for this. However, communities can earn CRS credit for maintaining and making available copies of all FIRMs, Flood Insurance Studies, Floodway Maps, and Flood Hazard Boundary Maps that have ever been issued for the community.

Floodplain maps must be updated frequently to include revisions, analyses, better elevation data, annexations, and new hazard data. Unfortunately, the need to update maps is greater than the funding currently available to FEMA. CRS credit is provided for updating flood data; digitizing FIRMs, Flood Hazard Boundary Maps, and Floodway Maps; and maintaining flood hazard data on computerized parcel records.

Use of a computerized parcel system allows a building official, real estate agent, or anyone else interested in the flood hazard on a property to quickly find data such as the flood zone, flood elevations, and lowest floor elevations. In addition, maintaining current permanent elevation reference marks (such as engraved metal discs set in concrete) makes it easier and less expensive for developers and property owners to determine grade, lowest floor, and BFEs for insurance and construction purposes. Communities can earn additional credit for maintaining coastal erosion data in GIS, digitized parcel data, or overlay map format.

Activity 450: Stormwater Management

As forests, fields, and farms are covered by impermeable surfaces such as streets, rooftops, and parking lots, more rain runs off at a faster rate. Urbanization of an area can increase the rate of runoff five-fold or more. Stormwater runoff travels faster on streets and in storm drains than in streams and rivers or when absorbed by soil. The result is an increase in the frequency and severity of flooding.

This CRS activity credits five approaches to stormwater management. The first regulates development on a case-by-case basis to ensure that the peak flow of runoff from each site is not greater than it was before the site was developed.

Regulating development according to a stormwater management master plan that analyzes the combined effects of existing and expected development on drainage through and out of the watershed is another approach.

Nearly a third of all flood insurance losses occur in moderate-risk X Zones. Much of this damage can be prevented by requiring new development to be elevated above the BFE. This often can be accomplished through implementation of regulations that require lowest floors or basement openings to be elevated above the centerline of the street.

Sediment control is particularly important in watersheds where land is disturbed by construction or farming. Drainage systems clogged with sediment from construction sites create a significant source of water pollution. A fourth creditable approach to stormwater management is implementation of watershed regulations that minimize the effects of erosion.

Regulating the quality of stormwater runoff also can earn CRS credit. Communities can raise the quality of stormwater runoff by incorporating appropriate "best management practices" such as grass filter strips, velocity dissipators, and infiltration trenches in the design of stormwater management facilities.

Your Community Deserves Credit

Enacting and enforcing regulations that exceed the NFIP's minimum standards provides more flood protection for new development and preserves existing buildings. Many communities already have regulations on the books that prohibit or restrict floodplain development. Getting credit for flood map data maintenance and higher regulatory standards may be simply a matter of documenting what is already in place.

Credits in excess of 2000 points, not including the extra credit that can be earned for regulating the special hazards listed on page 23, are available for 400 Series activities. It takes accumulating only 500 points from creditable activities for a community to join the CRS at the Class 9 level. Most communities enter the CRS at Class 9 (earning a 5 percent discount) and then engage in activities that move toward increasingly better classifications, earning as much as a 45 percent discount. Once participating in the CRS, a community needs only 500 points to move from one CRS class to the next, with a 5 percent insurance premium discount for each class improvement (see table at right)!

If your community is not yet part of the CRS and you'd like to help area property owners reduce their flood insurance premiums, an ISO/CRS Specialist can help you apply to the program and design, implement, and document the activities that earn even greater premium discounts. To get started, contact the Insurance Services Office by telephone (317-848-2898) or by e-mail (nfipcrs@iso.com).

Special thanks in preparing this article to ISO's Flood Technical Coordinator, Bill Trakimas, and to ISO/CRS Specialists Linda Clarity, Rob Flaner, and Errol Garren.

Watershed

It's not a shed in which to store water. A "watershed" is a division between two drainage areas. More specifically, it is the land area that is drained by a specific water body such as a tributary, stream, or river.

CRS Classes

Credit Points	Class	Premium Reduction for Property Located in a High-Risk SFHA	Premium Reduction for Property Located Outside an SFHA or in an AR or A99 Zone*
500-999	9	5%	5%
1,000-1,499	8	10%	
1,500-1,999	7	15%	
2,000-2,499	6	20%	10%
2,500-2,999	5	25%	
3,000-3,499	4	30%	
3,500-3,999	3	35%	
4,000-4,499	2	40%	
4,500+	1	45%	

* Preferred Risk Policies are not eligible for CRS premium discounts.

The CRS Credo

Richard Decker, CRS Task Force

Richard Decker, Chair, CRS Task Force

The mantra of the CRS is, in effect, its purpose, which comes trippingly off the tongue as "reduce flood losses, promote awareness of flood insurance, and facilitate accurate insurance rating." What do these mean?

Reduce flood losses

The main purpose of the CRS is to show community officials how to protect the lives and property of their constituents from the ravages of flooding. The wonderful reduction in flood losses achieved by Tulsa, Oklahoma, during the last 15 years is evidence of just what a community can do for itself when it has a mind to.

We encourage communities to implement as many of the 18 CRS activities as they feasibly can. We then monitor their activities to make sure they don't backslide.

Promote awareness of flood insurance

We recognize the value of being prepared. No matter how equipped a community is, it still may be at risk of flooding. Communities and insurance providers need to promote flood insurance. The purpose of the CRS is to help communities become flood *resistant*. No one can do the impossible; no community is flood*proof*.

This is why, for the last 33 years, the NFIP has provided flood insurance to help property owners protect themselves from economic losses caused by flooding.

Facilitate accurate insurance rating

With CRS premium discounts, we recognize the fact that, when public officials engage in CRS activities, they are reducing the possibility of flood losses in their communities. The discounts demonstrate the NFIP's confidence that CRS mitigation efforts work. Policyholders can save 5 to 45 percent of the applicable premium, depending on the overall reduction in the community's exposure to flooding.

In addition, and almost as a bonus, all American taxpayers save money to the extent that CRS activities also protect community members who have not purchased flood insurance. These uninsured townspeople would have been dependent on Federal financial assistance if a flood had occurred.

It Works For You

The CRS creates a win-win situation for all participants. And any NFIP stakeholder can take the lead in implementing this program or improving the class rating of his or her community. Visit the CRS web site (www.fema.gov/nfip/crs.htm) for more information.

Richard Decker has been Chair of the CRS Task Force since it was created in 1987. With almost 50 years of experience in the property and casualty industry, 11 of these as President of the Automobile Insurance Plans Service Office, Decker now serves as Consultant to the Administrator of the Federal Insurance and Mitigation Administration.

No Adverse Impact

Larry Larson and Doug Plasencia, ASFPM

Flood damage in the United States continues to escalate. From the early 1900s to the year 2000, flood damage in the United States increased by as much as sixfold and now approaches $6 billion annually. This increase occurred despite billions of dollars for structural flood control and other measures, both structural and nonstructural. Communities continue to intensify development within floodplains, and they do it in a way that can result in damage to floodprone or marginally protected structures.

Current floodplain management standards allow for a variety of practices that, in effect, can damage some property while protecting other property. Inadvertently, water flow can be redirected onto property that previously had a low risk for flooding. Essential river valleys where water traditionally was "stored" are being filled in by development. Changes in topography can increase water velocity, erosion, and sedimentation in the floodplain. The net result is that through floodplain management policies that do not look at the "big picture," we actually can create damage in the nation's floodplains.

Under New Management

During the past 50 years, many communities have substituted Federal flood control projects and disaster assistance programs in place of local and individual accountability for building and development. To counter this trend, the Association of State Floodplain Managers (ASFPM) has developed an approach called "No Adverse Impact" floodplain management. No Adverse Impact relies on local governments to take steps that reduce the reliance on national, State, and local resources so that these can be applied to other needs.

No Adverse Impact floodplain management is a way for local governments to reduce flooding in their communities right now! Most local governments assume that Federal floodplain management standards will protect them from any flood event. But national and even State standards are broad in their application, and what may protect one community may cause additional flooding and damage to another. No Adverse Impact emphasizes individual accountability by not increasing flood damage to other properties. Local communities will become proactive in understanding the potential impacts of their floodplain management strategies upon neighboring property and communities as well as in implementing mitigation programs that avert flood disasters before they occur.

Acting Locally

The guiding principle of No Adverse Impact floodplain management is easy to communicate and, from a policy perspective, tough to challenge. In essence, No Adverse Impact ensures that the action of one property owner does not adversely impact the rights of other property owners, as measured by increased flood peaks, flood stage, flood velocity, and erosion and sedimentation potentials. The ASFPM would have maintaining No Adverse Impact floodplains become the default management criteria, unless a community develops and adopts a comprehensive river plan that identifies acceptable levels of adverse impact, appropriate measures to mitigate those impacts, and a plan for implementation. No Adverse Impact could be extended to entire watersheds as a means for promoting the use of retention and detention technologies to mitigate increased runoff from urban areas.

While the No Adverse Impact approach can result in reduced damages for floodplains with a 1 percent likelihood of flooding in any given year, the greatest strength of this approach is in ensuring that future development that might impact the floodplain will be part of a locally adopted plan. This removes the mindset that floodplain management standards are something imposed by FEMA. Simultaneously, No Adverse Impact promotes local accountability for developing and implementing a comprehensive strategy and plan for the floodplain. Local public officials gain the control and support they need for innovative approaches by assuring that they have the flexibility to adopt comprehensive local management plans recognized by FEMA and other Federal agencies as the acceptable standard in that community.

A Good Neighbor Policy

No Adverse Impact makes sense and is the right thing to do. Too often discussion about rational approaches to construction and development become lost in arguments about the range of floodplain management's application and the impact a strategy might have on those who try to encroach on the floodplain. It is time for a change. It is also time to manage our nation's floodplains from the perspective of protecting neighboring properties from additional flood impacts. No Adverse Impact is an approach that will lead to reduced flood losses within the nation while promoting and rewarding strong management and mitigation actions at the local level.

Larry Larson is the ASFPM's Executive Director (he can be reached at larry@floods.org). Doug Plasencia is a water resources Project Manager at Kimley-Horn and Associates in Phoenix, Arizona (he can be reached at dplasencia@phx.kimley-horn.com).

Association of State Floodplain Managers

For more information about the ASFPM, call 608-274-0123. Copies of ASFPM documents about flood policy, including a published article on No Adverse Impact, can be downloaded from the ASFPM web site (www.floods.org).

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 endorse any product or company. Web site addresses may have changed prior to publication of this edition.

Web Sites

http://bsa.nfipstat.com/cbrsprop/cbrsprop.pdf

Do you offer flood insurance to customers who live in coastal areas? Do you need to determine whether a property is ineligible for flood insurance under the Coastal Barrier Resources Act? Check for ineligible CBRA addresses at the NFIP Bureau and Statistical Agent's web site.

http://bsa.nfipstat.com/wyobull/wyobull.htm

Looking for details about changes in the NFIP? You can find many details about changes that have occurred in the Program since early in 2001 in the bulletins sent to WYO companies. These are located in this section of the NFIP Bureau and Statistical Agent's web site.

http://www.fema.gov/nfip/pi.htm

Copies of all of the NFIP Policy Issuances dating back to the beginning of 1994 are available in this section of the NFIP Bureau and Statistical Agent's web site.

www.fema.gov/mit/tsd/gs_main.htm

FEMA's *Guidelines and Specifications for Flood Hazard Mapping Partners*, dated February 2002, now is accessible at the Flood Hazard Mapping web site.

The Guidelines combine previous FEMA publications, guidance documents, and memorandums regarding flood hazard mapping. This document does not implement new FEMA policy on flood mapping, but reflects recent changes to processes and products associated with the implementation of FEMA's Map Modernization Program. The document discusses the Cooperating Technical Partners initiative, new project scoping procedures, digital Flood Insurance Rate Map (DFIRM) specifications, and the option of including on the FIRM, when requested by the community, a flood hazard zone reflecting future conditions. Unless specifically indicated, the Guidelines supersede previous FEMA flood mapping guidelines and specifications documents.

Mitigating Repetitive Losses

Kathleen Wissmann, FIMA

Although FEMA programs are designed to reduce the number of properties damaged by flooding, buildings are added annually to the list of repetitively damaged properties for a variety of reasons, including changes in the topography due to development that adversely impacts the water flow.

FEMA's Repetitive Loss Strategy is a FIMA-wide approach to addressing the cycle of repeated flood damage. It includes several programs to assist States and communities in implementing mitigation measures that will reduce the vulnerability of repetitive loss properties.

FEMA has developed the NFIP Repetitive Loss Strategy to reduce damage to repetitive loss properties and, by doing so, lower costs to the National Flood Insurance Fund. A key component of the Strategy includes several FEMA programs that assist States and communities in developing mitigation plans and implementing mitigation measures that will reduce the vulnerability of repetitive loss properties to flooding. These programs include the Flood Mitigation Assistance Program, the Hazard Mitigation Grant Program, and the Pre-Disaster Mitigation Program. NFIP Increased Cost of Compliance insurance coverage can also be used by itself or in conjunction with these programs to mitigate damage to repetitive loss property.

Flood Mitigation Assistance Program

The Flood Mitigation Assistance (FMA) grant program is funded directly through the National Flood Insurance Fund (NFIF). FMA grants are used to buy out or elevate the most frequently damaged properties insured under the NFIP. As the damage and disruption of life caused by repeated flooding are reduced, the total NFIP claims payments drawn from the NFIF also are reduced.

The Repetitive Loss Strategy focuses, initially, on "target" properties. A subset of all repetitive loss properties, target properties include approximately 9,500 buildings, either with two or three losses that cumulatively exceed the building value of those buildings, or with four or more losses. States and communities are encouraged to use FMA grants and other Federal or State funds to develop mitigation plans that address the targeted subset of repetitive loss properties.

Louisiana provides an example of a State that uses FMA funds for a variety of mitigation projects, depending on the needs of the community. FMA-funded mitigation measures implemented in Louisiana include elevation, floodproofing, and acquisition. Between 1997 and 2000, grants were awarded for mitigation activities involving 49 properties in more than 15 Louisiana parishes. In 2001, 18 more properties received grants for mitigation activities, and the Jefferson Parish Drainage Improvement Project was initiated to protect 124 repetitive loss properties.

Hazard Mitigation Grant Program

The Hazard Mitigation Grant Program (HMGP) assists State and local communities in implementing long-term hazard mitigation measures after a major disaster declaration. The HMGP covers a variety of types of disasters besides flooding

One of the largest recent HMGP acquisition projects is under way in Texas in the wake of Tropical Storm Allison, which hit the state in June 2001. Allison resulted in 23 deaths and thousands of flooded homes in southeastern Texas. By December 2001, the State of Texas bought out 1,674 flood-damaged properties with $95 million in Federal funds.

Pre-Disaster Mitigation

Although an actual disaster is often the biggest incentive for property owners to consider selling or retrofitting their properties, mitigating before the floodwaters strike is smarter and far less expensive.

The Pre-Disaster Mitigation (PDM) grant program is authorized under Section 203 of the Stafford Act, as amended by the Disaster Mitigation Act of 2000 (DMA 2000). The goals of this program are to fund activities that will reduce the risks of future damage in hazard-prone areas and thereby to reduce the need for future disaster assistance. PDM grants are available for activities similar to those that receive FMA grants: vulnerability assessments; State and local mitigation planning; elevation, acquisition, or relocation of flood-prone structures; and minor flood control or drainage management projects. The grants are not dependent on a Presidential Disaster Declaration.

Disaster Mitigation Act of 2000

FEMA's focus on mitigation has been reinforced through the mitigation planning requirements authorized under the DMA 2000 and regulated under 44 CFR Part 201. Under this Act, local and State governments will be required to have a FEMA-approved mitigation plan with an adopted mitigation strategy to be eligible for mitigation project funds. Technical assistance and planning grants are available through the FMA, HMGP, and PDM programs to help local communities develop these plans. In flood-prone communities, plans should identify the repetitive loss properties as well as measures for removing these properties from the flooding cycle.

Home in Oregon elevated with FMA/ICC funds.

ICC Coverage

Through the Increased Cost of Compliance (ICC) coverage included in the NFIP's Standard Flood Insurance Policy, an eligible property owner may receive up to $20,000 toward elevating or floodproofing a structure to meet current construction standards or toward relocating or demolishing a structure. ICC is activated when a building becomes repetitively damaged or is substantially damaged (i.e., sustains damage greater than 50 percent of its value).

An example of ICC coverage in action can be seen in Lincoln County, Oregon. When a repetitive loss structure located in a Special Flood Hazard Area along the Siletz River was elevated, FMA funds covered only part of the expense. The policyholder signed over ICC benefits to the community to provide the local matching funds. This building (shown below with its FMA/ICC funded elevation) had been one of the many structures substantially damaged during the 1999 Thanksgiving Day flood. It had sustained previous flood damage as recently as 1996 and 1998. As shown in the photo, this house is now elevated on posts and piles, which offer minimal resistance to floodwaters. This allows the water to pass beneath the building, therefore, doing nominal damage. Oregon has mandated that all structures in the Special Flood Hazard Area be elevated at least 1 foot above the Base Flood Elevation (the NFIP's minimum requirement).

More Mitigation Resources

For more information about FEMA's mitigation programs, visit our web site (http://www.fema.gov/fima). State and local community representatives seeking access to the target property list can get that information from the FEMA Regional office in their area. The Regional offices and phone numbers are listed on the tear-off back cover page.

Kathleen Wissmann, AICP, is a program specialist in FIMA's Mitigation Planning and Delivery Branch. A certified planner, she is responsible for administering various mitigation programs, including the FMA program and the new mitigation plan regulations.

Checklist for Agents

Judy Marvel, NFIP Bureau and Statistical Agent

A prospective client approaches your desk. The receptionist has tipped you off that the person before you is looking for a flood insurance quote. Your pulse quickens, your palms become moist. You are comfortable in underwriting and quoting homeowners, mobile home, and auto products. But flood insurance?

As an insurance professional, you've already got the basic knowledge you need to underwrite and quote a flood insurance policy. Although flood insurance isn't exactly like other lines of insurance, it's close enough that the underwriting and calculation elements can be easy to figure out. If you are unsure about the process, the NFIP is ready and eager to help you every step of the way.

Asking the Right Questions

What should you ask a prospective insured? The topics you need to discuss with your client to help you prepare a flood quote are similar to those you'd explore when preparing any property insurance quote. Take a look at the following basic questions and see how they relate to flood insurance.

<u>Where is the property located?</u>

How often have you heard the term "underwriting the risk"? Literally, this means determining the likelihood of loss. When underwriting a dwelling or homeowners policy, the first step in assessing the chance of loss occurring is to identify the property's location. For example, if the property is situated on the coast, a homeowners insurance carrier concerned about the risk of wind damage might apply a higher wind deductible. Or, if the property is miles from a fire department or water source such as a hydrant, the risk of severe fire damage is greater than if the building is located within 300 feet of a fire hydrant or within 5 miles of a fire department. Homeowners insurance rates are determined accordingly.

It's no different for flood insurance. Ocean- or river-front buildings have a significantly higher chance of being severely damaged by a flood than buildings located in the middle of town with no major body of water within hundreds of miles!

All properties are at risk of being flooded. The likelihood of a flood loss and the severity of damage are delineated on Flood Insurance Rate Maps (FIRMs) as shaded flood zones identified by alphabetic and numeric names (such as "V Zone" or "A-1 Zone"). Brochures and other information are available through the NFIP to help you learn how to read a FIRM and establish what the correct flood zone is. Log on and visit the NFIP web site (www.fema.gov/nfip/fmapinfo.htm) for examples of these materials or call the general information number listed on the tear-off flap at the back of this newsletter.

Flood insurance is not available everywhere, just as other forms of coverage through the standard market are not available everywhere. For example, some carriers may not offer homeowners insurance in areas subject to high winds or in areas with high theft and fire exposures. The NFIP does not offer flood insurance for properties located in communities that do not participate in the NFIP; nor is coverage available for properties located in environmentally delicate Coastal Barrier Resources System (CBRS) areas. When underwriting a flood risk, refer to the *Community Status Book* (available on-line at www.fema.gov/fema/csb.shtm or by calling 800-427-4661) to confirm that the property is located within a community participating in the NFIP, and then check the appropriate FIRM to be sure that it is not located in a CBRS area.

<u>How is the building constructed?</u>

A building's construction is a critical factor in determining how severely the structure may be damaged by fire, wind, or floodwaters. Is the building's construction frame or masonry? Or is the property owner seeking coverage for a mobile home?

Mobile homes are insurable under the NFIP. However, they must meet certain criteria, such as being secured in an approved fashion that prevents flotation. When a mobile home floats, not only does it end up in the neighbor's yard, but also it twists and buckles. More often than not, floating mobile homes result in total losses.

Certain types of construction can lower the property owner's premium. Just as homeowners insurance rates drop when smoke detectors and theft alarms are installed in buildings, construction methods that lessen the likelihood or severity of loss and actions taken by property owners to mitigate flood losses often are rewarded with lower flood insurance rates. Two examples of these types of precautions are elevating a building's lowest floor to or above the expected water depth of a flood, and constructing enclosures below an elevated floor in such a way that they do not threaten the integrity of the primary structure. In addition, commercial buildings may be floodproofed.

Other questions

There is an all-important underwriting question that sets flood insurance apart from other lines of insurance. In areas at high risk of flooding, insurance rates are based not only on the location, construction, age, and loss experience of the building, but also on where the lowest floor is located in relation to the projected depth of a flood. For this reason, agents must be able to interpret the elevation information found on the NFIP's Elevation Certificate.

NFIP representatives at your nearest NFIP Regional office (telephone numbers for both the NFIP and FEMA Regional offices are available on the tear-off flap at the end of this newsletter) will be happy to assist you in learning how to do this. You also can find a great resource called the *Lowest Floor Guide* in your NFIP *Flood Insurance Manual* (available on-line at www.fema.gov/nfip/manual.htm). This document provides valuable information about how to determine which floor is the lowest floor for rating purposes. You'll find the *Lowest Floor Guide* right after the Condominiums section of the manual.

Using a Checklist

Although there's no mystery to underwriting and quoting flood insurance, becoming familiar with the NFIP is a learning process. See the Agent's Checklist on the next page for a list of many of the same underwriting questions that you would ask when preparing an application for any property coverage, plus a few questions specific to flood insurance. You may want to save the checklist and photocopy it for use when interviewing clients. Or you can order an Agent's Premium Calculation Pad, available at no cost through the NFIP (call 800-480-2520 and ask for item number F-054). In addition, your insurance carrier may have flood insurance rating software available for your use.

Getting More Help

It is important for you, as the agent, to be familiar with the NFIP's rules and regulations as they have a profound effect on how you rate flood insurance policies. There is an abundance of detailed material available to help you become thoroughly familiar with the program. Check out the information on our web site (www.fema.gov/nfip), refer to the *Flood Insurance Manual* and the Standard Flood Insurance Policy, call the NFIP (800-427-4661), and take NFIP-sponsored courses (see Just Around the Bend on page 39 for a list of upcoming agent workshops or visit our web site to view the most up-to-date list of courses). And, to gain a thorough introduction to the NFIP when it is convenient, access the basic agent tutorial through our web site (http://training.nfipstat.com/portal/default.htm).

Judy Marvel has worked with the NFIP for 27 years, first as an insurance agent in coastal Delaware, and for the last 5 years as the Senior Training Specialist with the NFIP's Bureau and Statistical Agent.

Seeking Nominations

Thousands of people dedicate their time and expertise to making the NFIP a success. Each year, we honor the work of some of these valued partners at the Program Awards Banquet held at the National Flood Conference (see pages 12-14 for articles about this year's award winners).

We've already begun to prepare for the 2003 National Flood Conference and now are seeking nominations for the Agency of the Year Award. This award recognizes the achievements of three insurance agencies, one in each of three volume classes, for their work in promoting flood awareness and increasing policy growth. Agencies are selected for this award on the basis of steps they've taken to implement innovative marketing strategies, adhere to NFIP underwriting guidelines, and participate in flood awareness activities. Thousands of insurance agents go the extra mile to ensure that their communities are protected against flood losses. Isn't it time to let the rest of the NFIP know about the achievements of the outstanding agencies in your area?

Information and forms for making award nominations will be available on the NFIP web site (www.fema.gov/nfip) or you may contact Catherine King at the NFIP Bureau and Statistical Agent for more information (301-918-1439 or catheriner.king@fema.gov).

NFIP Agent's Checklist

When preparing a flood insurance quote for your client, check off each question as you answer it.

PROPERTY LOCATION AND COMMUNITY INFORMATION

- ☐ What is the property address?
- ☐ In which flood zone is the property located?
- ☐ Is the property located in a Coastal Barrier Resources System area?
- ☐ Is the community this property is located in participating in the NFIP?
- ☐ In what phase of the Program is the community?

BUILDING DESCRIPTION AND USE

- ☐ What type of building is to be insured?
- ☐ If this building is a single-family dwelling, is it the insured's primary or secondary home?
- ☐ When was the building originally constructed?
- ☐ Has the building been substantially improved?
- ☐ When was the building substantially improved?
- ☐ Is the building elevated?
- ☐ Is there a basement/enclosure?
- ☐ Is the basement/enclosure finished or unfinished?
- ☐ How is the basement/enclosure used?
- ☐ How large is the enclosure? (V Zones only)
- ☐ Is the enclosure built with breakaway construction? (V Zones only)
- ☐ Does the enclosure contain vents? (A Zones only)
- ☐ Is the enclosure vented properly? (A Zones only)
- ☐ How many floors does the building have, including the basement? [A two-story home with a basement has 3 floors: the basement is the lowest floor, the first floor is the next level up, and the second floor is the next higher.]

COVERAGE AMOUNTS

- ☐ Does the insured want coverage for the building's contents?
- ☐ Are the contents located only in the basement?
- ☐ Are the contents located in the basement and above?
- ☐ Are the contents located only on the first floor?
- ☐ Are the contents located on the first floor and above?
- ☐ Are the contents located only on the second floor?
- ☐ Are the contents located on the second floor and above?
- ☐ What is the replacement cost of the building?
- ☐ What amount of building coverage does the insured desire?
- ☐ What amount of contents coverage does the insured desire?
- ☐ What deductible amount(s) does the insured desire?

CREDITS AND SURCHARGES

- ☐ How many flood losses has the building experienced?
- ☐ Did you apply the ICC premium (if appropriate)?
- ☐ Is there a probation surcharge for this community?
- ☐ Is the community listed as a CRS community?
- ☐ Did you apply the CRS credit (if applicable)?
- ☐ Did you apply the Expense Constant?
- ☐ Did you apply the Federal Policy Fee?

OTHER UNDERWRITING CONSIDERATIONS

- ☐ Does this property qualify for the Preferred Risk Policy?
- ☐ Did you offer the insured a Preferred Risk Policy?
- ☐ Is the property mortgaged?
- ☐ Where is the policy to be billed?
- ☐ Is there an existing flood policy on this property?
- ☐ Is there an NFIP Elevation Certificate available for this property?
- ☐ Did you offer other lines of insurance?
- ☐ Did you have the insured sign a waiver form if coverage was offered and rejected?

NFIP Earns Prestigious IT Awards

The NFIP has received two major awards for implementing information technology (IT) advances to facilitate claims processing and to enhance insurance agent training.

Computerworld 2002 Honors Program

In April, Laureates Medals were awarded by the *Computerworld* 2002 Honors Program at ceremonies held in San Francisco, California.

Established by *Computerworld* magazine in 1988, the Honors Program annually recognizes individuals and organizations "whose visionary use of information technology has contributed significantly to the improvement of society." This year, 300 medals were presented in 10 fields of endeavor. The Laureates represented 46 countries on 6 continents.

FIMA's Management Analyst, Debra Woodard, represented FEMA and its NFIP Bureau and Statistical Agent contractor, Computer Sciences Corporation (CSC), in receiving a "Search For New Heroes" 2002 Laureates Medal. CSC received its Laureates Medal recognition for developing its innovative BureauNet, which allows the NFIP mainframe system to serve critical information to disaster responders.

In the past, when the President declared a flood disaster, staggering quantities of green-bar reports would pour off a mainframe printer and onto the desks of FEMA disaster-response staff. Sometimes a nugget of needed information about flood insurance claims, premiums, or payments might be buried in a report up to 18 inches thick.

More than a year ago, NFIP Bureau Project Director Bill Barton and Senior Computer Scientist Mike Miles began using WebFOCUS software to reduce the flood of paper generated by the NFIP. As a result, FEMA staff no longer leaf through lengthy printouts to find the data they need. Instead, they log onto the NFIP's BureauNet, browse insurance data posted there, select just the information they want to see, and, with just a few more keystrokes, display an onscreen report or download the data as a spreadsheet.

The number of times that NFIP staff ask CSC for special reports has been cut in half as many special reports now can be generated without calling on a programmer to develop them.

Without the BureauNet, FEMA disaster-response teams might have been overwhelmed by paperwork when Tropical Storm Allison struck coastal Texas and Louisiana in June 2001. Allison claimed 34 lives, destroyed or heavily damaged 16,000 homes and business, and displaced more than 10,000 families. President Bush declared 28 Texas counties disaster areas, and FEMA moved in to help.

Because BureauNet offers on-line reports that deliver much of the data they required in the field, FEMA staff assigned to flood-ravaged communities used portable computers to access BureauNet over wireless Internet connections. At the time, insurance data was moved only monthly from the NFIP mainframe to the Windows-based server that hosts BureauNet.

But field disaster staff needed faster response. So, with the input and cooperation of WYO companies, the CSC team developed Quick Claim Reporting, a program that puts new insurance and claims data on the BureauNet within days of receipt from WYOs. Stress-tested by Tropical Storm Allison, the BureauNet is proving to be up to the task of rapidly responding to FEMA's information needs.

2002 Intergovernmental Solutions Award

In June, at ceremonies held in New Orleans, Louisiana, the NFIP Bureau received one of several 2002 Intergovernmental Solutions

Awards presented by the Federation of Government Information Processing Councils (FGIPC). FGIPC established the Intergovernmental Solutions Awards in 1997 to highlight "outstanding collaboration between two or more levels of government that enhances the level of service to the customers they serve." FGIPC honored the Bureau for creating the NFIP's Flood Alert Agent Training Station, a multi-level, on-line educational resource for insurance agents.

The award was accepted by Bonnie Shepard, FEMA Project Officer for the Bureau and Statistical Agent contract, and Richard Waalkes, the CSC Training Specialist who designed the Training Station.

In the year and a half since the NFIP Flood Alert Agent Training Station went on-line, the number of training modules Waalkes has developed has increased steadily and the number of users has grown dramatically. Users now include not just flood insurance agents, but also land surveyors, community floodplain managers, and others. When they have completed a sequence of related modules, users may take a Mastery Test and then download and print a personalized certificate of completion.

To access the site, visit www.fema.gov/nfip/trainagt.htm and select the Flood Alert Agent Training Station.

Lifelines: Can't Live Without Them

Vince Brown, FIMA

Lifeline? What's a lifeline? Lifelines are systems that we rely on, and probably take for granted. Lifelines are important to all of us because they help us get around, keep us warm and clean, keep our food fresh and let us cook it, and keep us in touch with the world. They include telecommunications, water, waste and wastewater systems, transportation systems (highways, railroads, waterways, ports, harbors), and systems for the distribution of electric power, gas, and liquid fuels. Among the reasons that we must protect these systems against disasters is that they are critical to helping us recover from disasters.

Current practices for designing lifelines that reduce the risk of damage from natural disasters vary widely across the U.S. In high-hazard areas, lifelines are being designed and put into place in a very careful way. In moderate-hazard areas, design practices may, or may not, exist; even when they do, they may not be used. In low-hazard areas, such practices rarely exist; if they do, they generally are ignored.

The emergency management community is concerned for the safety of lifeline systems. FEMA has developed a cooperative agreement with the American Society of Civil Engineers (ASCE) to spend up to $2.1 million during the next 3 years for the development and implementation of design and retrofit guidelines to protect lifelines from both natural and man-made hazards.

The funding will continue the work of the American Lifelines Alliance (ALA), which is managed by ASCE. The alliance is a public-private partnership that encompasses FEMA; ASCE; the Federal Highway Administration; the U. S. Geological Survey; Pacific Gas and Electric Company; Rohn Industries, Inc.; the U.S. Bureau of Reclamation; Structural Engineers of New York; Pima County, Arizona; Wastewater Management; and Michael Baker Corporation. The goal of the ALA is to create and implement national consensus guidelines that enhance the performance of lifeline systems in the event of natural and man-made disasters.

ALA will provide updates on the products and services developed by the FEMA-ASCE cooperative agreement and recommend ways to disseminate this information to local officials who are responsible for creating and maintaining these systems.

For more information about the alliance, contact Thomas McLane, ASCE's Senior Director of Business Development by telephone (703-295-6151) or by e-mail (tmclane@asce.org). Information about this project also may be obtained from ALA's web site (www.americanlifelinesalliance.org).

Vince Brown is a Program Specialist in FIMA's Outreach and Partnership Branch where he coordinates media production and serves as Outreach Liaison between FIMA mitigation offices and the insurance industry.

The Adjuster's Role in Mitigating Losses

James S. P. Shortley, FIMA

When an insured building is damaged by a flood and the State or community declares the building to be substantially damaged or repetitively damaged, help is available from the NFIP through the Standard Flood Insurance Policy. Increased Cost of Compliance (ICC) coverage will assist in paying for the cost to elevate, floodproof, demolish, or relocate the building up to a maximum benefit of $20,000.

Sometimes, communities opt to buy out substantially or repetitively damaged buildings and convert the property to undeveloped park land. In such cases, policyholders won't be able to use their ICC coverage to elevate or floodproof their building, but can assign their ICC benefits to the community for use in demolition. Assigning the claim simply means transferring a portion or all of the policyholder's interest in the ICC claim to the community. The policyholder's agreement to transfer this interest is accomplished on a form called "Assignment of Coverage D (Increased Cost of Compliance Coverage)." Once the policyholder assigns the ICC claim, the community will be responsible for hiring contractors and producing contracts, bids, and claims documentation.

During Tropical Storm Allison, which hit Texas in June 2001, hundreds of properties sustained substantial flood damage. Many of these properties are now earmarked for demolition. The Assignment of Coverage D process is under way in the Texas cities of Friendswood, Humble, Houston, and Pearland. As of late Spring 2002, approximately 218 assignments had been received at the NFIP Bureau and Statistical Agent and forwarded to the WYO companies for handling.

Adjuster Procedures

The claims adjuster has an important role in this mitigation effort. Once a WYO company establishes an ICC claim, the loss is assigned to an adjuster, who is required to obtain certain documents from the policyholders and/or community. The adjuster must receive from the policyholder the Declaration of Substantial Damage form and a copy of the Assignment of Coverage D form to start the process.

The Assignment of Coverage D claim is handled much like any other ICC claim. The difference is that the adjuster is working with the policyholder, community, and the Buyout Coordinator. The community is required to submit copies of the permit for each demolition action. Through the adjuster, the WYO company must obtain the documents necessary for establishing costs, verifying coverage, and ensuring that estimates conform to NFIP standards.

Necessary Documentation

The adjuster must make certain that the Assignment of Coverage D claim files contain all of the following documents:

a. Contractor's estimates for the mitigation activity. Review estimates in their entirety for compliance to the Standard Flood Insurance Policy.

b. Photographs of the risk.

c. On elevation claims, certification that the risk is below BFE and of the height to which the building will be elevated. Obtain the permit issued by the community approving the plans for the mitigation measure and indicating the required elevation of the building.

d. Confirmation that the property is located in a Special Flood Hazard Area (A or V zones). If the policy indicates that the property is located in a B, C, or X zone, the insured might not quality for ICC. Determine whether there has been a zone or map revision.

e. Copy of the closing buyout document.

f. Letter of completion from the community stating that the building has been demolished, removed, or elevated, and that cleanup has been completed.

Procedures for assigning the eligible portion of the ICC Coverage D claim are outlined on the NFIP web site (www.fema.gov/nfip/iccdmw.htm). This web page also contains a link to an example of an Assignment of Coverage D form, in a .pdf format, which may be downloaded and printed.

Adjusters or community officials who have questions regarding documentation and procedures should contact the NFIP Bureau and Statistical Agent Claims Department at 800-246-6347.

James S. P. Shortley has been FIMA's Director of Claims since 1990. Prior to this, he worked as FIMA's Claims Technical Monitor for 7 years.

Flood Claims Best Practices

Dave Odegard, FIMA

Deloitte & Touche LLP recently completed a study of NFIP claims operations. This thorough, top-to-bottom review resulted in a number of recommendations for improvements and standardizations. Prominent among these recommendations was the adoption of a "Best Practices Model" for claims operation. We found this model a useful tool for self-reviews and analysis. Many of the elements of the model are basic and may already be included in the operations of some WYO companies. An educational workshop about the "Flood Claims Best Practices Model" was conducted at this year's National Flood Conference.

What should a claim file look like? A claim file should tell a good story. It should show how the claim was investigated and document the claims adjuster's activities. That was the focus of the Deloitte & Touche study: Does the claim file tell the whole story?

Following are several of the recommendations arising from the Deloitte & Touche study.

Management/Oversight

<u>Supervisory Review:</u>
Claims files should be reviewed at a supervisory level.

<u>Review of Outside Adjuster:</u>
There should be an ongoing review process for outside adjusters by the WYO companies.

<u>Self-Audit:</u>
WYO companies should review and measure adjuster performance on specific items such as accuracy, timeliness of communication, and claim outcome.

<u>Use of Claim Expertise:</u>
WYO companies should assign claims to adjusters on the basis of their experience and extend settlement authority to claims examiners on the basis of ability and expertise.

Claims Adjusting Process

<u>Subrogation Potential Explored:</u>
WYO companies should emphasize subrogation of flood claims with more detailed guidance and the use of a mandatory evaluation worksheet.

<u>Salvage Potential Explored:</u>
There should be salvage valuations or narrative explanations in all claim files.

<u>Fraud Detection/Special Investigative Unit:</u>
There should be active use of fraud detection and deterrents such as the Property Insurance Loss Register (PILR) or other databases.

<u>Risk Impressions to Underwriting:</u>
There should be established guidelines so that adjusters regularly provide new rating information to claims examiners for referral to Underwriting and receive information back.

<u>Technology:</u>
There should be a program-wide Risk Management Information System (RMIS) to prevent duplicate claims and provide financial controls.

Documentation

<u>Effective Diary System:</u>
There should be an electronic or manual company-wide diary system that prompts adjuster actions on the required future dates.

<u>Documentation Checklist:</u>
There should be a checklist of required documents in each claim file.

<u>Damages Documented/Itemized:</u>
There should be thorough documentation of damaged items including photos and the serial numbers from major appliances (or photos of the missing serial number plate location).

Timeframes

<u>Compliance with Timeframes:</u>
WYO companies should develop methods to promote earlier reporting of claims by insureds, such as setting up toll-free phone lines for reporting claims.

<u>Timeframe Worksheet in File:</u>
There should be a time-frame worksheet in each claim file.

Training/Education

<u>Use of Needs-based Training:</u>
There should be needs-based training that targets problem areas identified in reinspections, operational reviews, audits, and *Transaction Record Reporting and Processing* (*TRRP) Plan* reports.

Dave Odegard, a Claims Insurance Examiner for FIMA, has worked with the NFIP for 5 years. An insurance professional since 1993, Odegard started in claims as a State Farm adjuster. He holds the Chartered Property Casualty Underwriter and Associate in Claims designations.

UST AROUND THE BEND

Many more workshops will have been added to our schedule since publication of this issue. Please contact the NFIP Bureau and Statistical Agent Regional Offices (listed on the detachable telephone sheet to the right) for specific information about NFIP events for agents, lenders, and other stakeholders.

STATE/EVENT	CITY	DATE
ARIZONA		
ABA Annual Convention	Phoenix	October 5-9
CALIFORNIA		
Agent and Lender Seminar	Redding	October 9
Agent and Lender Seminar	Yreka	October 10
Agent and Lender Seminar	Clearlake	October 22
Agent and Lender Seminar	Ukiah	October 23
NAII Annual Meeting	Los Angeles	October 27-30
Agent and Lender Seminar	Bakersfield	November 5
Agent and Lender Seminar	Fresno	November 6
Agent and Lender Seminar	Pleasanton	November 14
Agent and Lender Seminar	Orangevale	November 20
NCOIL National Meeting	San Francisco	November 21-24
Agent and Lender Seminar	Modesto	December 5
NAIC Winter National Meeting	San Diego	December 7-10
Agent and Lender Seminar	San Bernardino	January 16, 2003
Agent and Lender Seminar	Palm Springs	January 17, 2003
Agent and Lender Seminar	Marysville	January 23, 2003
Agent and Lender Seminar	Sacramento	January 27, 2003
COLORADO		
Agent Workshop	Golden	October 18
Agent Workshop	Golden	November 13
Agent Workshop	Golden	December 11
CONNECTICUT		
Agent Workshop	Wethersfield	October 15
Agent Workshop	New Haven	October 16
FLORIDA		
Agent Workshop	Plant City	October 15
Agent Workshop	Lakeland	October 22
Lender Seminar	Lakeland	October 23
Agent Workshop	Fort Pierce	November 14
Lender Seminar	Fort Pierce	November 15
Agent Workshop	Cantonment	November 19
Lender Seminar	Cantonment	November 20
Agent Workshop	Tallahassee	November 21
Agent Workshop	Gainesville	December 3
Lender Seminar	Gainesville	December 4
Agent Workshop	Daytona Beach	December 17
Lender Seminar	Daytona Beach	December 18
Agent Workshop	St Petersburg	January 7, 2003
Lender Seminar	St Petersburg	January 8, 2003
Agent Workshop	Sebring	January 9, 2003
Agent Workshop	Plantation	January 22, 2003
Agent Workshop	Marathon	January 23, 2003
GEORGIA		
SIR Annual Conference	Savannah	November 17-20
HAWAII		
Agent Workshop	Fort Shafter	December 9
Lender Seminar	Fort Shafter	December 10
ILLINOIS		
Agent Workshop	Springfield	October 17
MBA Annual Convention	Chicago	October 20-23
Agent Workshop	Rockford	October 22
Agent Workshop	Bannockburn	October 23
Agent Workshop	Hoffman Estates	October 24
INDIANA		
Agent Workshop	Jeffersonville	October 8
Agent Workshop	Evansville	October 9
Agent Workshop	Terre Haute	October 10
LOUISIANA		
IBHS Annual Congress	New Orleans	November 13-15
MARYLAND		
Agent Workshop	Cumberland	November 13
MICHIGAN		
Agent Workshop	Traverse City	October 1
Agent Workshop	Grand Rapids	October 2
Agent Workshop	Kalamazoo	October 3
MISSOURI		
Lender Seminar	St. Louis	October 1
Agent and Lender Seminar	O'Fallon	October 2
Agent and Lender Seminar	Kennett	October 3
Agent and Lender Seminar	Joplin	November 19
Agent and Lender Seminar	Riverside	November 20
Agent and Lender Seminar	St. Joseph	November 21
NEW JERSEY		
Agent Workshop	Somerset	October 24
Agent Workshop	Iselin	December 18
NEW YORK		
Agent Workshop	New York City	October 23
OHIO		
IAEM Annual Conference	Columbus	October 12-16
PENNSYLVANIA		
Agent Workshop	Lititz	October 17
AWRA Annual Conference	Philadelphia	November 3-7
NAIW Annual Conference	Pittsburgh	June 2-5, 2003
RHODE ISLAND		
Agent Workshop	Warwick	November 19
Lender Seminar	Warwick	December 5
VIRGINIA		
Agent Workshop	Richmond	October 24
Agent Workshop	Virginia Beach	December 5
WASHINGTON		
Agent Workshop	Centralia	October 24
Lender Seminar	Centralia	October 25
Agent Workshop	Bellevue	November 14
Lender Seminar	Bellevue	November 15
Agent Workshop	Mount Vernon	December 12
Lender Seminar	Mount Vernon	December 13
Agent Workshop	Bellingham	January 16, 2003
Lender Seminar	Bellingham	January 17, 2003
WEST VIRGINIA		
Agent and Lender Seminar	Morgantown	October 9
WISCONSIN		
Agent Workshop	Madison	January 8, 2003

Acronyms used in JUST AROUND THE BEND:

ABA	American Bankers Association
AWRA	American Water Resources Association
IAEM	International Association of Emergency Managers
IBHS	Institute for Business and Home Safety
MBA	Mortgage Bankers Association
NAIC	National Association of Insurance Commissioners
NAII	National Association of Independent Insurers
NAIW	National Association of Insurance Women
NCOIL	National Conference of Insurance Legislators
SIR	Society of Insurance Research

NFIP Telephone Numbers

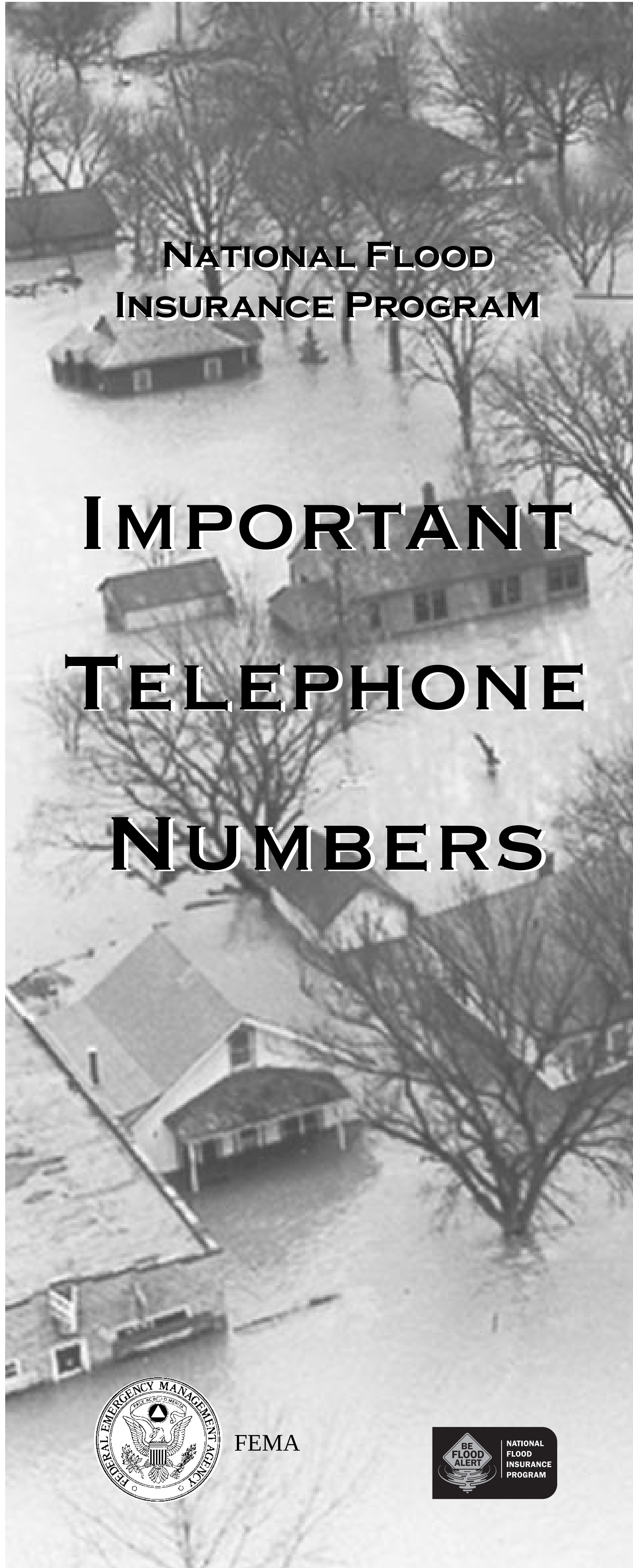
Number	Service
800-638-6620	Direct Business
800-720-1093	Agent Information and Leads Program
800-427-4661	General Information
800-611-6125	Lender Information
800-427-5593	TDD
800-358-9616	FEMA Flood Maps, Flood Insurance Manual
800-480-2520 301-497-6378 FAX	NFIP Forms and Public Awareness Materials
800-564-8236	Co-op Advertising Program
202-646-FEMA	FEMA Fax— Program Information

WWW.FEMA.GOV/NFIP

Regional Offices Telephone Numbers

Region	FEMA	NFIP Bureau and Statistical Agent
Region I CT, MA, ME, NH, RI, VT	617-223-9561	781-848-1908
Region II NJ, NY	212-680-3620	732-603-3875
Caribbean office-PR,VI	787-296-3500***	281-829-6880**
Region III DC, DE, MD, PA, VA, WV	215-931-5500	856-489-4003
Region IV AL, GA, KY, MS, NC, SC, TN	770-220-5400	770-396-9117
Florida		813-975-7451*
Region V IL, IN, MI, MN, OH, WI	312-408-5500	630-577-1407
Region VI AR, LA, NM, OK, TX	940-898-5127	281-829-6880
Region VII IA, KS, MO, NE	816-283-7002	913-780-4238
Region VIII CO, MT, ND, SD, UT, WY	303-235-4830	303-275-3475
Region IX AZ, CA, GUAM, HI, NV	510-627-7100	916-780-7889
Region X AK, ID, OR, WA	425-487-4678	425-488-5820

*NFIP B&SA contact number specifically for the Florida office.
**NFIP B&SA contact number for Puerto Rico and the Virgin Islands.
***FEMA contact number for Puerto Rico and the Virgin Islands.



National Flood Insurance Program

Important Telephone Numbers

FEMA

Federal Emergency Management Agency

Be Flood Alert

National Flood Insurance Program

NATIONAL FLOOD INSURANCE PROGRAM
P.O. Box 710
Lanham, MD 20703-0710

PRESORTED
STANDARD
US POSTAGE PAID
HANOVER, MD
PERMIT NO.8

FEDERAL EMERGENCY MANAGEMENT AGENCY

FEMA

BE FLOOD ALERT

NATIONAL FLOOD INSURANCE PROGRAM

593-9106 (9/02)