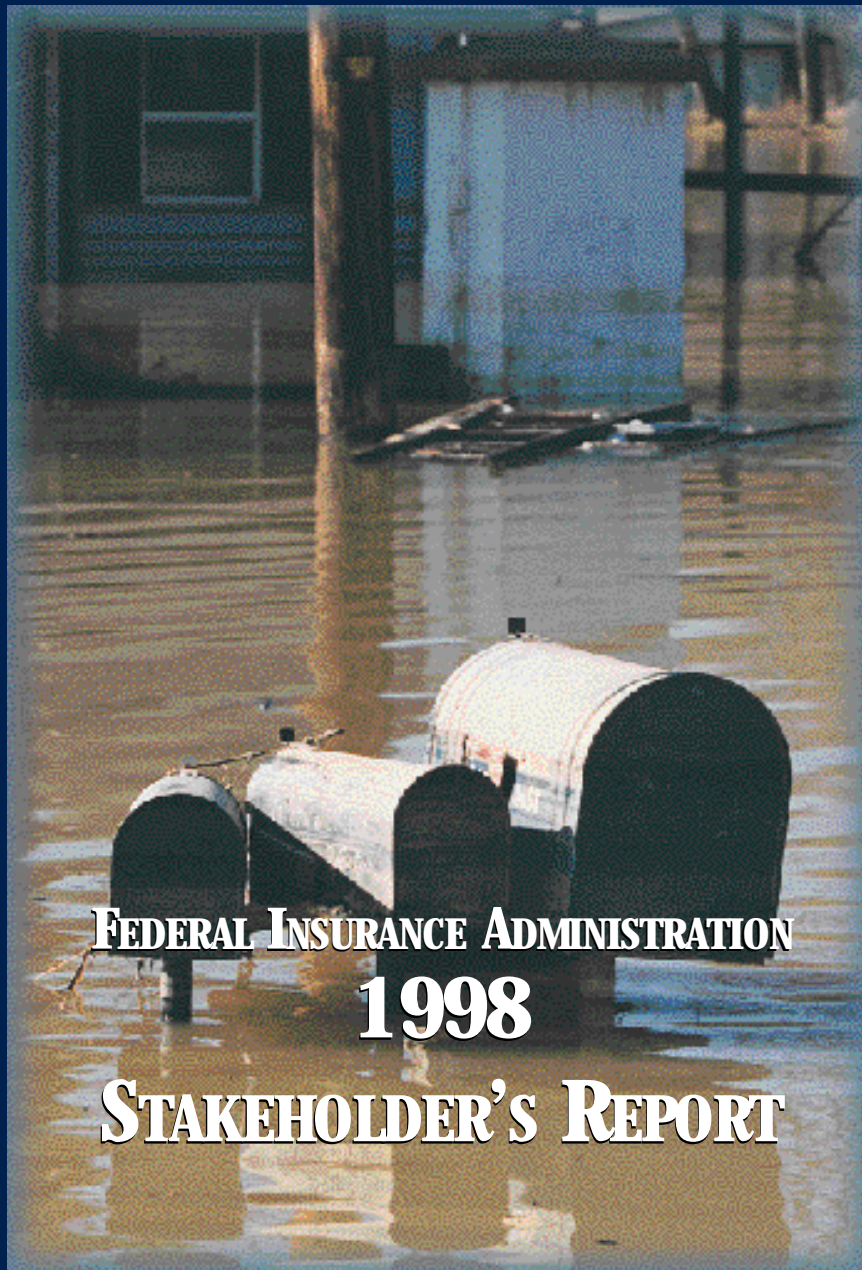


NATIONAL FLOOD INSURANCE PROGRAM

*30th*  
Anniversary



FEDERAL INSURANCE ADMINISTRATION

1998

STAKEHOLDER'S REPORT

# N F I P F I N A N C I A L H I G H L I G H T S

(Dollar Amounts in Thousands)

	FY 1998	FY 1997	FY 1996
<b>Written Premium</b>	\$1,343,336	\$1,157,047	\$1,014,523
<b>Federal Policy Fee</b>	\$84,526	\$80,405	\$75,630
<b>Paid Losses</b>	\$670,970	\$685,704	\$1,006,243
<b>Total Operating Expenses</b>	\$1,278,549	\$1,207,862	\$1,509,345
<b>Net Income (Loss)</b>	(\$599)	(\$117,209)	(\$536,418)

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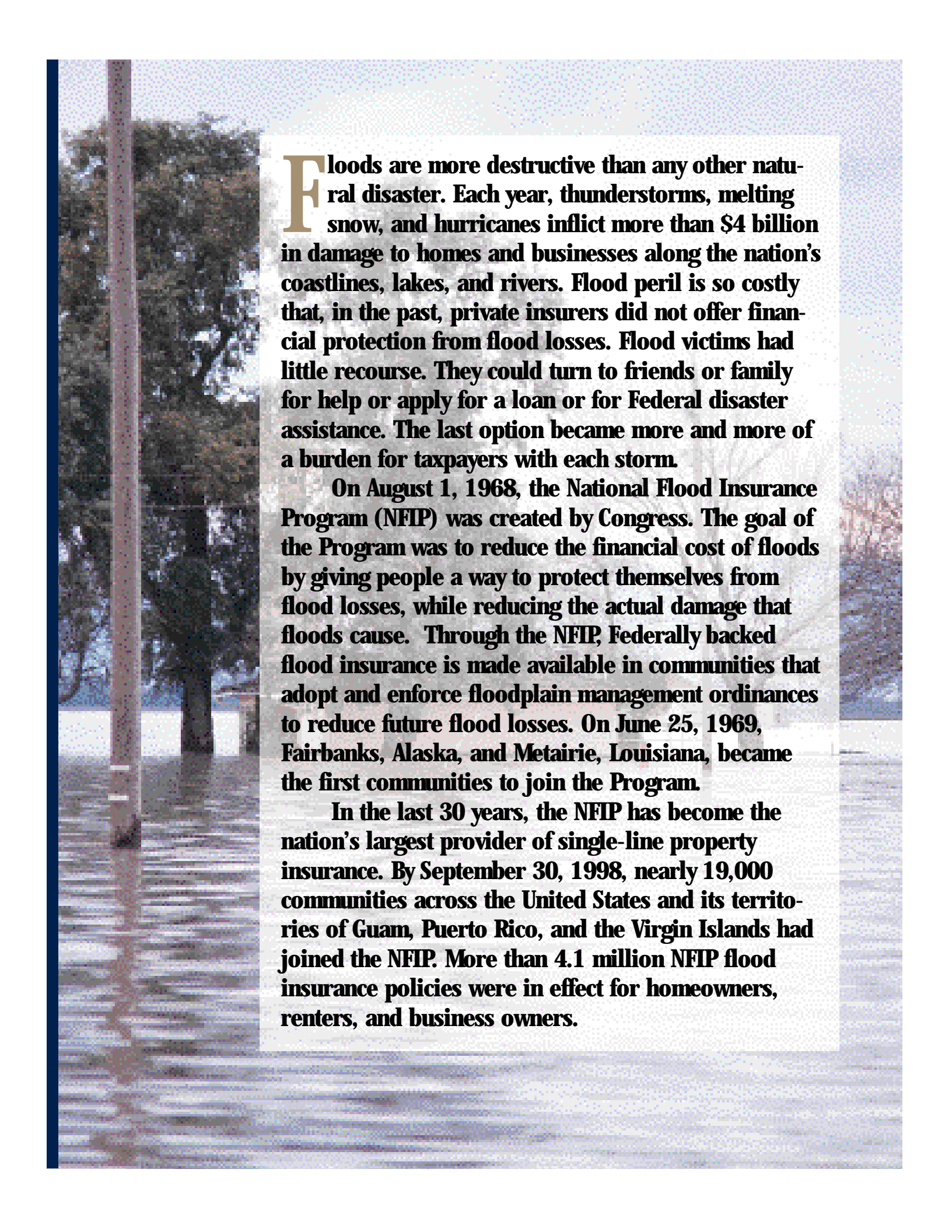
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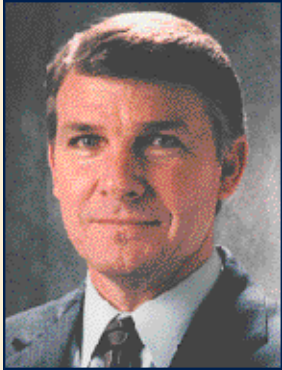
**Floods are more destructive than any other natural disaster. Each year, thunderstorms, melting snow, and hurricanes inflict more than \$4 billion in damage to homes and businesses along the nation's coastlines, lakes, and rivers. Flood peril is so costly that, in the past, private insurers did not offer financial protection from flood losses. Flood victims had little recourse. They could turn to friends or family for help or apply for a loan or for Federal disaster assistance. The last option became more and more of a burden for taxpayers with each storm.**

**On August 1, 1968, the National Flood Insurance Program (NFIP) was created by Congress. The goal of the Program was to reduce the financial cost of floods by giving people a way to protect themselves from flood losses, while reducing the actual damage that floods cause. Through the NFIP, Federally backed flood insurance is made available in communities that adopt and enforce floodplain management ordinances to reduce future flood losses. On June 25, 1969, Fairbanks, Alaska, and Metairie, Louisiana, became the first communities to join the Program.**

**In the last 30 years, the NFIP has become the nation's largest provider of single-line property insurance. By September 30, 1998, nearly 19,000 communities across the United States and its territories of Guam, Puerto Rico, and the Virgin Islands had joined the NFIP. More than 4.1 million NFIP flood insurance policies were in effect for homeowners, renters, and business owners.**



**T**he NFIP is jointly administered by the Federal Insurance Administration (FIA) and the Mitigation Directorate, both part of the Federal Emergency Management Agency (FEMA). In the past three decades, the NFIP has grown into a program that provides quality service to its policyholders while reducing the damaging effects of flood disasters. The success of this Program is the result of exceptional support from State and local government officials as well as representatives of the private insurance and lending industries. It is through their efforts and those of all its stakeholders that the NFIP has built the strong financial safety net depended upon by millions of Americans.



**Dear NFIP Stakeholder,**

In the six years that I have been the Director of FEMA, I have witnessed the resilience and resourcefulness of millions of Americans across this country as they recover from disasters and begin to rebuild. Their spirit, faith, and hope in the face of adversity has served as a constant inspiration and reminder of the importance of our mission. We could never have imagined the devastation that we have seen in communities across the nation—not just in areas typically known for disasters, but throughout the entire country.

Many of these communities, homes, and families could have been protected through the mitigation actions that government, businesses, and citizens can take. We can no longer let this happen. Through our initiative, **Project Impact, Building a Disaster Resistant Community**, communities everywhere are starting to take responsibility for alleviating the impact of disasters. All over the country, elected officials, businesses, and involved citizens are doing their part to protect themselves. Nearly 120 communities and 800 companies are already involved with **Project Impact**. The reasons may be different in every case, but the desired results—a safer future for our communities and families—are the same.

And while the **Project Impact** initiative is in its second year, I am proud to point to the success that the National Flood Insurance Program (NFIP) has had in reducing the damage and cost of the most common natural disaster: floods. For 30 years, the NFIP has been taking steps to reduce the damage and cost of floods before they happen by making flood insurance available in communities that adopt and enforce floodplain management ordinances. The 30th anniversary of the National Flood Insurance Program gives us, at FEMA, the opportunity to thank all of our partners who have helped make this Program a success. The NFIP demonstrates that a partnership among private entities, the Federal government, and State and local governments is not only possible, but critical to helping people take action to reduce the effect of disasters before they happen and recover from disasters.

Although focused on a single peril, the goals of the NFIP are similar to those of **Project Impact**. I encourage you to embrace the ideals of **Project Impact** much the same way you have with the NFIP to make it the success it is today. Your support is vital to helping people change the way they look at disasters and how they prepare for them.

I thank you for your continued support, and look forward to another 30 successful years of the NFIP and celebrating the first 30 of **Project Impact**.

A handwritten signature in cursive script that reads "James L. Witt". The ink is dark and the signature is fluid and legible.

**James L. Witt**

Director

Federal Emergency Management Agency



**Dear NFIP Stakeholder,**

As the National Flood Insurance Program (NFIP) marks its 30th anniversary, I feel privileged to serve as Federal Insurance Administrator. Even though I am a former Texas State Insurance Commissioner and have worked in insurance law for more than a decade, I am seeing the NFIP through new eyes.

It is a remarkable program. I am proud to say that the NFIP is a program that works. It has a good story to tell. In fact, some of us who thought we were well versed in this industry tend to take it for granted. But it has made a major difference in the lives of virtually all Americans since its inception.

One unique aspect of the NFIP is that it is self-supporting from premium income, not taxpayer dollars. In Fiscal Year 1998, we took in almost \$1.3 billion in revenue, mostly from premiums and the Federal Policy Fee. Major FY 1998 expenses from earned premiums include: loss and loss adjustment expenses, \$719 million; Write Your Own expense allowance, \$370 million; agent commissions (Direct Agents), \$15 million; and interest to the Treasury, \$43 million.

Another unique aspect of the Program is the means it provides for funding flood mitigation. From the \$30 Federal Policy Fee that we collected on each policy in FY 1998, we supported: floodplain mapping, \$43 million; Flood Mitigation Assistance grants, \$9 million plus another \$5 million in prior year monies; other flood mitigation activities, \$9.4 million; and Federal staff and expenses of FEMA to manage flood mitigation activities and operate the Federal Insurance Administration, \$20 million.

The NFIP is an unusual bargain struck between communities and the Federal government. Through the NFIP, Federally backed flood insurance is available in communities that adopt and enforce floodplain management ordinances to reduce future flood damage. We know from our insurance loss experience and flood damage analyses that the NFIP construction standards implemented by participating communities work. Structures built to higher standards are 77 percent less likely to be damaged. These higher standards are estimated to save taxpayers \$800 million per year in disaster relief.

Despite those successes, we know that there is still a lot of work to be done to improve these results and reduce the suffering and heartache floods cause. Therefore, we reached out to our constituents in a Call for Issues, asking our stakeholders and customers for recommendations about how to improve the Program and make it more effective. The issues raised will help guide us as we work to fulfill our mission and vision. We hope that the next 30 years will see great accomplishments by all NFIP stakeholders in promoting environmentally sound floodplain management that prevents people from becoming disaster victims and protects our environment at the same time; providing current maps and making them accessible to our partners and to the public so they can be even more aware of and educated about the risk of floods; and preventing damage before disaster strikes. We also hope to continue working in partnership with all our stakeholders to encourage communities to be more active in participating in the NFIP and complying with the floodplain management requirements by guiding development away from high flood risk areas, promoting safer construction techniques, and by making mitigation assistance available to residents and business owners whose properties have suffered multiple losses to reduce future damage; to protect more property owners with flood insurance coverage, so major flood events won't need to be declared disasters because there are so many flood insurance policies in force; and finally, to manage an actuarially sound program, with reasonable premiums.

We can't let our guard down. While the weather is unpredictable, one thing is certain: it will flood again. We look forward to continuing our partnership with you and with all of our stakeholders, as we work together to encourage safe construction and to protect residents and businesses from the devastating consequences of flooding.

Sincerely,

A handwritten signature in black ink that reads "Jo Ann Howard". The signature is written in a cursive, flowing style.

**Jo Ann Howard**  
Administrator  
Federal Insurance Administration



**Dear NFIP Stakeholder,**

Thirty years is really not a very long time to change the way communities across the country approach the natural hazards they face. But over the last 30 years, that is exactly what has been achieved through the National Flood Insurance Program (NFIP).

Nearly 19,000 communities have chosen to participate in the NFIP. That means that, across the country, almost 19,000 local governments are working with builders and homeowners to make their communities more resistant to flood losses. Because of the NFIP, people now know about the flood hazards in their areas. New construction is being protected against expected floods. Businesses are building either out of, or above, harm's way. And it is all being done in the pre-disaster context—before losses occur.

As that nation's first pre-disaster mitigation program, the NFIP provided the starting point for the 117 communities now participating in the Federal Emergency Management Agency's **Project Impact** initiative. Through our partnership efforts with all levels of government and private industry, we are beginning to change the public's perception about hazard risk and help them understand how critical mitigation is for the environmental and economic sustainability of their communities.

As the NFIP turns 30, we are now turning our attention to new challenges, even as **Project Impact** continues to highlight local partnerships to promote pre-disaster mitigation. Specifically, we are now positioned to implement the modernization of our flood maps and to solve problems associated with repetitive loss properties. These efforts promise to reshape the NFIP and improve its effectiveness as a tool to reduce flood losses. As we look toward these changes, we will continue to encourage all communities in this country to embrace the concept of community sustainability. And we will continue to promote disaster resistance in partnership with the NFIP.

Sincerely,

A handwritten signature in black ink that reads "Michael J. Armstrong". The signature is written in a cursive style with a large, stylized "M" and "A".

**Michael J. Armstrong**  
Associate Director  
Mitigation Directorate

## Private Sector Partnerships

**D**ue to the overwhelming financial impact of the peril of flooding, underwriting flood risks was not a financially desirable option for insurance companies before the Congress established the NFIP. Nevertheless, the insurance industry has been involved in guiding the Program's development from its beginning.

For the first 10 years of the NFIP, flood insurance was serviced by private property and casualty insurance companies in cooperation with the Federal government. In 1978, much of the NFIP's policy and claims processing was turned over to a private contractor closely monitored by the Federal Insurance Administration (FIA). The Federal Government continued to pay all insurance claims. On August 16, 1983, FIA extended an invitation to all licensed property and casualty insurers to participate in the Write Your Own (WYO) Program for Fiscal Year 1984 (October 1, 1983-September 30, 1984). By the end of the first recruitment period, 48 companies had signed up to place and service flood insurance under their own names on a risk-free basis. In Fiscal Year 1998, the WYO Program celebrated its 15th anniversary.



## Industry Groups

**When the WYO Program was implemented in 1983, the NFIP had almost 2 million policyholders, although an estimated 8 million flood-prone buildings were located across the United States. After 15 years of offering flood insurance through the WYO Program, the number of NFIP policies in force has more than doubled. Today, more than 130 parent companies and their subsidiaries and affiliates write and service nearly 94 percent of the 4.1 million NFIP policies in force throughout the United States, Puerto Rico, Guam, and the Virgin Islands.**

Over the years, a number of committees have been formed to contribute ideas for improving the flood insurance product and to make recommendations about WYO operational issues. High standards for promoting and servicing flood insurance policies are due largely to the work of four committees whose vision and energy continue to guide the NFIP. In 1996, a fifth organization, composed of representatives from the lending industry, was formed to provide a similar communications link with lenders.

### **WYO Standards Committee**

The WYO Standards Committee was established by regulation in 1984 to monitor and evaluate the performance of the WYO companies against the standards contained in the Financial Assistance/Subsidy Arrangement and the requirements of the WYO Financial Control Plan. Committee members, who are appointed by the Federal Insurance Administrator, represent FIA, FEMA's Financial Management Office, and WYO companies. A member from the insurance industry chairs the committee. It meets three times a year to assess WYO Program financial and statistical data and to make

recommendations to improve the quality and efficiency of the WYO Program's financial controls and the standards against which company performance is measured.

Committee members review individual company performance to ensure adherence to the standards

### **The goals of the WYO Program are to:**

- Increase the NFIP policy base by using insurance industry marketing access not directly available to FIA, as well as to increase the geographic distribution of flood insurance policies.
- Improve service to policyholders and insurance agents through the infusion of existing insurance industry communication and services.
- Provide insurance companies with operating experience under the NFIP.
- Increase the Program's ability to respond to flood disaster events and settle claims promptly.

required by the WYO Financial Control Plan and the Arrangement, documents that spell out the rules and responsibilities for companies that participate in the WYO Program. The Committee works to resolve problem areas if a WYO company does not meet program performance guidelines and recommends actions to be taken by the Federal Insurance Administrator if a company continuously fails to attain acceptable performance levels.



**“Our committee takes a proactive stance in working with companies that fall outside of the normal WYO Program operating parameters. We contact those folks and ask them to meet with the committee to try to get their situation corrected.**

**All the companies have been very cooperative. It’s worked well.”**

**John Robinson**, Chairman of the WYO Standards Committee and Vice President of Underwriting for State Farm Insurance Companies

### **Institute for Business and Home Safety Flood Committee**

The Flood Committee of the Institute for Business and Home Safety (IBHS) has acted as a primary liaison between FIA and the insurance industry since the WYO Program was formed. This committee is made up of representatives from WYO companies who provide expert technical assistance and advice to help resolve WYO operational issues and, in turn, disseminate updated information about changes in the NFIP to the committee’s member organizations. Additionally, the IBHS Flood Committee has assisted in producing and updating a wide array of WYO publications, such as the WYO Program Executive Prospectus, the WYO Accounting Procedures Manual, the WYO Questions and Answers Manual, and the WYO Operational Overview.

During Fiscal Year 1998, the IBHS Flood Committee participated in rewriting the NFIP’s flood policy forms and provided comments to FIA about the proposed elimination of 3-year policies. The committee also assisted FIA in implementing the AR Zones in California, changing to 12 months the time-frame for voiding stale-dated checks, and providing feedback to the Administrator’s Call for Issues as well

as input for developing repetitive loss strategies. As a result of committee efforts to work with FIA to address a number of Coastal Barrier Resources System (CBRS) issues, Q3 digitized maps were made available to WYO companies and other producers.



**“The IBHS Flood Committee’s role is essential to the success of the NFIP as it provides FIA with perspectives and views from Write Your Own companies. We plan to continue doing this in addition to assisting FIA with specific projects, such as policy rewrites and handling repetitive loss properties.”**

**Tom Powell**, Chairman of the IBHS Flood Committee and Director of Underwriting for State Farm Fire and Casualty Company

### **WYO Marketing Committee**

The WYO Marketing Committee was formed in 1989 to develop recommendations for increasing penetration of the flood insurance market and to encourage companies to more actively market flood insurance. Committee members are drawn from WYO companies and FIA. Periodically, WYO Marketing Committee members participate in national flood awareness activities such as the El Niño Summit in California in October 1997, and the Flood Summit in North Dakota several months prior to that. But one of this committee’s most valuable functions has been to share successful marketing and training strategies among the WYO companies. During Fiscal Year 1998, the committee developed a common flood training manual, Facts, Foibles, and Features of Flood Insurance, to provide companies with a consistent structure for training. The committee also tested direct mail marketing with agents and con-

sumers in communities new to the NFIP and is focusing on **Project Impact** communities in particular by encouraging all WYO companies to partner within their corporate communities to educate consumers about mitigation.



**“When the WYO Program started in 1983, 80 percent of eligible properties were not in the NFIP. Because we all felt it was our common goal to dramatically increase the policy base, we were**

**willing to share with all of the other WYO companies the experiences we had of successful marketing projects in individual companies.”**

**David Meehan**, Chairman of the WYO Marketing Committee, Vice Chairman of Banker’s Insurance Group, and Chairman of Insurance Management Solutions Group

### **Flood Insurance Producers National Committee**

Formed even before the WYO Program was implemented in 1983, the Flood Insurance Producers National Committee (FIPNC) continues to meet three times a year with FIA, Mitigation Directorate, and others to discuss various aspects of the NFIP including education, promotion, and program analysis. Members of the committee represent three insurance industry trade associations: the Coalition of Exclusive Agents Association (CEAA), the Independent Insurance Agents of America (IIAA), and the National Association of Professional Insurance Agents (PIA).

During Fiscal Year 1998, FIPNC participated in an ongoing joint FIA/WYO company/agent effort to redesign the Standard Flood Insurance Policy

forms—the Dwelling Policy, Residential Condominium Building Association Policy, and General Property Policy. Committee members also drafted a resolution in support of FEMA’s efforts to move to digitized mapping. FEMA and FIPNC have met with the U.S. Fish and Wildlife Service to clarify numerous insurance mapping issues in environmentally sensitive CBRS areas where it is sometimes difficult to identify properties that are ineligible for flood insurance coverage. In addition, FIPNC is working with the NFIP to strategize solutions to the problems of repetitive losses and flood insurance retention, and responded to the Federal Insurance Administrator’s Call for Issues with 22 issues.

**“Development of educational seminars and products is an ongoing project of this committee. We support and implement the public relations, marketing and advertising efforts of FIA’s Cover America campaign, as well as FEMA’s Project Impact program to create disaster-resistant communities throughout the country. FIPNC’s future plans are to create a speaker’s bureau for agents and a consumers’ catastrophe guide. We also plan to establish links between the NFIP’s website and our member companies.”**



**Bob Ross**, Chairman of FIPNC and Educational Advisor for the Florida Association of Insurance Agents

### **National Lenders Insurance Council**

Lenders have played an increasingly important role in the NFIP. At the end of December 1973, the Flood Disaster Protection Act was signed into law. Mortgages and other financial assistance backed by the Federal Government were sharply limited in com-

munities that did not join the NFIP. The Act also put into effect the mandatory purchase requirement for flood insurance that mandates lenders to require flood insurance for federally backed loans on buildings located in Special Flood Hazard Areas (SFHAs). In 1991, the Mortgage Portfolio Protection Program was created to allow lenders to “force place” flood insurance for owners of buildings located in SFHAs who did not purchase the required coverage.

In 1994, Congress passed the National Flood Insurance Reform Act (NFIRA), marking the first major overhaul of the Program in 20 years. The Act reinforced lender compliance with the mandatory purchase requirements enacted in 1973, increased coverage amounts, extended the policy waiting period to 30 days, and introduced new mitigation programs.

Formed in 1996, the National Lenders Insurance Council (NLIC) provides a forum for lenders to share their experience, knowledge, and concerns about insurance coverage and how it affects their organizations’ assets and financial stability. In Fiscal Year 1998, NLIC participated in numerous events related to the NFIP. NLIC representatives led training sessions at the 1998 National Flood Conference, responded to Freddie Mac’s initiative to change the uniform mortgage instruments, and responded with suggestions for improving the NFIP at a special Call for Issues meeting with the Federal Insurance Administrator about lender issues. Additionally, the NLIC updated its Flood Guide for Lenders and Servicers, first published in 1996.



**“Not only does the lending industry face ever-growing challenges in compliance, we face ever-growing challenges in protecting collateral from uninsured losses. We can no longer pass the physical risk to the insurance industry and be comfortable for the term of a loan. Insurance that is available at loan inception may disappear one, two, three, or more years down the road. Force-place carriers will become more reluctant to provide vital coverage. The NLIC has continued to form alliances with Federal governmental officials, Fannie Mae, Freddie Mac, insurance carriers, and a number of interested organizations and individuals with the common goal of improving insurance product availability, flood mapping, disaster mitigation, and providing general information about property and casualty insurance.”**

**Michael Moye**, President of NLIC, President of NationsBanc Insurance Services, Inc., and lender representative to the Technical Mapping Advisory Council (an advisory council appointed by Congress as part of NFIRA)

## Awards and Recognition

**T**housands of NFIP stakeholders—insurance agents and companies, lenders, State and local public officials, and FEMA mitigation and flood insurance staff—work with dedication and inventiveness to bring awareness of and financial protection from flood losses to millions of people across the United States.

Each year, FIA recognizes the achievements of some of the NFIP's partners at the National Flood Conference. Below are the award winners for Fiscal Year 1997, covering October 1, 1996 through September 30, 1997. These awards were presented at the 1998 National Flood Conference held in Atlanta, Georgia.

### Agency of the Year Awards

The growth of the NFIP is dependent upon insurance agents who commit their time, creativity, and other resources to writing and servicing flood insurance policies. Insurance agencies are selected for the Agency of the Year Awards based on an agency's ability to achieve superior performance through innovative solutions, adherence to the NFIP's operating guidelines, and

flood awareness activities. All nominations are reviewed by a selection committee made up of one member each from the Flood Insurance Producers National Committee, the WYO Marketing Committee, and the Institute for Business and Home Safety Flood Committee. The top three agencies are recognized at the National Flood Conference. Following are the Agency of the Year award winners recognized at the 1998 National Flood Conference for their extraordinary efforts in promoting and servicing flood insurance during Fiscal Year 1997.

**AAA Insurance Agency of Tampa, Florida,** has more than \$2 million in flood insurance premiums representing approximately 7,200 policies in



Dan Jiles of AAA Insurance Agency

Denise Magness of Warner and Company Insurance

James Rowe of Kinghorn Insurance Agency

award year, with a total growth in written premium of more than 38 percent. Two to six insurance experts in each of 20 offices located in Florida and Georgia contribute to this agency's National Flood Insurance sales effort. Besides these, five staff members from marketing, public relations, and insurance operations develop and implement marketing strategies specifically designed to enhance flood insurance sales. AAA Insurance Agency's marketing campaigns have used a wide range of public awareness materials produced in-house to promote flood insurance. These include magazine articles, general flood and tailored El Niño flyers, a credit card insert, flood protection kits, a television campaign with 44 spot ads that coincided with 3 billboard displays, full-page newspaper advertisements, community flood seminars, and press releases.

**Kinghorn Insurance Agency of Hilton Head, South Carolina**, has approximately 6,500 flood insurance policies in place, with more than \$2 million in flood insurance premiums. Agency flood business has maintained a consistent growth rate of 18-20 percent for the past several years. All of this agency's 30 employees actively participate in the cross-selling and solicitation of flood insurance business. NFIP brochures and mailers are routinely sent to clients who do not have flood insurance policies to remind them that they need flood coverage to complete their property's protection portfolio. In 1997, the agency conducted an advanced flood insurance seminar for all of their employees that focused on issues such as underwriting, elevated buildings, and claims handling. The Kinghorn Insurance Agency promotes flood insurance through regular advertising in local and area newspapers and on radio stations, including neighborhood media outlets. Agency staff are highly visible in the commu-

nity; they attended all Hilton Head Island and Beaufort County flood or ordinance meetings and participated in public discussions concerning flood insurance and community participation in the NFIP.

**Warner and Company Insurance of Fargo, North Dakota**, has increased its portfolio to include approximately 500 flood insurance policies, reflecting more than \$91 million in flood insurance coverage. Almost 20 people contribute to the agency's flood insurance sales effort. Current NFIP policyholders are surveyed regularly to review coverages and update policies. The agency uses a continuous flood insurance marketing campaign that employs a personal insurance survey to offer flood insurance. The survey is mailed to all of the agency's customers every three years. To reach the broader public, the agency placed a flood awareness booth in the regional shopping mall. The booth was supplied with local flood maps that residents could use to locate their homes in relation to Special Flood Hazard Areas (SFHAs) and question agency flood experts about coverage. The agency even produced two television spots to inform area residents about the need for flood insurance in areas outside of SFHAs. Representatives from each of the agency's offices not only attend flood insurance seminars each year to keep informed of Program changes, but in-house flood insurance training has been given to all agency staff. As the massive flooding of the Red River of the North developed after a rapid spring snowmelt in 1997, the agency held in-house training for its staff about claims processing procedures and produced informational packets about post-flood clean-up for all customers. Agency staff continued to provide insurance and claims assistance to clients even after one agency office was destroyed by flooding.

**Administrator’s Club Awards**

The Administrator’s Club Award is given each year to WYO companies selling and servicing National Flood Insurance that have achieved superior growth in new policies. Within each of five size categories, the company with the highest percentage of growth for the previous Arrangement Year qualifies for the Administrator’s Club. Administrator’s Club Award winners for the 1997 Arrangement Year are listed below.

**American Bankers Insurance Company of Florida**

11.3 percent growth and 21,141 new policies in the category of companies with 74,000 or more policies at the start of the Arrangement Year

**Southern Farm Bureau Casualty Insurance Company**

20.9 percent growth and 7,457 new policies in the category of companies with 15,000-73,999 policies at the start of the Arrangement Year

**First Community Insurance Company (FCIC)**

94.4 percent growth and 7,755 new policies in the category of companies with 5,000-14,999 policies at the start of the Arrangement Year

**Hartford Fire Insurance Company**

283.7 percent growth and 13,983 new policies in the category of companies with 1,000-4,999 policies at the start of the Arrangement Year

**Universal Insurance Company**

296.4 percent growth and 406 new policies in the category of companies with fewer than 1,000 policies at the start of the Arrangement Year



**Administrator's Club Trophy Winner**

Of the five companies that qualified for the Administrator's Club, the one that experienced the highest percentage of overall growth, and more than 2,500 new policies, was awarded the Administrator's Club Trophy. The winner of the Administrator's Club Trophy for the 1998 Arrangement Year was Hartford Fire Insurance Company, with the highest percentage growth and more than 13,000 new policies.



**Public Awareness Materials Contest Winners**

WYO companies and other NFIP partners that produce public awareness materials to promote flood insurance are invited to submit any items they've developed to the National Flood Conference Committee. After materials are categorized by type, they are displayed at the National Flood Conference, where attendees have the opportunity to vote for their favorite entry in each of 10 categories. At the 1998 National Flood Conference, there were 54 public awareness materials entries. Winners of the Public Awareness Materials Contest are listed by category below.

**Category**

**Brochures**

**Envelopes**

**Kits**

**Mailing Inserts**

**Posters**

**Print/Video Advertisements**

**Specialty Items**

**Spanish Language Materials**

**Training Materials**

**Newsletter**

**Winner**

**Union American Insurance Company**

**Illinois Department of Natural Resources**

**First Community Insurance Company**

**The Travelers Insurance Company**

**Union American Insurance Company**

**Hartford Underwriters**

**Union American Insurance Company**

**Bankers Insurance Company**

**USAA**

**National Con-Serv., Inc**



### **Donald L. Collins Partnership Award**

The National Flood Conference Committee presents an award every year to an individual whose extraordinary hard work has created strong connections among the NFIP and its partners. The Partnership Award is named for Donald L. Collins, a dedicated FIA executive who spent more than 20 years building close working relationships with the NFIP's private sector partners before he passed away in 1995.

At the 1998 National Flood Conference, the



Donald L. Collins Partnership Award was presented to Bernard Kulik, Associate Administrator for Disaster Assistance at the Small Business Administration (SBA). The SBA is a Federal agency that makes low-interest loans to

help individuals and businesses of all sizes recover and rebuild in the aftermath of a disaster.

For almost 20 years, Mr. Kulik has worked with FIA on a wide range of projects designed to increase access to and retention of flood insurance so that home and business owners will have the financial coverage they need in the event of a flood disaster. Not only has he promoted flood insurance through his agency, but also Mr. Kulik has aligned SBA policies and procedures with the NFIP to facilitate the claims adjustment and payment process after a flood occurs.

### **Roy T. Short Memorial Award**

A new award was presented at the 1998 National Flood Conference to commemorate the work of Roy T. Short, former Vice President of Bank United and of the National Lenders Insurance Council (NLIC). One of the originators and charter members of NLIC, Mr. Short believed strongly in the group's vision and mission. During its early years, when funding and interest from within the lending industry was scarce and recognition from outside the industry was stronger than from within, Mr. Short was a constant source of encouragement and inspiration to his colleagues at NLIC. Roy Short passed away in August 1997.

The Roy T. Short Memorial Award will be given each year to an innovative and inspiring lender who has surpassed the normal lender role in reducing flood losses. The first of these awards was given at the 1998 National Flood Conference to Rosalie Douglass, Vice President of Escrow Administration at AccuBanc Mortgage Corporation. Ms. Douglass was one of the initiators of the NLIC and has worked tirelessly to guide the organization forward since its formation. Working not only as the NLIC Treasurer, Ms. Douglass also has volunteered her time and resources to create and maintain the NLIC member database, write the Flood Guide for Lenders and Servicers, and edit the NLIC quarterly newsletter. Her work to update the lending community about flood insurance issues while creating strong liaisons between the NFIP and its lender stakeholders has been invaluable.



## **Financial and Statistical Profiles**

**T**he first National Flood Insurance policy was sold in Metairie, Louisiana, in July 1969. That first policy provided coverage of \$45,000 for an annual premium of just \$35.00. Maximum available flood insurance coverage has grown in the last 30 years to \$250,000 in Fiscal Year 1998, and the average annual premium has risen to \$331. The number and types of policies also have increased since the Program's inception in 1968.

## Insurance Statistics

**A**n important relationship exists between flooding events, the demand for disaster assistance, new legislation, new marketing strategies, and NFIP policy growth.

After some of the most catastrophic flooding events of this century, Congress enacted legislation that made flood insurance protection a more compelling purchase. For example, only about 1,200 communities had joined the NFIP prior to Tropical

Storm Agnes, which struck America's eastern seaboard in June 1972. This storm caused massive damage that required substantial Federal relief. The following year, the Flood Disaster Protection Act was passed, mandating lenders to require the purchase of

Distribution of Policies, Premiums, and Insurance in Force by Occupancy Type and Zone  
(In Force as of September 30, 1998)

	Policies	Premiums	Insurance
<b>By Occupancy:</b>			
Residential			
Single-Family	2,780,101	\$1,151,796,329	\$349,579,877,800
2- to 4-Family	159,945	\$67,849,830	\$16,515,583,700
Other Residential	154,757	\$67,002,400	\$13,469,436,100
RCBAP	842,181	\$120,733,966	\$62,987,674,100
Non-Residential	180,785	\$191,793,875	\$40,001,545,600
Unknown Occupancy	167	\$54,732	\$22,779,700
<b>Total</b>	<b>4,117,936</b>	<b>\$1,599,231,132</b>	<b>\$482,576,897,000</b>
<b>By Zone:</b>			
All A Zones	2,780,353	\$1,158,171,424	\$307,981,744,400
All V Zones	82,738	\$67,160,779	\$9,557,148,000
B, C, and X Zones	1,226,347	\$363,946,590	\$163,854,494,500
Other *	28,498	\$9,952,339	\$1,183,510,100
<b>Total</b>	<b>4,117,936</b>	<b>\$1,599,231,132</b>	<b>\$482,576,897,000</b>

\* Emergency Program, D Zones, etc.

The top portion of the table shows the distribution of NFIP policies, premiums, and insurance in force by occupancy. The number of non-residential NFIP policies grew by 6 percent by the end of the fiscal year compared to a growth of 8 percent in the number of residential policies by September 30, 1998.

The bottom portion of the table shows the distribution of NFIP policies, premiums, and insurance in force by zone. A and V Zones designate Special Flood Hazard Areas and are located primarily along coasts and rivers. B, C and X Zones are low-to-moderate flood risk areas.

Distribution of Policies, Premiums, and Insurance in Force for Special NFIP Policies  
(In Force as of September 30, 1998)

	Policies	Premiums	Insurance
<b>Special Policies:</b>			
RCBAP	62,130	\$120,733,966	\$62,987,674,100
PRP	613,657	\$137,919,014	\$92,138,555,100
MPPP	7,199	\$5,314,742	\$417,662,400

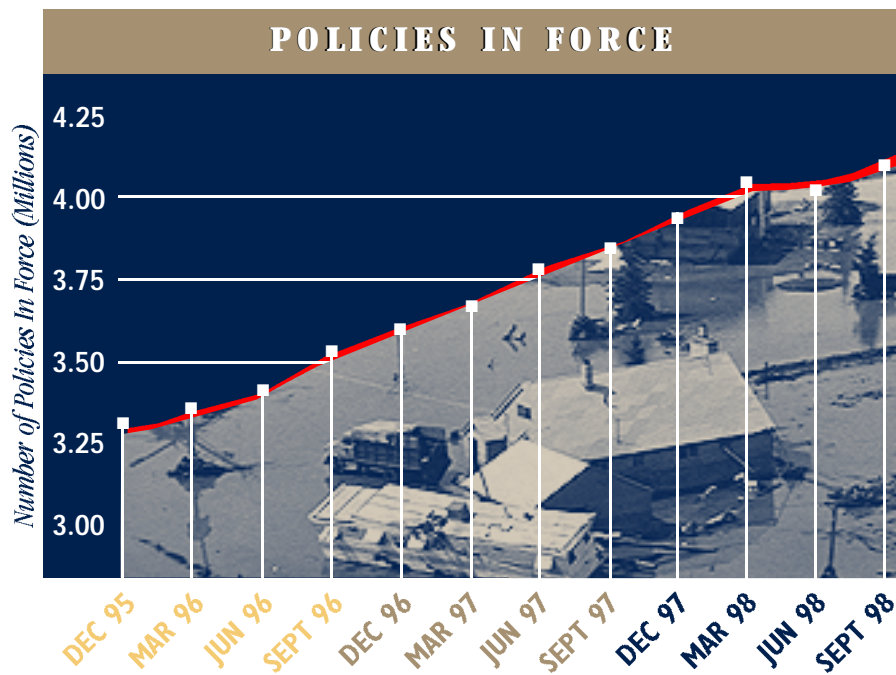
This table shows the distribution of NFIP policies, premiums, and insurance in force by special policies: the Residential Condominium Building Association Policy (RCBAP), Preferred Risk Policy (PRP), and the Mortgage Portfolio Protection Program (MPPP) Policy. During the last fiscal year, the number of Preferred Risk Policies purchased rose by 39 percent. RCBAP policies, those purchased by condominium associations, grew by 6 percent. Overall growth of all policy types was 8 percent.

flood insurance on buildings at risk. As a result, by the end of the 1970s the number of communities in the Program rose to more than 18,000.

When Hurricane Andrew hit Florida in 1992, it caused some of the worst damage in U.S. history, seriously impacting the entire insurance community. The next year, the Great Midwest Flood affected nine states where fewer than 20 percent of high-risk area residents were insured against flooding. In 1994, Congress passed the National Flood Insurance Reform Act (NFIRA). The Act reinforced lender compliance with the mandatory purchase requirements legislated in 1973. In 1995, FIA initiated its Cover America public



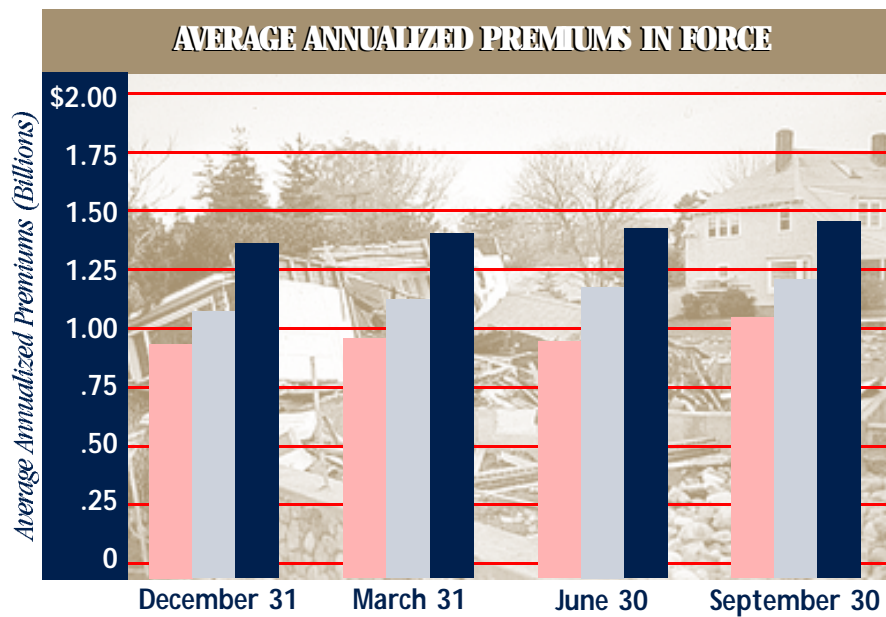
awareness campaign. Between 1993 and 1998, the number of NFIP policies in force almost doubled.



**Policies in Force**

A temporary downturn in the number of policies in force sometimes can be attributed to a dropping off after a year of unusually high growth. An example of this is the growth spurt that occurred after the severe flooding along the Red River in North and South Dakota and Minnesota in 1997. A year later, the growth in policies in force was stagnant from March to June because a low percentage of the flood insurance business renewed. Similar growth spurts followed by temporary declines on the anniversaries of these flooding events have occurred in the past and are expected to occur again. Although such low renewal rates are disappointing and need to be improved, each growth spurt has resulted in an overall increase in the number of policies in force.

	Quarter Ending	Policies in Force
1998	9/30	4,117,936
	6/30	4,037,339
	3/31	4,037,843
	12/31	3,962,007
1997	9/30	3,811,253
	6/30	3,757,315
	3/31	3,679,993
	12/31	3,596,271
1996	9/30	3,546,050
	6/30	3,456,829
	3/31	3,389,196
	12/31	3,335,866



**Written Premium**

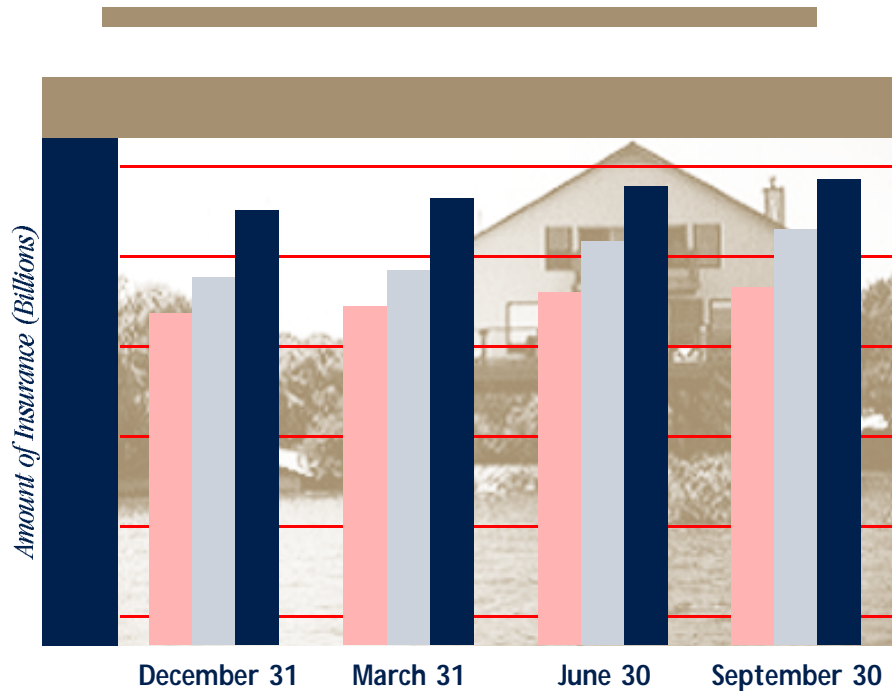
Premiums in force grew to nearly \$1.4 billion by September 30, 1998, representing an increase of 15 percent for the fiscal year. This is the second consecutive year that premiums have risen by 15 percent. Premium increases typically result when more insurance policies are written (see chart on page 19), when higher amounts of insurance coverage are put in place on insurable structures, and when flood insurance rates increase. In Fiscal Year 1997, rates increased 10 percent and in Fiscal Year 1998, rate increases were implemented that averaged 3 percent. However, rate changes do not immediately increase premiums in force. The impact of rate increases slowly accumulates throughout the year as policies are renewed at the newer, higher rates.

For the past couple of years, flood insurance policyholders have had the option of paying their

	Quarter Ending	Premiums in Force
1998	9/30	\$1.36
	6/30	\$1.32
	3/31	\$1.30
	12/31	\$1.26
1997	9/30	\$1.18
	6/30	\$1.12
	3/31	\$1.09
	12/31	\$1.05
1996	9/30	\$1.02
	6/30	\$.98
	3/31	\$.97
	12/31	\$.95

Dollar amounts in billions

premiums by credit card. This alternative form of payment has been very successful: since the credit card payment option was introduced, the number of WYO companies using it has grown from 11 in



November 1995 to 61 as of September 30, 1998. In addition, the \$29 million in premiums paid by credit cards during Fiscal Year 1998 is almost 6 times greater than the \$5 million in premiums paid this way during the first year the credit card option was available.

**Insurance in Force**

Total flood insurance in force reached almost \$482.6 billion by the end of Fiscal Year 1998, an increase of \$60.1 billion, or about 14 percent, from September 30, 1997. In that same time period, the average amount of flood insurance coverage purchased grew by 5.7 percent from \$449.9 billion to \$482.6 billion.

	Quarter Ending	Average Amount of Insurance
1998	9/30	\$482.6
	6/30	\$466.9
	3/31	\$460.7
	12/31	\$449.9
1997	9/30	\$422.4
	6/30	\$407.3
	3/31	\$393.5
	12/31	\$382.5
1996	9/30	\$369.5
	6/30	\$353.7
	3/31	\$345.7
	12/31	\$342.9

Dollar amounts in billions

## Claims Statistics

**NFIP claims specialists monitor developing storms and travel to major disaster sites after floods occur to facilitate claims processing. Two of the most significant changes that have taken place in claims processing since the NFIP was implemented 30 years ago have been the development of the Single Adjuster Program and the creation of the Claims Coordinating Office (CCO). Both innovations serve to expedite claims processing for losses that result from both wind and water damage following a catastrophic hurricane.**

There are now more than one million flood insurance policies providing coverage for coastal property at risk of major hurricane damage. Because of the density of NFIP policies in coastal regions, a CCO usually is established after a catastrophic hurricane, and is co-located with the State Coastal Wind Insurance Plan. Potential insurance claims on combined wind and water losses are then matched and assigned to single adjusters selected from among mutually agreed upon loss adjusting companies that represent WYO Companies and Coastal Plans—Windpool Associations, Fair Plans, Beach Plans, and Joint Underwriting Associations. In Fiscal Year 1998, the Single Adjuster Program was activated in Alabama, North Carolina, and Florida as a result of hurricane damage.

Weather patterns have a major effect on flood insurance claims activity. Some, such as the annual hurricane season that lasts from June until November, are predictable. Others, such as heavy winter snowfalls followed by sudden warm temperatures, create unexpected flooding conditions from melting snow. Probably the strongest influence over claims activity in the last fiscal year was the El Niño phenomenon. El Niño is a periodic warming of the waters of the Pacific Ocean that begins near Australia and slowly moves eastward toward South America causing climatic abnormalities around the world. These weather abnormalities resulted in severe

flooding in California, Arizona, Texas, and other states as they moved across the lower United States and northern Mexico. Historically, El Niño decreases hurricane activity in the Atlantic, though a similar phenomenon, La Niña, can intensify storms. An increase in the frequency and severity of Atlantic hurricanes was predicted for the 1998 hurricane season, and five significant Atlantic storms made landfall within the last month of the fiscal year.

### Summary of Flooding Events from October 1, 1997 through September 30, 1998

In mid-December 1997, Typhoon Paka hit the city of Agana on the island of Guam, hovering over the island for 12 hours with recorded winds of up to 231 miles per hour. Roads were submerged under two feet of water after seas surged to 35 feet. Almost two dozen claims were filed for flood damage resulting from this event, though claims payments totaled only slightly more than \$135,000.

At the end of December, a severe storm began moving slowly eastward from Texas, flooding rivers, streams, and lakes well into January. Hardest hit were Alabama, Florida, Louisiana, and Texas. Flooding from this storm generated a total of 2,087 flood insurance claims in these states, and claims payments exceeded \$12 million.





Less than one month later, the West Coast was hit by a series of storms formed in the Pacific near Hawaii that were nicknamed the "Pineapple Express." This series of storms repeatedly saturated Northern California and prompted a state of emergency to be called in several communities where thousands of residents had to evacuate their homes. Southern California was hit almost as hard, as sheets of driving rain triggered mudslides and inundated streets. More than 5,000 flood insurance claims were submitted in the state with more than \$46 million paid in claims.

At the end of January 1998, a Nor'Easter pounded the eastern seaboard with moderate to torrential rainfall. It also dropped up to four feet of snow on several inland states. This storm was soon followed by temperatures in the 50s, causing rapid snowmelt. Less than a week later, another Nor'Easter hit the East Coast from Georgia to New Jersey with strong winds and heavy surf. Almost 3,500 claims were submitted for flood damages in Delaware, Maryland, New Jersey, and Virginia, and claims payments totaled more than \$22.2 million.

In March 1998, extremely heavy rains caused rivers and streams to overflow in southern Alabama

and Georgia. Presidential disaster declarations were made for 71 counties, and almost 1,500 flood insurance claims were submitted for the two states. This storm resulted in more than \$30.6 million in claims payments.

New England experienced major flooding in June of 1998. More than 9 inches of rain fell on northeastern Massachusetts, causing extensive flooding in Boston and 10 surrounding cities. More than 400 claims were submitted as a result of this flooding, and claims payments exceeded \$2 million. By early July, four more states were affected by extensive flooding associated with this summer storm activity. The north and central sections of West Virginia were hit with heavy rains, high winds, and severe thunderstorms that resulted in 344 claims. In all, almost 800 claims from Ohio, Vermont, and West Virginia were submitted after this storm, generating more than \$11.6 million in claims payments.

Further west, a torrential summer storm stalled over Wisconsin for two days in August. The most severely affected part of the state was the southeast, where widespread rain of 7-9 inches resulted in 683 claims and more than \$3.1 million in payments.

Hurricane season hit with a vengeance in the last months of the fiscal year. Hurricane Bonnie



made landfall on August 26 at Cape Fear in North Carolina, packing winds of 115 miles per hour. The storm stalled there for two days, causing rainfall of up to 11 inches in some areas. This massive storm caused extensive inland flooding in the same areas of North Carolina and Virginia that had been affected by



Hurricane Bertha in July 1996 and Hurricane Fran in September 1996. When the fiscal year ended on September 30, more than 3,200 flood insurance claims had been submitted for losses due to Hurricane Bonnie in North Carolina and Virginia, and a combined total of more than \$4.7 million had been paid to policyholders.

Tropical Storm Charley came ashore in Texas on August 23 and caused extensive flooding in Del Rio, an area that had minimal flood insurance coverage. Several days later, Hurricane Earl pushed ashore in the Florida Panhandle with 80-mile-per-hour winds and moved up the eastern seaboard, dumping heavy rain in its wake. Panama City, Florida, reported 23 inches of rain before the storm was downgraded and

made its way into Georgia and the Carolinas. Almost 250 claims were submitted for losses in Florida alone. Claims payments recorded by the end of the fiscal year totaled almost \$500,000.

The next major storm, Tropical Storm Frances, arrived in mid-September, producing 7 inches of rain along the Gulf Coast of Texas before moving into Louisiana and dissipating. By the end of the fiscal year, only two weeks later, more than 6,200 flood insurance claims had been submitted from Texas and Louisiana as a result of this storm, and more than \$1.1 million had been paid in claims in that brief period of time.

Within the next week, Tropical Storm Georges strengthened and moved toward Puerto Rico, making landfall as a hurricane on September 21 with winds of 110 miles per hour. Communication, electricity, and water were cut off for weeks. Hurricane Georges moved up to the Florida Keys three days later, then traveled northwest to drench the Florida Panhandle and the Gulf Coast states. Although no claims payments had been made by September 30, 1998, more than 5,000 claims had been filed from Alabama, Florida, Louisiana, Mississippi, and Puerto Rico.

The figures provided in this summary reflect the claims submitted and paid during the fiscal year. Not included in these numbers are unreported claims and claims that had not been closed as of September 30, 1998. For example, because Hurricane Georges hit so close to year-end, the figures reported here are low. However, these will increase as more claims are paid in the next fiscal year.

Claims and Payments for Major Floods Occurring Between  
 October 1, 1997 and September 30, 1998  
 (as of September 30, 1998)

<b>Event</b>	<b>Date</b>	<b>States/Territories Impacted</b>	<b>Claims Paid as of 9/30/98</b>	<b>Claims Payments as of 9/30/98</b>
<b>Typhoon Paka</b>	December 1997	Guam	10	\$135,116
<b>Winter Storm</b>	January 1998	Florida Texas Alabama Louisiana	339 170 182 859	\$2,741,193 \$2,130,233 \$2,573,353 \$4,607,027
<b>Pineapple Express</b>	January 1998	Northern California Southern California	2,009 1,451	\$30,712,004 \$15,347,566
<b>Nor'Easter</b>	February 1998	Virginia Maryland Delaware New Jersey	466 290 443 1,370	\$2,854,705 \$1,902,654 \$4,458,303 \$13,016,835
<b>General Flooding</b>	March 1998	Alabama Georgia	422 727	\$17,832,353 \$12,786,514
<b>Summer Storm</b>	June 1998	Massachusetts Ohio West Virginia Vermont	260 332 283 22	\$2,025,578 \$6,169,359 \$5,077,073 \$357,312
<b>Summer Storm</b>	August 1998	Wisconsin	348	\$3,172,707
<b>Hurricane Bonnie</b>	August 1998	North Carolina Virginia	474 1	\$4,718,902 \$1,465
<b>Hurricane Earl</b>	August 1998	Florida	35	\$457,881
<b>Tropical Storm Frances</b>	September 1998	Texas Louisiana	45 136	\$499,740 \$634,220
<b>Hurricane Georges</b>	September 1998	Puerto Rico Florida (Keys) Louisiana Florida (Panhandle) Mississippi Alabama	None closed by end of fiscal year	
<b>Total as of 9/30/98</b>			<b>10,674</b>	<b>\$134,212,093</b>



**National Flood Insurance Program**

**Fiscal Year 1998**

**Loss Report**

(as of September 30, 1998)

State/ Territory	Total Losses	Total Amount Paid	State/ Territory	Total Losses	Total Amount Paid
ALABAMA	1,710	\$23,181,491	MONTANA	10	\$30,343
ALASKA	2	\$0	NEBRASKA	49	\$228,166
ARIZONA	58	\$256,490	NEVADA	34	\$304,442
ARKANSAS	89	\$1,082,248	NEW HAMPSHIRE	112	\$612,186
CALIFORNIA	6,989	\$57,018,113	NEW JERSEY	3,093	\$22,273,504
COLORADO	77	\$357,834	NEW MEXICO	6	\$4,429
CONNECTICUT	108	\$315,991	NEW YORK	1,145	\$6,899,628
DELAWARE	766	\$5,623,117	N. CAROLINA	4,182	\$9,893,016
DISTRICT OF COLUMBIA	3	\$750	N. DAKOTA	153	\$4,519,341
FLORIDA	7,351	\$25,694,194	OHIO	1,196	\$12,642,183
GEORGIA	1,356	\$15,858,169	OKLAHOMA	37	\$125,599
GUAM	26	\$162,727	OREGON	75	\$389,390
HAWAII	14	\$127,898	PENNSYLVANIA	447	\$3,338,304
IDAHO	10	\$27,629	PUERTO RICO	1,399	\$289,473
ILLINOIS	265	\$617,326	RHODE ISLAND	141	\$1,027,939
INDIANA	311	\$1,981,466	S. CAROLINA	883	\$2,321,211
IOWA	187	\$666,041	S. DAKOTA	34	\$84,195
KANSAS	44	\$167,858	TENNESSEE	513	\$4,703,509
KENTUCKY	447	\$3,483,551	TEXAS	5,095	\$14,393,887
LOUISIANA	5,242	\$10,004,055	UNKNOWN	2	\$0
MAINE	76	\$566,063	UTAH	9	\$2,445
MARYLAND	570	\$2,504,534	VERMONT	60	\$629,554
MASSACHUSETTS	624	\$3,225,632	VIRGIN ISLANDS	18	\$0
MICHIGAN	333	\$1,164,935	VIRGINIA	2,067	\$8,824,643
MINNESOTA	109	\$903,881	WASHINGTON	63	\$318,411
MISSISSIPPI	1,375	\$7,077,234	W. VIRGINIA	475	\$5,944,706
MISSOURI	462	\$2,827,177	WISCONSIN	747	\$3,623,642
			WYOMING	3	\$0



## **Program Activities Update**

**S**ince the NFIP's inception in 1968, stakeholders have provided essential input in determining how the Program is administered and improving the flood insurance product. As issues are identified, studies are undertaken and recommendations are made that shape NFIP coverage, servicing, and awareness.

## Program Changes

**I**nsurance industry advances, shifts in public perceptions, and changes in the shape of floodplains due to natural or man-made causes, all require adjustments in the way the NFIP operates. In some cases, improvements are made to flood insurance coverage to provide consumers with a more inclusive product or to facilitate the marketing or servicing of policies. In other cases, the Program is modified to improve its actuarial soundness.

Several examples of Program changes that began as stakeholder-prompted initiatives are the Condominium Master Policy (CMP) and the Preferred Risk Policy (PRP), both implemented in 1989. The CMP allowed condominium associations to purchase increased amounts of coverage at reduced rates. The PRP made lower-cost flood insurance available to homeowners whose buildings are located in low-to-moderate-risk areas. Later, the Residential Condominium Building Association Policy (RCBAP) was introduced to improve coverage for condominiums and their associations.

In 1991, the Community Rating System (CRS) was introduced to reward communities that go beyond the minimum floodplain management requirements for NFIP participation with discounts in flood insurance premiums for policyholders in the community. Also in 1991, the Mortgage Portfolio Protection Program (MPPP) was created to assist lenders in bringing their portfolios into compliance with the mandatory flood insurance purchase requirements established by the Flood Disaster Protection Act of 1973 for buildings with Federally backed loans located in Special Flood Hazard Areas. In 1997, just a few months after the devastating floods in the Red River Valley flowed through North and South Dakota and Minnesota, the Increased Cost of Compliance (ICC) coverage became effective. ICC coverage assists property owners in bringing flood-

damaged buildings into compliance with community floodplain management ordinances.

Insurance coverage changes are announced in regular mailings to WYO companies, at NFIP training workshops, in the NFIP's twice-yearly newsletter called *Watermark*, and through annual revisions to the *Flood Insurance Manual*. Information about Program changes also is accessible through the NFIP's Internet website: [www.fema.gov/nfip](http://www.fema.gov/nfip).

### **California Communities Remapped as AR Zones**

During Fiscal Year 1998, a new flood insurance rate zone was established for areas of California designated as flood control restoration zones on Flood Insurance Rate Maps (FIRMs). The purpose of temporarily rezoning these areas of increased flood risk as AR Zones was to permit communities to regulate development through special floodplain management requirements. The AR Zone designation makes purchase of flood insurance in these areas mandatory while the protection system is being restored.

FIA purchased newspaper ads and organized briefings for Congressional, State, and local officials, lending institutions and insurance companies, and other groups to inform them of the mandatory flood insurance purchase requirements that will apply in AR Zones until restoration of the protection systems

has been completed. Newspaper ads and special mailings to NFIP policyholders urged property owners in the affected areas to buy flood insurance.

NFIP regulations establishing the AR Zones took effect on November 26, 1997, and FEMA's revised floodplain maps using the new AR designations went into effect on July 6, 1998, impacting approximately 125,000 structures. FEMA urged lending institutions and insurance companies to develop premium financing options through the loan and escrow process or by credit card payment for property owners unable to pay their insurance premium in one lump sum. Southern California communities affected by the new AR Zone designation on flood maps include parts of Bellflower, Carson, Compton, Downey, Gardena, Lakewood, Long Beach, Los Angeles, Los Angeles County, Lynwood, Montebello, Paramount, Pico Rivera, and Southgate. The city and county of Sacramento in northern California also have been designated an AR Zone.

### **Changing Eligibility for Preferred Risk Policies**

The Preferred Risk Policy (PRP), a lower cost package, was developed in the late 1980s to encourage people living in lower risk areas to buy flood insurance and to make coverage easier for agents to write. However, loss experience on PRPs has necessitated recent adjustments, including stricter eligibility conditions.

PRP eligibility was based originally on the flood loss history of a building during the period it was owned by the current policyholder. Since June 1998, flood loss history criteria have been determined for a building regardless of ownership, not merely during the current ownership period. This means that those buildings having repetitive losses, including

losses experienced by previous owners, no longer will qualify for PRP rates and that, at the time of renewal, agents will have to rewrite these policies using standard X Zone rates. Moreover, continued eligibility for a PRP now depends on the flood risk zone that is in effect on the FIRM as of the date of the policy renewal.

Grandfathering rules allow a property owner to pay a lower premium on a building based on an earlier FIRM that shows the building's location to have low risk of flooding. However, grandfathering rules will no longer allow the renewal of a policy as a PRP if the building is located in a zone other than B, C, or X at the time of renewal. Properties no longer located in Zones B, C, or X on the FIRM in effect on the date of renewal will be able to retain a conventional Zone X rating, but not the PRP rating.

### **Increase in Deductibles**

To reduce subsidy levels of the NFIP, the standard deductible for "subsidized" policies—those written at less than full risk-based rates because the properties were built before local Flood Insurance Rate Maps became effective (Pre-FIRM)—was increased from \$750 to \$1,000 during Fiscal Year 1998. The increased standard deductible applies to all subsidized policies that are newly issued or renewed with effective dates on or after May 1, 1998. This deductible is applied separately to both building and contents losses. This means that if a claim is filed under Coverage A—Building Property and Coverage B—Personal Property, the policyholder will be responsible for deductibles totaling \$2,000. For an additional premium, policyholders who wish to reduce their deductible may opt to purchase, or "buy back," a \$500 deductible separately for building and contents coverages.



### Increase in the Expense Constant Rate

The NFIP's Expense Constant is a flat charge paid by the policyholder on all new and renewed policies to help defray the Federal government's expenses for policy writing and other Program operations. In May 1998, the Expense Constant increased approximately 10 percent across the board. The Expense Constant is now \$50 for a single building policy and \$45 for a scheduled building policy that covers two to ten buildings in the same location or in the same risk zone with the same owner.

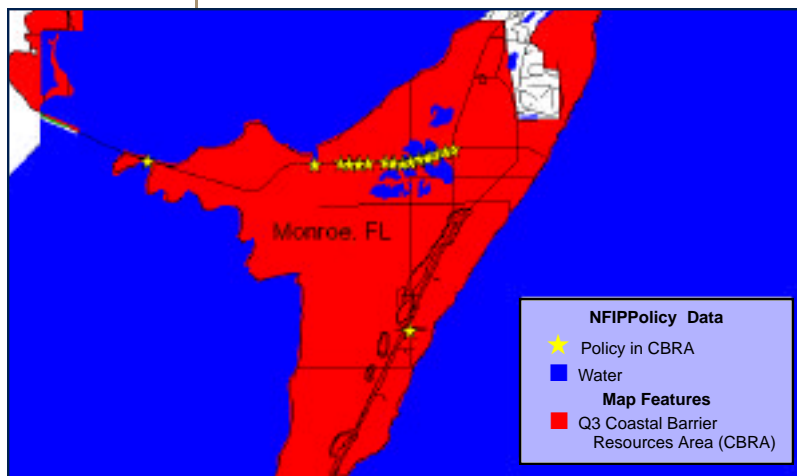
### Adjustments to the Rate Tables

Several adjustments were made to the NFIP's rate tables—charts used by agents and underwriters to calculate flood insurance premiums—to make them easier to read. One of the rate tables for Pre-FIRM buildings was divided in two to facilitate rating. A table now supplies rates for Pre-FIRM buildings with enclosures and a separate new table displays rates for Pre-FIRM buildings with basements.

### Using GIS Technology to Improve Rating

Potential misrating of policies could cost the Federal government millions of dollars each year in lost premiums. If, for example, a property owner paid a premium rate for coverage on a building located in a low-risk flood zone when it was actually beach front property, the Program would lose hundreds of dollars each year on that policy. The only way to avoid this type of misrating is to cross-reference the property address with flood zone map data to confirm the building's location.

The process of analyzing geographic data and trends with policy and claims data became vastly easier in Fiscal Year 1998 through FIA's use of Geographic Information System (GIS) technology. This electronic medium identifies individual property addresses and plots them on FIRMs. In January 1998, FIA began using GIS software to develop an automated batch processing system that geocodes



250,000 addresses each month, plots them on the appropriate map(s), and identifies those that are in an incorrect flood zone. This same process is being used to identify insurance policies on buildings that have been constructed in environmentally sensitive areas such as Coastal Barrier Resources System (CBRS) areas. Since structures located in CBRS areas usually are not eligible for Federally backed flood insurance, identifying these properties and addressing their coverage issues helps the NFIP avoid litigation that might result should a flood insurance claim be submitted on an ineligible property. GIS technology also can be used to identify PRP properties located in high-risk areas. Once detected, these inappropriately rated policies can be rewritten as Standard Flood Insurance Policies.

The first GIS production cycle was run in July 1998 after six months of development. In the months following implementation, more than 2,500 potentially misrated policies have been identified each month. This represents additional premium dollars the NFIP could be collecting each year. FIA now uses GIS technology to plot more than a quarter of a million addresses for review each month.

### **Rewriting the Flood Insurance Policies**

Over the years, FIA has received suggestions about ways to change the Standard Flood Insurance Policy (SFIP) to make it more consistent with insurance industry standards. To address these suggestions and begin rewriting the SFIPs, FIA established a work group in Fiscal Year 1998 consisting of insurance agents and adjusters, as well as representatives of FIA, the NFIP Bureau and Statistical Agent, and WYO companies. Continued discussion will take into consideration the suggestions for

that were submitted as a result of the recent NFIP Call for Issues.

The policy rewrite will assist industry partners in selling and servicing flood insurance policies, benefit the policyholders by providing a better explanation of the benefits and limitations of coverage, and advance FEMA's goals for customer service and simplification of its programs.

### **Improving the Community Rating System (CRS)**

The Community Rating System (CRS) Task Force includes FEMA and local officials, insurance company executives, and representatives of the Association of State Floodplain Managers, the National Association of Flood and Stormwater Management Agencies, the National Oceanic and Atmospheric Administration, and others. In Fiscal Year 1998, the task force concluded a multi-year reevaluation of the CRS and made recommendations for changes—such



recognized building code—to be implemented in the next fiscal year.

Nearly 900 communities now receive flood insurance premium discounts through the CRS based on local mitigation, outreach, and educational activities that exceed the minimum NFIP floodplain requirements for participation.

### **Preparing Computers for Year 2000**

The Federal government directed that all Federal programs have their computer systems Year 2000 (Y2K) compliant by March 1999. The NFIP was one of the first Federal programs to make its applications systems Y2K compliant. In Fiscal Year 1998, preparations began for making NFIP operating systems and systems software Y2K compliant at WYO companies and at the NFIP's Servicing Agent.

### **Map Modernization**

Identifying and mapping the nation's flood hazards has been an essential part of the Federal government's efforts to protect residents of floodplains from flooding disasters. In fact, the National Flood Insurance Reform Act of 1994 mandated that FIRMs for each community be reevaluated at least once every five years.

The approximately 100,000 map panels produced through FEMA's Flood Hazard Mapping Program are valuable resources to insurance agents and companies, lenders, property owners, flood zone determination firms, real estate professionals, and others. Floodplain managers, community planners, surveyors, engineers, and disaster and emer-

gency response officials also use them for mitigation, for risk assessment, and for disaster preparedness, response, and recovery.

Creating and maintaining maps is an ongoing process for FEMA's Mitigation Directorate as updating must take place periodically to incorporate changes caused by development (which creates new streets and alters road networks) and natural factors (such as floods) that can change the terrain. For example, as urbanization occurs, buildings, parking lots, and roads cover the soil, limiting the amount of infiltration that can occur during and after a storm. Under these conditions, runoff can overflow channels, streams, and rivers that previously carried water safely downstream.

Approximately 45 percent of FEMA's maps are at least 10 years old, and 75 percent are five years or older, rendering many of them inaccurate because they reflect out of date engineering analyses. To remedy this situation, FEMA has developed a Flood Map Modernization Plan that uses emerging technologies for cost-effective mapping and modeling. Flood information will be updated and maintained by converting maps to digital formats that can be used in automated applications and that also are better adapted to modern printing and distribution.

Although the costs associated with it are high, a benefit/cost analysis clearly shows that the Map Modernization Plan will result in more than \$2 in reduced flood losses for every \$1 invested in updated, digital flood maps.

## Studies

**M**ost of the NFIP's initiatives begin as recommendations made by FEMA work groups and task forces that study issues identified by FIA or by NFIP stakeholders. In Fiscal Year 1998, two multi-year studies moved closer to completion.

### Subsidy Study

Congress' concern for the fiscal soundness of the Program is reflected in the National Flood Insurance Reform Act of 1994 (NFIRA). This Act seeks to increase market penetration and spread the risk through lender compliance requirements, and to provide a way to mitigate the worst flood risks through ICC insurance coverage and the Flood Mitigation Assistance Program. The law also requires a study of the economic effects of eliminating subsidized flood insurance rates for Pre-FIRM construction.

FEMA awarded a contract to conduct this study of the effects on areas of the country subject to increased National Flood Insurance premium rates if the subsidy were eliminated. Field work began in Fiscal Year 1997 to determine a number of analysis parameters, such as the amount by which premium rates might be increased in various sample communities, the number and types of properties affected, the number of policyholders who would be likely to cancel flood insurance if premium rates were increased, and the effects of increased premiums on land values and property taxes. NFIP stakeholders will be informed of the results of this study when they are made final.

### Claims and Underwriting Study

In recent years, the NFIP has experienced remarkable growth in flood insurance policies, and at the same time, heavy flooding has produced flood insurance losses exceeding historical averages. Improper underwriting of flood insurance policies and adjustments of flood insurance losses impact the National Flood Insurance Fund. In light of this recent policy growth and loss experience, FIA initiated an evaluation of the underwriting and claims processes and controls. Study results will fall into three inter-related areas: the underwriting and claims requirements of the NFIP; how well the NFIP underwriting and claims requirements are being met; and the nature and adequacy of FIA controls over NFIP underwriting and claims processes.

FEMA awarded a contract to conduct this study in 1998. Results of the study should be available in



the summer of 1999 and will be shared with NFIP stakeholders.

### **Flood Insurance Interagency Task Force**

The National Flood Insurance Reform Act of 1994 (NFIRA) directed the establishment of the Flood Insurance Interagency Task Force to develop enforcement procedures that would ensure lender compliance with the flood insurance purchase requirements. This task force is made up of the following 10 agencies:

Federal Insurance Administration, Federal  
Emergency Management Agency (chair)

Federal Housing Administration

Department of Veterans Affairs

Rural Housing Services

Small Business Administration

Farm Credit Administration (FCA)

Federal Home Loan Mortgage Corporation  
(Freddie Mac)

Federal National Mortgage Association (Fannie  
Mae)

Office of Federal Housing Enterprise Oversight

Federal Financial Institutions Examination  
Council (FFIEC)

In September 1998, the task force submitted a final report to Congress of its findings and recommendations. Contained in the report was a list of the task force's accomplishments, such as the development of a compliance model checklist to serve as a foundation for Federal agencies in addition to the Freddie Mac and Fannie Mae compliance models.

The task force also developed a catalog of assistance materials to ensure compliance with NFIRA and recommended updating and widely disseminating more material designed to improve understanding and compliance with NFIRA. Besides conducting studies on fees charged by the flood zone determination industry, the task force developed a list of "best practices" with recommendations that Federal agencies, Fannie Mae, and Freddie Mac have considered incor-



porating into their own enforcement programs. As a result of task force recommendations, FFIEC and FCA issued their joint final rule for implementing provisions of NFIRA on October 1, 1996, and issued revised examination procedures for flood insurance in November 1996.

Although the task force officially terminated upon completion of the report, a majority of the members are continuing their work to ensure effective compliance with NFIRA.

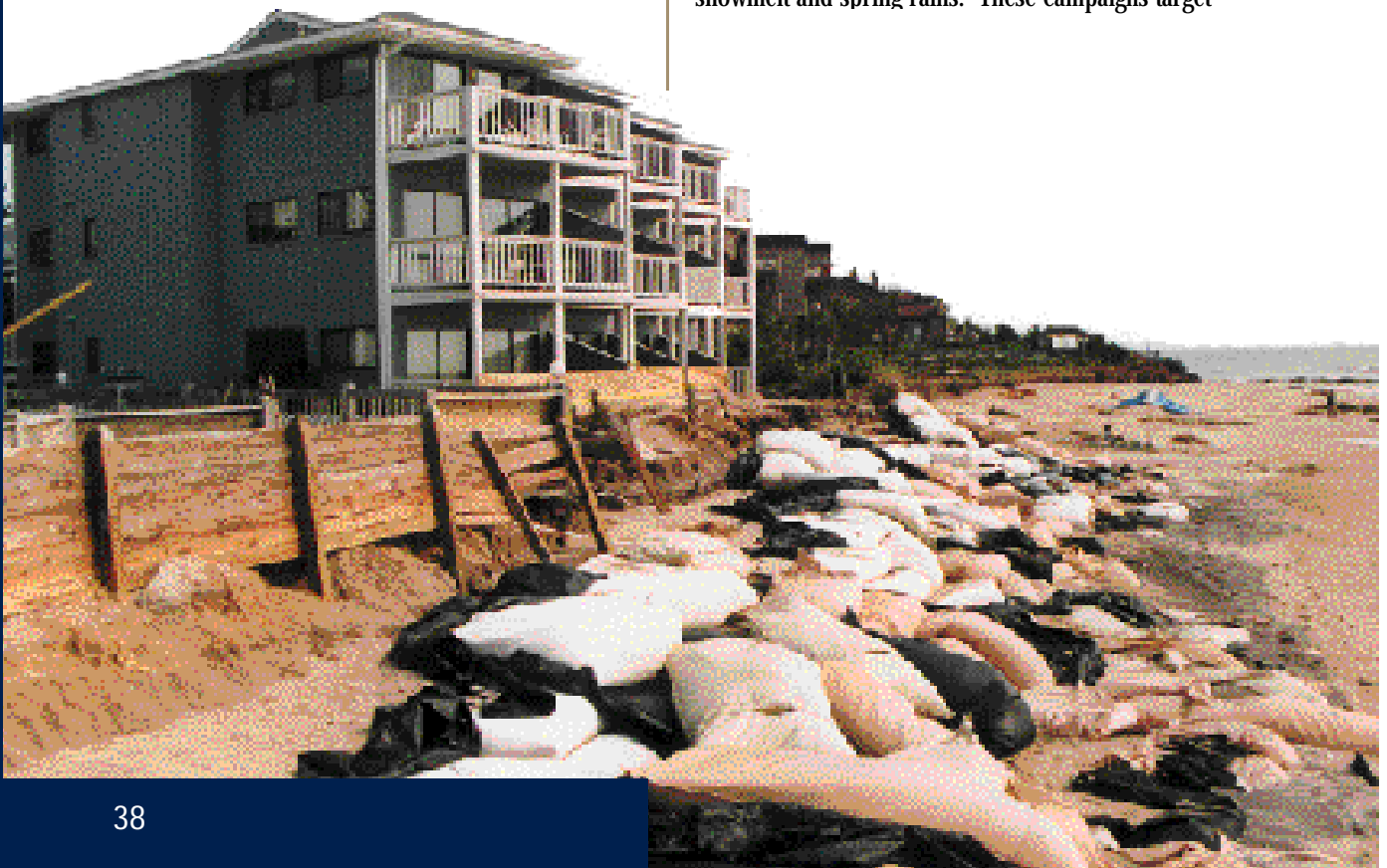
## Marketing, Communications, and Training

**While the Cover American campaign, designed to increase awareness and improve attitudes about flood insurance and the NFIP and to motivate consumers to take action, was initiated only a few years ago, FIA has worked to promote the Program and flood insurance in many different ways throughout its 30-year history.**

Early efforts to promote flood insurance focused on outreach to communities as they entered the Program. In the 1970s, each time a community joined the Program, the NFIP would send a letter to the mayor along with a customized press release to announce the availability of flood insurance to area residents. During this decade, the NFIP also engaged in numerous public service campaigns, enlisting the help of Hollywood figures, such as Burgess Meredith

and William Shatner, to promote flood insurance.

Marketing efforts in the 1980s focused on annual public awareness campaigns that were deployed by season, in specific regions. Hurricane-related public awareness materials were sent to East Coast and Gulf Coast states during hurricane season, winter storm materials were sent to the Pacific Northwest, and spring flooding materials were sent to States that typically experienced flooding as a result of snowmelt and spring rains. These campaigns target-



outreach, this campaign was designed to increase awareness of flood insurance among consumers and to motivate them to contact the NFIP's Telephone Response Center or their own insurance company or agent to purchase a policy. Those who contact the NFIP directly are put in touch with an agent in their area who writes flood insurance if they don't already have an agent. And, with free public awareness materials such as brochures and ad slicks as well as a co-op advertising program, insurance companies and agents are able to tie their own marketing efforts into this national campaign.

### **Continuing to Improve Results of the Cover America Campaign**

The marketing and advertising activities through the Cover America campaign have continued with notable results. New television and print ads were produced in Fiscal Year 1998 based on research conducted to determine audiences most likely to purchase flood insurance. And while the campaign took steps to target magazines and television stations that focused more on these audiences, FIA continued to work toward ensuring national outreach.

### **New Advertisements**

Two new television commercials were produced that focus on the changing weather patterns that have been causing floods in unexpected places. Both spots encourage viewers to call their insurance agent or the NFIP for more information. The first new spot is called "Weather Expert," and has a television meteorologist theme to remind people about changing weather patterns and the unpredictability of floods. The second new commercial, called "Classroom," highlights **Project Impact**, FEMA's initiative to help local communities change the way they prepare for

disasters, including floods. In this commercial, FEMA Director James Lee Witt stresses the importance of purchasing flood insurance for protection against flooding. This spot has been made available to **Project Impact** communities, upon request, to use as a Public Service Announcement. Both spots began airing in early spring 1998.

Additionally, two new print ads were produced, also focusing on the theme of how changing weather patterns are making more people vulnerable to floods. Starting in April 1998 these new ads began appearing in news, home improvement, and financial planning magazines to target those most likely to purchase flood insurance.

### **New Collateral Materials**

To help NFIP stakeholders tie in to the new advertising themes, collateral materials with the same messages and images were developed. These materials include two new counter cards, two new stuffers, and one new ad slick.

### **Agent Research**

During Fiscal Year 1998, FIA conducted research to better target insurance agents and encourage them to write flood insurance. Surveys focused both on insurance agents who do and those who don't write the coverage. A major finding of this research was that many insurance agents who write flood insurance are not aware of the Preferred Risk Policy or of the NFIP Co-op Advertising Program.

Using findings from this research, FIA produced a new print ad targeting insurance agents. The headline in this ad says, "To be good in your business is to understand human nature. To be great is to understand Mother Nature." The ad provides

information about the Preferred Risk Policy as well as the NFIP Co-op Advertising Program, and will begin appearing in agent trade magazines in Fiscal Year 1999.

### NFIP Co-op Advertising Program

The NFIP Co-op Advertising Program provides insurance companies and agents with the opportunity to share costs for flood insurance advertising with the NFIP. When insurance companies and agents run an approved flood insurance ad, the NFIP will reimburse 50 percent of their advertising costs. In Fiscal Year 1998, FIA added a new component requested by co-op participants: a 25 percent reimbursement for approved flood insurance ads that include a sentence about other lines of insurance sold. Since the ad program's inception in January 1996, more than 850 insurance agents and companies have placed over 4,500 flood insurance ads in newspapers, magazines, and Yellow Pages and on television.

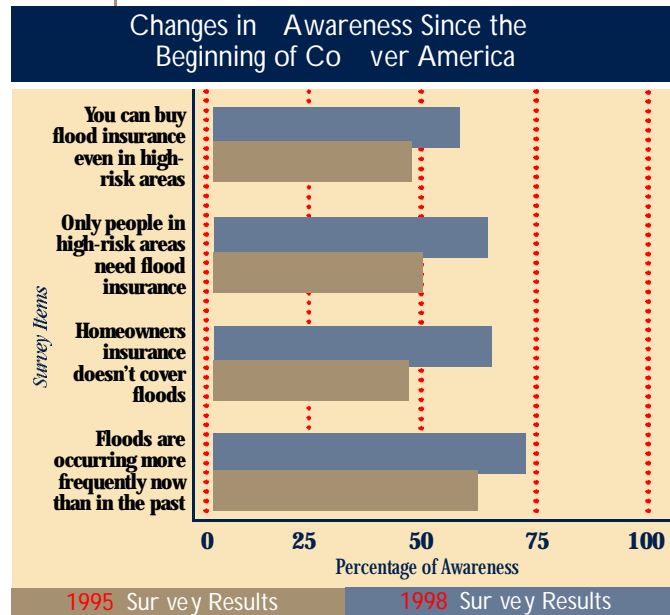
### Media Coverage of the National Flood Insurance Program

On July 24, 1998, FIA implemented a television and radio satellite media tour for FIA Administrator Jo Ann Howard to help inform and educate the public about the threat of flooding from hurricanes. The results of the tour included 11 interviews resulting in 16 broadcasts, reaching a total estimated audience of 677,000. The Administrator's radio interviews resulted in more than 300 broadcasts reaching an estimated audience of 4,256,700.

### Campaign Effect on Awareness of and Attitudes Toward the NFIP, and Demand for Flood Insurance

The latest Cover America research results show that awareness of and favorable attitudes toward the NFIP have increased significantly since the start of the campaign. For instance, there has been an increase of 14 percent both in the number of people who have heard of the NFIP and in the number of those who have favorable attitudes toward the Program. Furthermore, among those aware of the NFIP, 62 percent had favorable attitudes about the Program, which is the highest percentage since the campaign began, and an increase of 23 percent from the start of the campaign.

Recent research also shows that knowledge of flood risk and flood insurance has increased since the beginning of the Cover America campaign.

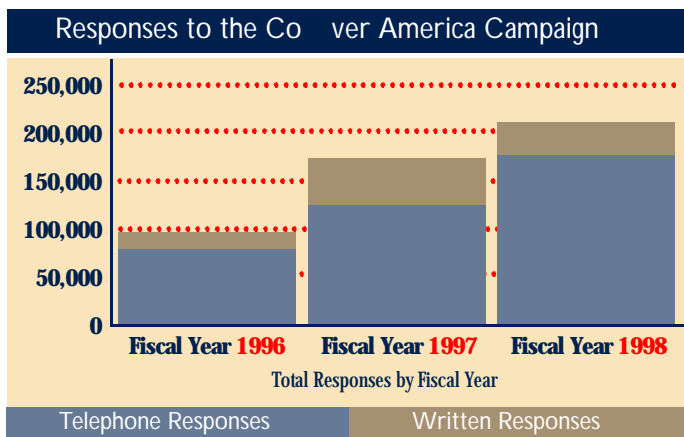




Likewise, the number of people seeking information about flood insurance is on the rise, and has increased each year of the campaign. The first year of Cover America generated a little more than 97,000 responses. In the third year, Fiscal Year 1998, more than 210,000 people contacted the NFIP for information—twice the number who responded in the first year of the campaign. Over the 3-year period, the

### Future of Cover America

The first contract placed to plan and implement the Cover America campaign ends April 1999. In Fiscal Year 1998, FIA initiated the procurement process to hire an advertising agency to plan, implement, and evaluate Cover America II, which will build on the first Cover America campaign. This contract will be awarded in April 1999.



campaign has generated more than 465,000 written and telephoned responses to the NFIP.

All of the advertising includes a call-to-action, encouraging people to call their insurance agent or the NFIP for more information. When people call the NFIP, they receive general information about flood insurance and, if requested, the name of an insurance agent who has signed up for the Leads Program and writes flood insurance in the caller's area. Callers who already have insurance agents are encouraged to contact their own agent. More than 72,000 callers have been referred to an agent since the Leads Program was implemented in 1995—20 percent of the total 369,688 calls made to the NFIP Telephone Response Center during that period.

### Conferences

Gathering the NFIP's stakeholders together to discuss changes in the Program and future initiatives has benefited the NFIP, its stakeholders, and the policyholders throughout the Program's 30-year history.

During the Program's early years many of these meetings took place on an ad hoc basis. But beginning in 1983 the NFIP hosted its first National Flood Conference and has been hosting the

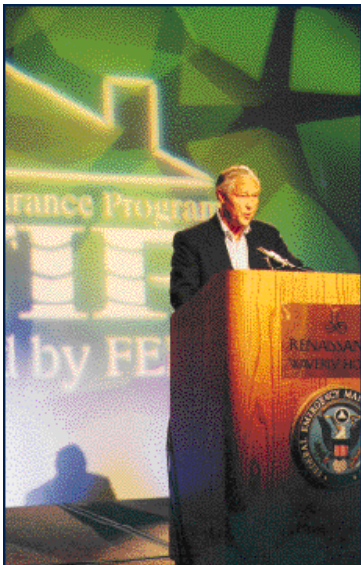
conference each year since. In addition to the annual national conference, FIA co-sponsors and participates in dozens of other conferences to present flood risk and flood protection information to a variety of constituencies.

### Braving the Storm: The 1998 National Flood Conference

Created initially as a meeting for WYO companies, the annual National Flood Conference has grown over the last 15 years to include many other groups such as insurance agents, lenders, State and local government officials, and others. Participation in this annual conference has grown from 125 participants in 1983 to more than 750 attendees at the

1998 National Flood Conference held at the Renaissance Waverly Hotel in Atlanta, Georgia, at the end of May 1998.

The 1998 National Flood Conference was structured to provide attendees with background information about changing issues in flood insurance and mitigation through several general sessions and 38 technical and educational workshops. A continuing



education seminar for insurance agents as well as interactive forums, panel discussions, and roundtables were included to address specific flood insurance concerns and to give participants the opportunity to ask detailed questions of those who set and implement NFIP policies and do the hands-on work of

the Program. A highlight of the conference was the Awards Dinner, at which FIA honors those who have made extraordinary contributions to the Program and announces the winners of the public awareness materials contest.

Bob Ross, Educational Advisor for the Florida Association of Insurance Agents and Chair of FIPNC, acted as master of ceremonies throughout the 1998 conference. Jim Richardson, a National Geographic magazine photographer, opened the conference with a compelling multimedia presentation that gave a human face to the suffering caused

by floods. He was followed by John Copenhaver, Director of FEMA Region IV, who described FEMA's **Project Impact** initiative and the role that flood insurance can play in creating disaster resistant communities. Glenn Pomeroy, Commissioner of the North Dakota Department of Insurance and President of the National Association of Insurance Commissioners (NAIC), reported on findings and recommendations arising from the Flood Insurance Summit held in 1997. The first general session was rounded out by Ed Pasterick, Director of FIA's Financial Division, who gave the audience a guided tour of the NFIP's first 30 years and introduced future Program initiatives.

Keynote speakers on the conference's second day included Robert W. Klein, Ph.D., Associate Professor and Director of the Center for Risk Management and Insurance Research at Georgia State University. Klein addressed the problem of catastrophic risk and how to manage it by aligning risk burdens and risk choices; facilitating the proper use of insurance to encourage mitigation and to finance catastrophic losses; and engaging in massive public education efforts to support rational private and public risk management. In a compelling presentation that followed, General Wilson C. Cooney, President of USAA's Property and Casualty Group, urged NFIP stakeholders to declare war on natural disasters. Using several powerful video sequences, Cooney demonstrated how individuals and entire communities are enlisting low-cost building technologies to disaster-proof their homes.

On the final day of the conference, Andrea Ohlsson, a partner at Bozell Worldwide, Inc., the advertising agency that conducted the first Cover America public awareness campaign for FIA, report-

ed on FIA's marketing strategies. Ohlsson presented an analysis of marketing statistics and research findings that demonstrated a positive shift in public perception regarding flood risks and insurance. Next, FIA Administrator Jo Ann Howard announced a Call for Issues so NFIP stakeholders could provide comments and suggestions about the NFIP for formal response from FIA and FEMA's Mitigation Directorate. She also invited NFIP stakeholders to help her collect and archive documents from the Program's first three decades for use as a foundation for future initiatives to make the Program more effective. Valerie Voss, CNN's senior meteorologist, closed the conference with insights about modernization efforts at the National Weather Service that will bring earlier warning of flood conditions before they occur.

### Mini-Conferences, Flood Forums, and Summits

Interactive, day-long mini-conferences and flood forums that are conducted in different parts of the country create and reinforce existing partnerships while providing the NFIP's private industry stakeholders with the unique opportunity to meet with Federal, State, and local officials to discuss flood insurance related issues. Although these "flood awareness" meetings focus primarily on the insurance portion of the NFIP, attendees include all those involved with the Program: floodplain managers, disaster and emergency managers, insurance agents, lenders, appraisers, real estate agents, community officials, and others.

#### Wilmington NFIP Mini-Conference

Located in the path of many of the hurricanes that have hit the eastern seaboard, Wilmington, North Carolina, is a **Project Impact** community familiar



with flooding. In December 1997, a mini-conference was held in Wilmington to address ongoing mitigation, disaster response, and recovery efforts within the region. John Copenhaver, Director of FEMA Region IV, welcomed the 133 attendees to the conference, urging them to use the question and answer session to ask NFIP experts the unanswered questions they have about the Program. Ed Pasterick, then FIA's Acting Executive Administrator, gave the keynote address, focusing on the impact of catastrophic storms such as Hurricanes Bertha and Fran that had swept through this region in the past. The ensuing interactive panel discussion with local insurance agents, lenders, floodplain managers, emergency managers, and flood victims ended with a thought-provoking question and answer session.

Several months later, the NFIP returned to Wilmington when more than 150 area Realtors attended a half-day flood insurance conference that took place at the University of North Carolina. The Wilmington Regional Association of Realtors sponsored the May 1998 disaster insurance seminar to help those who sell real estate to better understand the NFIP.

#### Flood Forums in Minnesota

A series of eight Flood Insurance Forums were sponsored by the Minnesota Commerce Department, the NFIP's Bureau and Statistical Agent Region V Office, the Minnesota Department of Natural Resources, the Independent Insurance Agents of Minnesota, and the Minnesota Bankers Association during Fiscal Year 1998. The format of these forums allowed members of the insurance and lending industries, as well as public officials, the opportunity to identify with the roles of others involved in the

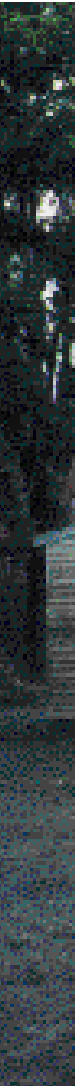
flood protection and recovery process. More than 450 Flood Forum attendees were given an overall picture of how the NFIP functions and how each stakeholder's role in the Program—whether providing a loan, showing property for sale, or advising a client on insurance needs—was defined. Even those who were unable to attend one of the forums received at least a portion of the flood insurance message via a 4-page Flood Forum brochure distributed to 60,000 people by Minnesota's Department of Commerce.

#### AR Zone Forum

On August 5, FIA assisted in coordinating an AR Zone Forum in California. The forum was produced as a result of the last-minute postponement in the rate change scheduled for the newly established AR Zone areas in California. The 130 attendees came from 14 different AR Zone communities and included local insurance agents, lenders, and public officials. The Forum's panel discussion focused on AR Zone rating and grandfathering issues.

#### Flood Forum in Puerto Rico

Puerto Ricans celebrated 20 years of participation in the NFIP by attending a flood forum in San Juan on August 20, 1998, exactly one month before Hurricane Georges swept over the island, damaging almost 50,000 homes. Entitled "Paving the Way for the New Millennium Through New Partnerships for a Better Puerto Rico," the forum drew more than 300 insurance industry representatives and public officials, as well as experts in floodplain management and mitigation. Lynn Canton, Director of FEMA Region II, opened the forum by describing **Project Impact**, FEMA's initiative to establish disaster-



resistant communities. FEMA has invited the island municipality of Culebra to participate in **Project Impact** as the model community for Puerto Rico. FIA Administrator Jo Ann Howard sent a videotape congratulating the WYO companies and others for their 20 years of work in helping the citizens of Puerto Rico prepare for disasters. Don Jones, Senior Vice President of Chapter Operations for the American Red Cross, underscored the benefits of effective partnership and urged attendees to pool their resources and combine their efforts through public and private partnerships to make commu-

#### Partners in Planning Conferences

For the last five years, the NFIP has supported the emergency management community in states typically threatened by hurricanes by collaborating on preparedness workshops and conferences conducted prior to the beginning of the June to November hurricane season.

Partners in Planning conferences are designed to strengthen alliances between the NFIP, the insurance industry, and State and local emergency management officials in areas at risk from hurricanes each year. FIA also uses the conferences to clarify



cient and transparent part of State and local recovery efforts in the aftermath of a hurricane.

The conference conducted in August 1998 drew public officials, engineers, WYO company representatives, and independent adjusters to Point Clear, Alabama. Lee Helms, Director of the Alabama Emergency Management Agency presented the opening remarks and FIA Administrator Jo Ann Howard gave the keynote address to the approximately 150 participants. A proclamation was given to the Baldwin County Commissioner for the county's participation in the NFIP and for mitigation efforts as a **Project Impact** community. The Commissioner was presented with a check for \$270,000 to use for **Project Impact** initiatives. Two afternoon question and answer sessions focused on responsibilities under ICC coverage, estimating substantial damage, and problems facing emergency managers and the insurance industry in responding to a disaster.

#### El Niño Summits

Scientists predicted that El Niño-related weather conditions during 1997 and 1998 would create the largest climatic events of the century, and possibly the largest in more than 150 years. To help prepare for these unprecedented events, FEMA Director James Lee Witt announced a new approach to emergency management at the El Niño Community Preparedness Summit held in Santa Monica, California, on October 14, 1997. This new approach involves a move from the reliance on response and recovery to one that emphasizes preparedness and disaster management. FIA exhibited its Cover America booth at this Summit and distributed 200 public awareness kits to attendees.

Another El Niño Summit took place in December 1997, sponsored by the State of Florida. NFIP experts participated in a panel discussion addressing flooding and flood protection for the meteorologists, NOAA representatives, and emergency preparedness staff who attended from across the United States.

#### National Hurricane Conference

FIA was on hand to answer questions and distribute literature at the National Hurricane Conference in Norfolk, Virginia, in early April 1998. More than 1,500 Federal, State, and local emergency management personnel attended the conference. Most of them visited the NFIP booth and took away flood insurance literature. On April 7, a day-long NFIP Claims Workshop for insurance adjusters was held next to the Hurricane Conference facility. The workshop was designed to address the policy and adjusting issues of restoring property damaged or destroyed by flood waters. Almost 70 adjusters representing 26 claim firms attended the workshop.

#### NFIP Booth Exhibited at Trade Association Conferences

The Cover America booth has been a powerful tool in familiarizing stakeholders with flood insurance. It is exhibited by NFIP representatives who distribute flood insurance literature and answer questions for thousands of stakeholders attending trade association conferences throughout the United States. During Fiscal Year 1998, the Cover America booth was exhibited at the national conventions of two of the largest insurance agent trade associations: Independent Insurance Agents of America (IIAA) and National Association of Professional Insurance Agents

(PIA). The booth also was exhibited at the National Association of Insurance Women annual conference in Orlando, Florida, in June. NFIP representatives also participated in the networking breakout session at that conference to offer information about NFIP education and training opportunities. The Cover America booth and literature also were exhibited at the annual conference of the Society of Insurance Trainers and Educators at the end of June in Boca Raton, Florida.

Lenders had the opportunity to visit the NFIP booth at the Mortgage Bankers Association Annual Mid-Atlantic Regional Convention in Atlantic City, New Jersey; at the Washington State Mortgage Lenders and Seattle Mortgage Bankers Association Convention; and at the Louisiana Bankers Association annual meeting. In addition, an NFIP representative was a guest speaker at the annual regional conference of the National Association of Credit Unions.

### **Flood Insurance Training**

Personal contact between consumers and their community leaders such as insurance agents, lenders, and public officials is critical when communicating the importance of protecting individuals and communities from flood damage and loss. In the early years of the Program, insurance agents received training about NFIP policies and procedures from the National Flood Insurers Association, which also produced training manuals and other materials to be used by insurance companies and individual agents.

Today, representatives from the 10 NFIP Regional

Offices as well as a team of NFIP claims professionals offer hundreds of half- and full-day presentations across the country each year. Thousands of insurance agents, lenders, claims processing personnel, and public officials attend NFIP training seminars to receive basic information about the Program and updates on flood insurance coverage and claims processing procedures. Since 1993, nearly 40,000 people have attended NFIP training events for agents and lenders.



### **Insurance Agent Workshops**

During Fiscal Year 1998, FIA continued its efforts to provide basic training to agents throughout the United States and its territories. A total of 373 agent workshops were presented during the year, with an attendance of 12,889, reflecting a 7 percent increase over the previous year's attendance.

Workshop sites were selected in areas with the great-

est potential for flooding and with the largest agent populations. National, State, and local insurance organizations sponsored 221 of these workshops. Currently, 44 states offer Continuing Education Units (CEUs) to insurance agents who attend NFIP workshops. In Fiscal Year 1998, Alabama, Connecticut, Kentucky, and North Carolina joined those states furnishing CEUs for NFIP workshops.

FIA supports its partnership with WYO companies by providing training and materials for use in marketing, writing, and servicing flood insurance. WYO company employees who work with flood insurance on a daily basis need to be informed of Program changes and to be given information about the FIA's new marketing initiatives as they are developed. Because many of these employees may not have the opportunity to attend the annual National Flood Conference, FIA's WYO Program Account Executives periodically present regional WYO workshops or meetings on location at company sites. In Fiscal Year 1998, 15 companies received these on-site training visits. Because Train-the-Trainer workshops effectively multiply FIA's ability to bring technical assistance to a large constituency of agents, a Train-the-Trainer conference was conducted for WYO companies in November 1997, with 45 attendees representing 15 WYO companies. Topics covered included the new ICC coverage, elevated buildings, V Zone rating, and condominium coverage.

### Lender Seminars

FIA offered 181 seminars in Fiscal Year 1998 that were specifically tailored to help lenders comply with flood insurance requirements. State lending regulatory offices, banks, savings and loan associations, credit unions, professional lender associations, title

companies, and mortgage corporations sponsored 114 lender seminars between October 1, 1997, and September 30, 1998. A total of 3,273 lenders attended the seminars, presented in every State, Puerto Rico, and the Virgin Islands. Areas experiencing the greatest policy growth potential and regions recovering from recent flooding were targeted to receive the most seminars. A new training workbook and instructors guide for lender seminars were developed in Fiscal Year 1998 to inform lenders about the National Flood Insurance Reform Act of 1994.

### Claims Adjuster Presentations

Regularly scheduled claims presentations take place between January and June each year to prepare claims adjusters for spring and summer flood seasons and hurricane season. During Fiscal Year 1998, a total of 26 claims presentations were conducted for nearly 1,800 attendees in Arizona, California, Florida, Georgia, Kansas, Kentucky, Louisiana, Maryland, Massachusetts, Mississippi, Missouri, New Jersey, New York, North Carolina, North Dakota, Oregon, Texas, Virginia, and Wisconsin. These presentations, designed to provide adjusters with guidelines for the proper adjustment of NFIP claims, included new material about ICC coverage, elevated buildings, and substantial damage in Fiscal Year 1998. NFIP claims specialists also conducted 13 sponsored workshops to accommodate special requests from windpools, adjusting companies, and WYO companies.

In Fiscal Year 1998, FIA again entered into annual formalized Memorandums of Understanding with the various windpool associations of the coastal states—in particular, Alabama, Delaware, Florida, Georgia, Louisiana, New Jersey, New York, North



Carolina, South Carolina, Texas, and Virginia—to facilitate the process of training claims personnel and to ensure that one adjuster would handle both wind and water claims for the same structure. The Single Adjuster Program ensures the most efficient and proper adjustment of NFIP claims. Single adjusters are supplied with separate Technical Guidance Manuals that compare and contrast the coverages of the State Windpool and the NFIP when there is combined wind and water damage to a structure.

### Specialized Training

When weather conditions produce strong predictions of flooding, special “pre-flood” NFIP workshops are provided to prepare local government agencies, insurance agents, and lenders with information they will need to respond to questions and to requests for flood insurance protection from area residents. When a large flood takes place, FIA’s representatives often travel to the flood site to provide training to area stakeholders who are positioned to urge property owners to protect themselves against future flooding disasters. For example, after Typhoon Paka hit Guam in December 1997, FIA developed a special agent training session for Guam and Saipan insurance agents to enable them to better respond to similar catastrophic flooding that may occur in the future.

FIA’s representatives also assist FEMA Disaster Field Offices (DFOs) in responding to questions about flood insurance, training their disaster assistance employees, and responding to media requests for information. In Fiscal Year 1998, FIA’s representatives were present in DFOs in Alabama, California,

Florida, North Carolina, Puerto Rico, Texas, and Vermont.

In anticipation of the flooding that resulted from El Niño, many California homeowners began protecting their properties by purchasing flood insurance near the end of the 1997 fiscal year. Claims adjusters in California responded by requesting claims presentations to ensure that an adequate number of trained adjusters would be available when the storms hit. As a result, three special adjuster training workshops were conducted in California early in Fiscal Year 1998 to prepare 412 claims processing personnel to handle increased claims activity. These sessions focused on the effects of coastal flooding, new flood hazard zones, and ICC coverage, as well as how to distinguish between landslides and mudflows.

Occasionally, special workshops are organized to respond to changes in coverage such as the eight NFIP workshops offered in California to prepare stakeholders for AR Zone coverage changes and claims issues. More than 100 people attended.

### Print and Electronic Communications

When the Program was formed 30 years ago, NFIP resources were shared either on-site, by telephone, or through publications sent to stakeholders via the postal service. Now, in addition to these methods of communication, the explosion in information technology in recent years has allowed NFIP stakeholders and consumers to access Program updates instantaneously and at their own convenience from their homes and offices. The NFIP’s comprehensive website contains a wealth of information about the Program. Stakeholders also can learn details about the Program by making use of other high-tech

resources such as the NFIP's new CD-ROM training course or FEMA's fax-on-demand system.

### Producing and Updating Flood Insurance Publications

Each year, the NFIP produces new publications to inform stakeholders about Program changes or to supply them with materials to help them explain the Program more effectively to consumers. During Fiscal Year 1998, FIA published a new brochure to introduce the Increased Cost of Compliance (ICC) coverage to consumers, policyholders, insurance agents, claims adjusters, lenders, builders, engineers, insurance commissioners, and State and local community officials. *How You Can Benefit From the New Increased Cost of Compliance Endorsement* describes ICC coverage and explains how using it can help policyholders comply with their community's floodplain management ordinances. The brochure also explains when and how to file an ICC claim and how the claim payment will be handled. Also in Fiscal Year 1998, a new fact sheet, *Top 10 Things Every Consumer Needs to Know About Flood Insurance*, was produced to provide information about flood zones, PRPs, and how to buy a policy.

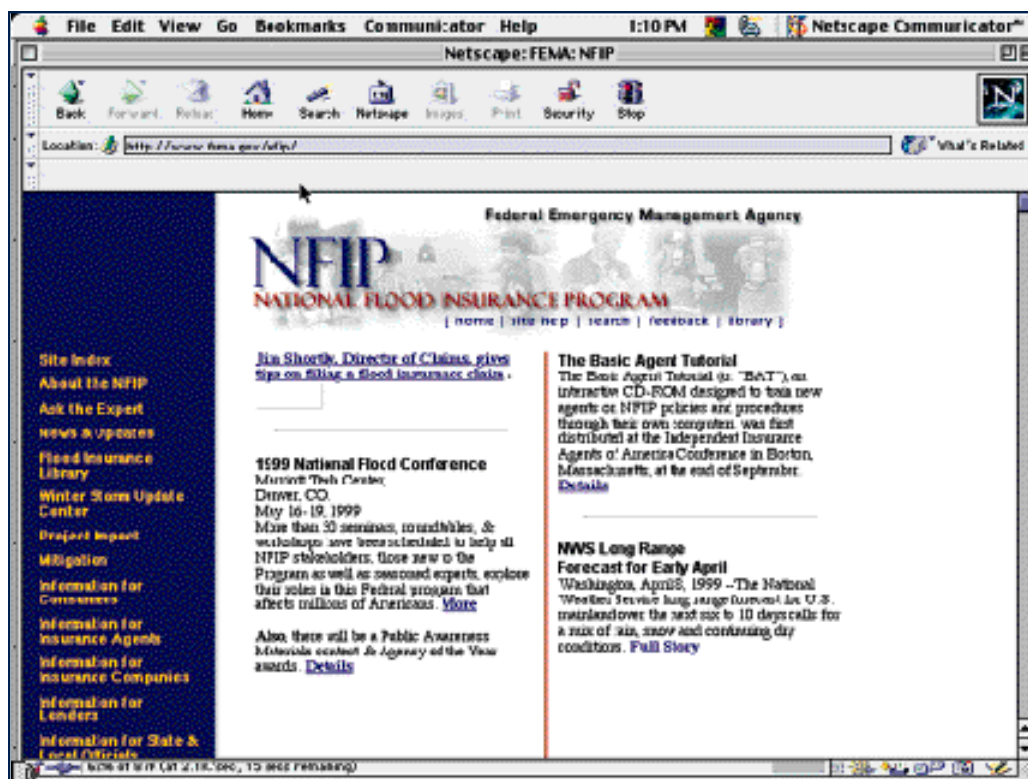
Twice annually, FIA publishes *Watermark*, a newsletter that includes feature articles about recent Program changes, clarification of existing procedures, and new initiatives. *Watermark* also contains a series of regular columns that provide Program updates, marketing tools, and flood insurance training information, and creates forums for WYO companies, insurance agents, lenders, and State and local officials to relate their experiences as

well as to ask questions about the Program.

A number of other NFIP resource publications are periodically revised. Each year, the Worst Guest List provides stakeholders and consumers with the storm names selected for the year's hurricane season. Regular revisions and updates of publications often are prompted by changes in the Program. For example, the Program's most important resource, the *Flood Insurance Manual*, is revised twice each year. And this year, the *Adjuster Manual*, an important resource used by claims adjusters that was last revised 10 years ago, and the lender seminar participant workbook were updated. Work also began to revise and update the *Mandatory Purchase of Flood Insurance Guidelines* booklet.

Disseminating NFIP publications became centralized in Fiscal Year 1998 as the FEMA Distribution





Facility assumed the work of providing stakeholders and consumers with all Cover America, NFIP public awareness, and NFIP policy processing materials. The Flood Insurance Manual and NFIP maps continue to be distributed through the Map Service Center.

### Communicating Electronically

The availability of new technologies permitted FIA to begin communicating and providing the many Program publications and other information to NFIP constituencies in new ways.

#### NFIP Website

After months of planning and designing, the Flood Insurance section of the FEMA website was

made available at [www.fema.gov/nfip](http://www.fema.gov/nfip) in January 1998. Through this site, information is available for all NFIP stakeholders. Individual sections target consumers, insurance agents, insurance companies, lenders, and state and local officials. General information about the NFIP also is available.

Late in Fiscal Year 1998, with more than half a year's worth of experience with the site, FIA saw room for improvement and began planning a major reorganization and enhancement to the site.

Changes to the site late in Fiscal Year 1998 included a major reorganization to make it easier to find information, as well as a revision to some of the text and charts so they are easier to understand.

Additionally, FIA has added more links on individual web pages within the site to allow visitors to reach information about related topics more quickly.

FIA has improved the NFIP homepage by updating the information there frequently and by adding a box called "Quick Links" to the bottom of the page. "Quick Links" is a list of web pages that visitors frequently visit, such as **How to Purchase and How to Pay for Flood Insurance, Standard Flood Insurance Policy, and Mandatory Purchase of Flood Insurance Guidelines**. "Quick Links" also includes information new to the site, such as the **Coastal Barrier Resources System** database and other important items such as **Top 10 Things Every Consumer Needs to Know about Flood Insurance** and **Answers to Questions About the NFIP**. All of these titles are links to the actual pages, so visitors can get to the information immediately.

Along with these improvements, FIA has added new buttons to the sidebar, located to the left of each web page. At the top is a new button called "Site Index." When this button is selected, a list appears of each major section within the site, as the first tier of information located within that section. Each item is a link to that particular web page so when visitors locate the sub-

jects they are searching for, they can click on the title and get to the information immediately.

Another new button is called "Ask the Expert." Clicking on this button leads visitors to a section where they can write in questions about flood insurance that will be posted, with responses, for all web visitors to read. This section can also be used to send in specific questions that will not be posted.

A search engine for the NFIP section has been added so visitors can find what they're looking for even faster. Buttons also were added to connect to information about "Mitigation," FEMA's "Storm Watch" page, and **"Project Impact."**

The NFIP website has information that targets consumers, insurance agents, insurance companies, lenders, and State and local officials. To get to whichever section is applicable, visitors look at the sidebar and click on the appropriate button. For instance, insurance companies can click on the sidebar but-

ton that says "Information for Insurance Companies" and get the information shown at the left.

FIA's reorganization of the NFIP website will be completed in early Fiscal Year 1999, with improvements continuing as necessary.

**Information for Insurance Companies on the NFIP Website**

- The Write Your Own Program
- Flood Insurance Manual
- Flood Map Information
- Community Status Book
- Marketing and Advertising Campaign
- Workshops and Seminars
- Cost of Flood Insurance
- How to Purchase and How to Pay for Flood Insurance
- Community Rating System
- Publications

### Videos Help Communicate to More Stakeholders

Several video programs about the NFIP were made in Fiscal Year 1998. *Braving the Storm*, a 30-year retrospective video, was produced for use at the National Flood Conference. Work continued on *FIA in Action*, a training video that defines the NFIP's goals and objectives, and presents many of FIA's activities prior to, during, and after flood events. Another FIA video project initiated in Fiscal Year 1998 was the *Administrators' Video*, a project to capture information and data on the past 30 years of the National Flood Insurance Program for an historical library. Because of the comprehensive institutional knowledge available to discuss "first hand" the 30-year life span of the Program, a videotaped record of the views of FIA's leaders is being made in Fiscal Year 1999.

Many of the NFIP's conferences and meetings—such as the *Partners in Planning* conference held in August 1998—were taped for use by WYO companies and others. In fact, the NFIP's Region VII conducted a flood insurance videoconference sponsored by the Iowa State Emergency Management Agency in April 1998. The conference was broadcast to agents, lenders, and floodplain managers attending at seven sites located throughout the state, in addition to the host site. The morning session incorporated a flood insurance workshop; the afternoon session included training on floodplain management.

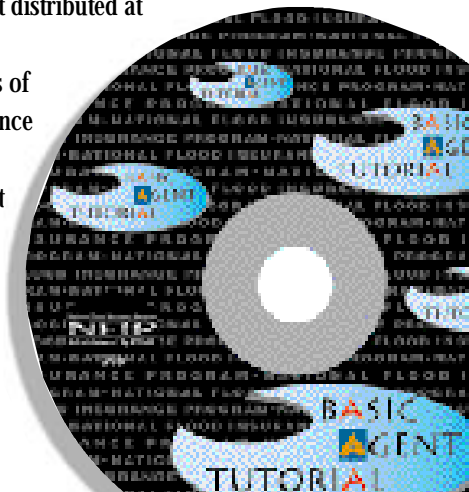
### Using CD-ROM to Teach More Agents

The *Basic Agent Tutorial* (or BAT), an interactive CD-ROM designed to train new agents about NFIP policies and procedures on their own comput-

ers, was produced and distributed in Fiscal Year 1998. The BAT is targeted to insurance agents who are unfamiliar with flood insurance. By completing this course, agents gain the practical knowledge needed to comfortably market, sell, and service flood policies.

The BAT CD-ROM uses video and text files to illustrate important flood insurance issues in an interactive format. A narrator guides the user along, introducing topics such as map reading, rating, and marketing. Programmed quizzes can be taken at the agent's speed and convenience. An ongoing agent-and-client interview is intercut with informative topic sequences to illustrate what an actual discussion about flood insurance might involve. A detailed reference text and a copy of the NFIP Flood Insurance Manual are included. Users click on-screen buttons to move to different sections of the tutorial, take programmed quizzes at the end of each topic sequence, access reference material, and review any section, as desired. The BAT was exhibited at the 1998 National Flood Conference and again at the annual conference for the Society of Insurance Trainers and Educators at the end of June in Boca Raton, Florida.

The BAT was first distributed at the Independent Insurance Agents of America Conference in Boston, Massachusetts, at the end of September.





## Future Initiatives

**I**n a time of tightening budget limitations, FIA is constantly exploring ways to “work smarter” and more effectively with fewer resources to deliver more actuarially sound flood insurance that protects those who need it most.

## Three Key Initiatives

**I**n Fiscal Year 1998 several task forces worked to improve operations with in the NFIP. At the end of the fiscal year an initiative was announced that seeks formal input from the NFIP stakeholders and the public.

### Redesign of the Elevation Certificate

Elevation Certificates (ECs) are required on all buildings located in SFHAs constructed after a FIRM is issued for the area. ECs are optional on Pre-FIRM construction. ECs provide a host of information about a building's susceptibility to flooding that an insurance agent or underwriter uses to determine the flood insurance premium. However, incorrect or partially completed ECs can affect claims settlement.

In Fiscal Year 1998, FIA convened a task force to redesign the EC to make it easier to use and more comprehensive. The new certificate, like the current form, contains many opportunities for comments, but now detailed questions about property location, FIRM data, and survey results have been added.

Approximately 25 surveyors in different parts of the country have been involved in testing the new form and making recommendations. After fine tuning is completed, FIA will publish the new form in the NFIP Flood Insurance Manual. Training on its use will be available nationwide through NFIP agent and lender workshops and through the NFIP and FEMA regional offices.

### Repetitive Loss Strategies

In January 1998, a special Agency task force was formed to study and develop a strategy to address the problem of repetitive losses, responsible for almost 38 percent of all NFIP claims nationwide.

The NFIP defines a repetitive loss property as one that has had two or more losses of greater than \$1,000 each within any 10-year period.

Approximately 76,000 properties insured by the NFIP have experienced repetitive losses since 1978. Of these, fewer than half were identified as being

currently insured by the NFIP. Although repetitive loss structures make up only a small percentage of all NFIP policies, they represent 37.8 percent of claims paid since 1978. Repetitive loss properties account for, on average, an estimated \$200 million in NFIP claims paid each year.

Based on recommendations of the task force and feedback from some key outside constituencies, the Agency has formulated a repetitive loss strategy. This includes targeting for mitigation assistance currently insured properties with four or more losses and those with two or three losses exceeding building value; tying a property owner's declination to take action with mitigation assistance to an insurance premium consequence; focusing current levels of mitigation funding and newly sought mitigation funding on the target properties; and improving the dissemination of data on the location of and risk to individual repetitive loss properties to our State and local community partners.

### Call for Issues about the NFIP

On September 9, 1998, FIA and the Mitigation Directorate (MT) initiated a formal Call for Issues, inviting NFIP stakeholders and the public to make recommendations about ways to make the Program more effective. A notice was published in the Federal Register and other partners were contacted with a letter requesting that issues be provided to FIA by November 9, 1998. Recommendations concerning all relevant subjects—laws, regulations, manuals, policies, procedures, forms, and others—will be reviewed by various work groups established by FIA and MT to determine their feasibility and to develop implementation timetables. A report is due in the spring of 1999.

## Partners in Protection

**E**stablished in the 1960s, implemented and expanded in the 1970s, made self-supporting and reintroduced into the insurance industry in the 1980s, the NFIP has shifted its focus to consumers and the lending community in the 1990s. With each decade, the number of NFIP stakeholders has increased and their success at protecting the nation's floodplain residents from disastrous flood losses has grown proportionally. With support from our stakeholders, more Americans now are able to identify their flood risks and know whom to talk to about protecting themselves against losses.





**The NFIP is a successful partnership between government at all levels and the private industry.**

## **Who is the NFIP?**

**It is the insurance agent who explains the need for protection against flood losses to each client.**

**It is the loan officer who informs loan applicants about flood insurance requirements for houses located in Special Flood Hazard Areas.**

**It is the public official who discusses building elevation requirements with floodplain developers.**

**It is the thousands of individuals who work for flood zone determination and claims adjusting companies, real estate associations, and a myriad of other organizations that provide valuable information and resources to support the Program and its goals.**

This Federal program could not provide millions of Americans with the security of financial protection against flood losses without the essential input it receives from its stakeholders.

Each year, when rising water causes a flood, the NFIP's stakeholders combine their efforts in responding to the crisis and helping policyholders begin the process of rebuilding their lives. This is a partnership that has strengthened and grown over the 30 years of the Program's existence, positively affecting the lives of millions of Americans.

Although there are still many concerns to be dealt with, the Program is steadily reducing the amount of property and

number of lives exposed to severe flooding hazards. And, while many initiatives are still waiting to be explored, it is on the solid foundation of 30 years of experience that each new program enhancement is built. However, none of the NFIP's successes could have been accomplished without strong partnerships forged with private industry groups, and with Federal, State, and local officials across the nation. These partnerships are the foundation for all of the NFIP's achievements over the last three decades. Thousands of NFIP stakeholders can celebrate this Program's 30th anniversary with pride. This is a Program that has made a difference.



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## WYO Company Listing of Signed and Actively Writing Companies

Each year, companies are required to sign the Financial Assistance/Subsidy Arrangement (Arrangement) to participate in the WYO Program. The following companies signed the Arrangement for Arrangement Year 1997-1998:

ALLIED Mutual Insurance Company  
Allstate Insurance Company  
American Alternative Insurance Corporation  
American Bankers Insurance Company of Florida  
American Family Mutual Insurance Company  
American National Property & Casualty Company  
American Reliable Insurance Company  
American Sterling Insurance Company  
Aries Insurance Company, The  
Audubon Insurance Company  
Auto Club Group Insurance Company  
Auto Club South Insurance Company  
Automobile Club Insurance Company  
Auto-Owners Insurance Company  
Baldwin Mutual Insurance Company  
Bankers Insurance Company  
Brethren Mutual Insurance Company  
California State Automobile Association  
Century-National Insurance Company  
Citizens Insurance Company of America  
Cooperativa de Seguros Multiples de Puerto Rico  
Delta Lloyds Insurance Company  
Empire Fire & Marine Insurance Company  
Everett Cash Mutual Insurance Company  
Fidelity & Deposit Company of Maryland  
First Community Insurance Company  
First Insurance Company of Hawaii, Ltd.  
Fortune Insurance Company  
Great Pacific Insurance Company  
Hartford Fire Insurance Company  
Hartford Underwriters Insurance Company  
Holyoke Mutual Insurance Company  
IGF Insurance Company  
Indemnity Insurance Company of North America  
INTEGRAND Assurance Company  
Island Insurance Company, Ltd.  
Liberty Mutual Fire Insurance Company  
Lumber Mutual Insurance Company  
Maryland Casualty Company  
Middlesex Mutual Assurance Company  
Millville Mutual Insurance Company  
Minnesota Fire & Casualty Company  
Mobile USA Insurance Company, Inc.  
Mountain States Insurance Company  
National Grange Mutual Insurance Company  
National Insurance Company  
National Lloyds Insurance Company  
Nationwide Mutual Insurance Company  
New Hampshire Insurance Company  
New Jersey Re-Insurance Company  
New York Central Mutual Fire Insurance Company  
Newark Insurance Company  
North Sea Insurance Company  
Old Guard Insurance Company  
Omaha Property & Casualty Insurance Company  
Omega Insurance Company  
Pan American Insurance Company  
Patrons Mutual Insurance Company  
Philadelphia Contributionship Insurance Company, The  
Pioneer Mutual Insurance Company  
Preferred Mutual Insurance Company  
Prudential Property & Casualty Insurance Company  
Redland Insurance Company  
Residence Mutual Insurance Company  
Rockford Mutual Insurance Company  
Selective Insurance Company of America  
Service Insurance Company  
Sierra Pacific Insurance Company  
South Carolina Insurance Company  
Southern Farm Bureau Casualty Insurance Company  
Standard Guaranty Insurance Company  
State Capital Insurance Company  
State Farm Fire & Casualty Company  
TIG Insurance Company  
TIG Premier Insurance Company  
Travelers Property & Casualty Insurance Company  
Union American Insurance Company  
Union Mutual Fire Insurance Company  
Unisun Insurance Company  
United Ohio Insurance Company  
United Surety & Indemnity Company  
Universal Insurance Company  
USAA  
U.S. Security Insurance Company, Inc.  
Utica First Insurance Company  
Vesta Fire Insurance Corporation  
Vesta Insurance Corporation  
White Hall Mutual Insurance Company  
Windsor-Mount Joy Mutual Insurance Company





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