

WATERMARK

FEDERAL EMERGENCY MANAGEMENT AGENCY

“Climbing to New Heights” A Report on the 1999 National Flood Conference

Almost 800 NFIP stakeholders met at Denver’s Marriott Tech Center, May 17-19, for the 1999 National Flood Conference. Conferees represented the lending and insurance industries; local, State, and Federal governments; and many other organizations. Each day of the conference was kicked

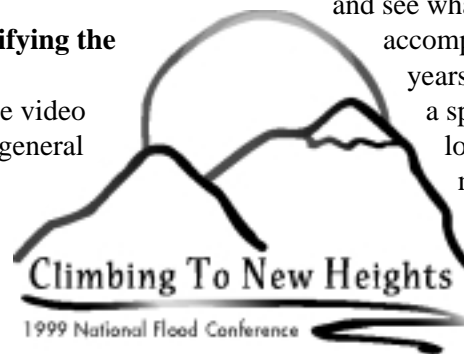
off by a general session, emceed by Bob Ross, Chairman of the Flood Insurance Producers National Committee (FIPNC). Each general session was followed by dozens of technical workshops.

Director of FEMA Region VIII, then welcomed conferees and introduced FIA Administrator Howard, who delivered the keynote address.

“It is a good time to take stock and see what we’ve accomplished in 30 years...and to use this as a springboard for looking at the new millennium,”

Monday: Identifying the Issues

An evocative video opened the first general session with stunning images of catastrophic storms and flood victims, with narratives



by FEMA Director James Lee Witt and FIA Administrator Jo Ann Howard describing the progress being made to protect Americans from flood losses. Richard Weiland,

Howard began, noting several landmarks in the NFIP’s history and recognizing the many partnerships that have contributed to its success. She acknowledged that the Program still faces many challenges such as

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Award Winners Honored at 1999 Conference Banquet

More than 300 people attended the NFIP’s “Academy Awards” night on the final evening of the 1999 National Flood Conference held this May in Denver. The awards honored activities undertaken by Program stakeholders in Fiscal Year 1998, covering October 1, 1997 through September 30, 1998.

Public Awareness Materials Contest

Each year, those who attend the National Flood Conference have the opportunity to vote for their favorites among the public awareness materials that any of the NFIP partners have developed to promote flood insurance. Almost

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A Message from the Administrator

Dear *Watermark* Reader,

As I enter my second year with the National Flood Insurance Program, I am excited about the future. The 1999 Call for Issues is moving along—we've received comments ranging from making our flood insurance policies easier to read to ways of

making the NFIP function more smoothly. Our Map Modernization Program is also progressing. The NFIP will enter the 21st century with a new attitude toward insuring the public against the threat of floods.

In the upcoming years, my vision is for a national program that looks forward by addressing the issues of importance to our clients today. Our clients—the American public, community planners and leaders, insurers, agents, lenders, and other providers of flood insurance-related products—know what's right for them, and for America. Our Call for Issues is helping us improve the NFIP to meet our mutual needs and reduce the effects of flood damage.

We, at FEMA, know that we need to promote an environmentally sound floodplain management system throughout America. We need to use nonstructural methods of flood control, and we must move away from the idea that we can dictate the flow of our waterways and the changes in our shorelines. We need to protect our floodplains as a living, breathing segment of our world.

We can protect our environment while we prevent flood disasters. We have to rethink home building and community development. And we have to create new partnerships. That's why we are working with groups like the Sierra Club, the Nature Conservancy, and the National Wildlife Federation as well as with homeowners, builders, real estate agents, and lenders. Every facet of society can and must take a part in the future.

FEMA's Map Modernization Program is also part of that future. During the history of the NFIP, more than 20,000 communities have been mapped, creating one of the nation's most valuable flood hazard mitigation tools. Today our maps assist in determining insurance rates, provide a basis for floodplain management, and are used to determine loan information. Our maps also support disaster planning and response. We are the caretakers of a great store of knowledge. But the maps are aging, and land use has changed. The Map Modernization Program will use digital engineering and modern information technology to improve the accuracy and usefulness of our maps. All of this will take a partnership, a partnership between the NFIP, States, local communities, insurers, agents, bankers, and citizens—everyone.

I believe the future begins today, and we must make it a bright and safe future, and we can do all of that and more—together.

Jo Ann Howard
Administrator
Federal Insurance Administration

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1999 Flood Conference, *continued from page 1*

repetitive losses, which she likened to a bucket with holes in the bottom. “We’ve got to plug some of those repetitive loss holes to make this Program financially stable.”

According to Howard, approximately 84,000 NFIP-insured buildings nationwide have suffered multiple flood losses since 1968. About 36,000 of those buildings have suffered two or more flood losses within a 10-year period that exceeded \$1,000 each. Repetitive loss properties account for about a third, 32 percent, of NFIP losses. To date, the total amount paid in claims for repetitive loss properties is \$3.2 billion.

“It is projected that these properties will account for \$200 million each year in claims payments,” explained Howard. “This is astonishing and unacceptable. The private industry would not endure this type of loss history. It is up to us—because we don’t non-renew and because we don’t automatically increase premiums with losses in the Program—to create strategies to work smarter and work better.” Strategies under consideration, said Howard, include elevation and buyouts of repetitive loss buildings, increased deductibles, and reduced Federal subsidies (see article on page 17).

The Administrator concluded her remarks by describing the revolution in “e-commerce” and FIA’s focus on improving the business process and the delivery of information using Internet technology.

Michael Armstrong, Associate Director of FEMA’s Mitigation Directorate, wrapped up the general session by describing the role his organization plays in flood

protection and prevention across the country. Providing support for FEMA’s **Project Impact** initiative to create disaster resistant communities is one of the Mitigation Directorate’s highest priorities, along with modernizing FEMA’s flood maps, revitalizing FEMA’s compliance program, and using the Hazard Mitigation Grant Program to target repetitive loss properties.

“The repetitive loss strategy is symbolic of how the insurance community, FIA, and the Mitigation Directorate could and should work together,” stated Armstrong. “What we are doing is to systematically target the most egregious repetitive loss properties in this nation. We can’t control Mother Nature, but we can affect human nature.

Mitigation resources have moved 23,000 properties out of the floodplain since 1993 alone. These areas are now dedicated to open space, contributing to the restoration of wetlands and parks, and to creating a new sense of safety and quality of life in floodprone communities.”

The Mitigation Directorate’s map modernization project will update flood data for communities throughout the United States. “This

will involve revising approximately 32,000 map panels and converting our 100,000 map panels to digital format to support automated applications,” explained Armstrong. Cooperating technical communities (CTCs) are a cornerstone of the map modernization initiative, according to Armstrong (see the article about CTCs on page 28). Monday’s general session concluded with an historic signing of the first CTC



Michael Moye, *President*
National Lenders Insurance
Council

“This is the one conference I know of that reaches out in a meaningful way to almost all of the stakeholders. It has been really encouraging to see the interchange among the disciplines. We get the opportunity to come inside the culture of other stakeholders and appreciate the challenges that they face.”



Michael Armstrong and members of Denver’s Urban Drainage and Flood Control District sign first CTC Agreement.

Agreement with members of Denver’s Urban Drainage and Flood Control District.

Following the general session, conferees chose from among 21

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1999 Flood Conference, *continued from page 3*

workshops where they gathered in smaller groups for 90 minutes and participated in panel discussions about topics such as the new FEMA Elevation Certificate, marketing, litigation, and community compliance.



Robert Ross, Chairman
Flood Insurance Producers National Committee

“I don’t know how high we climbed at this conference, but it is higher than we’ve ever climbed before. The enthusiasm of everybody was better than it has ever been. And, not only were the workshops better planned, but they were much better attended.”

effectively enforcing mandatory flood insurance purchases in the Special Flood Hazard Areas and should those areas for mandatory purchase be enlarged?” Howard called for an advisory committee of NFIP stakeholders to solicit ideas

Tuesday: Historical and Local Perspectives

Bill Kirven, Colorado’s Insurance Commissioner, opened the second general session by describing the dual roles of technical support and public education his department plays in flood protection and response.

Next, FIA Administrator Howard described an internal work group established by FIA and the Mitigation Directorate to study the NFIP’s progress. “The time has come to answer questions that are being asked in the media, by public policy groups, and by our organizations about how this Program should be improved and where it should go in this next century,” she said. The work group is addressing questions about wise land use, risk reduction, and community compliance. “Is there an equitable distribution of financial risk among policyholders, disaster victims, and taxpayers? What is the role of media in explaining risk? Are lenders



Ann Azari, Immediate Past Mayor
City of Ft. Collins

“This conference brought together the people who provide flood insurance coverage and gave them the opportunity to work together in a more aligned way. I like to listen to what people are talking about, and I heard success”

and funding for academic studies to address these and other questions.

Tuesday’s final speaker, Ann Azari, immediate past Mayor of the City of Ft. Collins, Colorado, held the audience spellbound as she described her city’s flood history and the flood that took place in May 1997. Five people were killed in this flood, 60 were injured, and property damage exceeded \$200 million.

“We have had a history of floods. But we all seem to practice memory loss. What happened once doesn’t seem to be remembered.

So, the next time it happens, we all seem to think it is the first time,” Azari said, showing a video of the 1997 flood. “This was Ft. Collins 2 years ago. If you go to my city now, you will not know that this flood happened if you aren’t already cognizant of it.”

According to Azari, as a result of the 1997 flood, Ft. Collins officials took steps to move people out of harm’s way. Just 2 years later, the area that flooded has been turned into a public park with walking and biking trails. This April, Ft. Collins experienced the second heaviest rainfall in Colorado history. An estimated 100 lives were saved during that rainfall as a result of the mitigation efforts undertaken after the 1997 flood.

Seven more technical workshops were held after the general session on Tuesday, including a popular “Meet the Flood Pros” roundtable session at which conferees rotated among 10 tables where they questioned experts in audit/cash management, claims, lender issues, mapping, marketing, the

Special Allocated Loss Adjustment Expense, the TRRP Plan, training, the VISA payment option, and underwriting/ condominiums.

Hundreds of people visited the Exhibit Hall on Tuesday afternoon. At the 44 exhibitor booths, visitors received everything from detailed information about flood-related businesses to handy trinkets. That evening, more than 20 stakeholders and their organizations were recognized for extraordinary efforts on behalf of the NFIP at the Awards Banquet (see cover story for details about the award winners).

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1999 Award Winners, *continued from page 1*

75 items were entered in this year's contest. The winners within each category were:

- Bankers Insurance (brochures, posters, and website)
- USAA (envelopes and mailing inserts)
- Union American Insurance Co. (kits and Spanish language materials)
- The Seibels Bruce Group, Inc. (print and video ads)
- Omaha Property and Casualty (specialty items and newsletters)
- National Con-Serv, Inc. (training material)

Administrator's Club Awards

Within each of five size categories, WYO companies that achieve the highest percentage of

growth for the previous Arrangement Year qualify for the Administrator's Club. The company that experiences the highest percentage of growth with more than 2,500 new policies for the 1997-98 Arrangement Year is awarded the Administrator's Club Trophy. Award winners for this year were:

- USAA
- The Hartford Fire Insurance Company
- Hartford Underwriters
- National Lloyds
- IGF Insurance Company

This year's Trophy winner was Hartford Underwriters.

Administrator's Quill Award

The Administrator's Quill Award, new this year, recognizes

the WYO company that achieved the highest growth in the number of new policies among WYO companies. The first Administrator's Quill Award was given to Bankers Insurance Company, with 41,511 new policies as of September 30, 1998.

Agency of the Year Awards

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

- Harry Kelleher and Company, Inc.
- Insurance Associates of the Southwest
- Ron Rothert Insurance Services

See the profiles of these agencies below and on page 6.

Agency of the Year Award Winners

Harry Kelleher and Company, Inc., has 7,000 flood insurance policies with \$3,000,000 insurance in force. This agency enthusiastically markets flood insurance. Twenty producers and customer service representatives target the market together, using WYO company materials produced by Bankers as well as NFIP public awareness materials to reach insureds. Replacement costs and contents coverage are stressed in reviews that are conducted on all policies as they come up for renewal.

Policies that are not renewed undergo a follow-up procedure that includes sending letters to both the insured and the mortgagee. This agency promotes Preferred Risk Policies and encourages the use of Elevation Certificates and the purchase of 3-year policies. All new customers are given flood quotes. With a reputation for knowledge about flood insurance issues, agency representatives are often asked to speak on flood awareness at Town Hall meetings.



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Award Winners, *continued from page 5*

Donald L. Collins Award

The Donald L. Collins Award is presented each year to an individual whose extraordinary hard work has created strong connections between the NFIP and its partners. It was given this year to Richard Decker,



Jo Ann Howard and Frank Reilly (right) present Donald L. Collins Award to Richard Decker (left).

Chairman of the Community Rating System (CRS) Task Force. Decker has 47 years' experience in the property and casualty industry. As the first and only Chairman of the CRS Task Force, Decker has set the meeting agendas and has insisted on expanding State and community representation on the task force.

Roy T. Short Memorial Award

Marc Moore, Vice President of Compliance at Fidelity National Flood, Inc. was the recipient of this year's Roy T. Short Memorial award, given by the National Lenders Insurance Council (NLIC) to honor innovative and inspiring lenders who surpass their normal role in reducing flood losses.

Moore oversees the operation of Compliance, Client Services, and Life Loan Services at Fidelity National Flood, Inc. He is a member of the Association of State Floodplain Managers, and is a



Marc Moore (left) receives the Roy T. Short Memorial Award from Michael Moye (right)

member of the Board as well as Secretary of the National Flood Determination Association. Moore has been instrumental in developing the NLIC's Compliance Workshop for the last 2 years. ■

Agency of the Year Award Winners, *continued from page 5*

Insurance Associates of the Southwest has 612 flood insurance policies with \$228,621 insurance in force. To increase awareness of flood protection, the agency offers flood insurance on all new business and also produces an annual homeowner renewal survey letter that identifies the need for flood insurance coverage for all clients. All five customer service representatives and owner Ken Kapelka follow up on these letters by providing quotes and by using rating software and the community identification process to ensure their accuracy. The agency used the NFIP's credit card payment option for the first time in 1998 and found it to be one of the product's strongest selling tools. Establishing relationships with builders, lenders, and others has facilitated the promotion of flood insurance. Employees at the agency's network of offices in Texas receive regular training in flood insurance issues.

Ron Rothert Insurance Services has approximately 6,000 flood insurance policies with \$1,817,000 insurance in force. In 1998, flood premiums increased 26.4 percent over the previous year. Two agency employees work full-time to provide flood-related sales and service, and two additional employees work at least part-time on flood production and service activities. Ron Rothert Insurance Services is a general agency that provides flood policy writing support to hundreds of agents in the Northwestern United States. The agency strives to simplify quoting and placing a flood policy for agents who may be unfamiliar with the NFIP or have reservations about discussing coverage options with their insureds. Agents are provided with "Quick Quote Request" forms that collect the essential information needed to develop a flood coverage quote. Once these completed sheets are faxed in, the agency produces a quote in the form of an actual application that is then sent back to the agent to give to the insured. The agency also has developed "flood kits" for distribution to agents when sales calls are made or when an interest is expressed in learning more about the NFIP. The kits include brochures, fact sheets, quote forms, and other sales and educational materials. Ron Rothert Insurance Services sponsors flood awareness seminars and uses direct mail as well as trade publication advertising to reach retail agents.

FLASH: The Florida Alliance for Safe Homes

In an unprecedented partnership, the insurance industry, the state of Florida, the Federal Government, and nonprofit organizations have formed a statewide public awareness and education campaign for Floridians. Homeowners in Florida will be provided with information and resources needed to make their families, homes, and communities safer from hurricanes and other natural disasters.

The FLASH alliance is crucial because 80 percent of Florida's population lives in coastal counties that are vulnerable to hurricanes. Some \$872 billion of residential and commercial property is exposed to hurricanes and severe coastal storm hazards.

This campaign also includes statewide broadcasts of a series of Public Service Announcements and a Web site with Internet links to FLASH partners:

www.flsafehomes.org

An educational program for children and teachers in Florida schools is also in development.

A toll-free number, 877-221-SAFE, has been set up. This will allow Floridians to call and receive guidelines for retrofitting a home against severe wind and water, along with recommendations for general hurricane preparation.

New Insurance Trade Print Ad

The NFIP recently began running a new trade ad in insurance agent publications, based on research conducted with insurance agents. The ad features two

photographs, one showing a mother and baby under the headline, "To Be Good in Your Business Is to Understand Human Nature." The other photo shows an ominous sky with lightning streaking across it under the headline, "To Be Great Is to Understand Mother Nature."

The ad copy discusses the growing threat of flooding in virtually all 50 states, "making floods the Number One national disaster in America." It also provides information about the NFIP's affordable Preferred Risk Policy, available for homeowners in low- and moderate-risk areas, as well as a summary of the various tools that make writing flood insurance easier.

The ad first appeared in the January issues of *Business Insurance* and *National Underwriter*.

NFIP Mini-Conferences Bring Flood Insurance Message Home to Houston, Roanoke, and Wauwatosa

On February 17, 193 insurance agents, lenders, State and local officials, representatives of WYO companies and zone determination companies, and flood insurance policyholders attended the "Texas at Risk" mini-conference held in Houston.

Buddy Young, Director of FEMA Region VI, opened the day-long conference with an overview of the ongoing *Project Impact* activities underway in Harris County. Audrey Seldon, Associate Commissioner for Consumer Protection with the Texas Department of Insurance, presented Flood Awareness Week

proclamations from both the Department of Insurance and the Mayor of the City of Houston. An interactive panel discussion followed the keynote speech by Federal Insurance Administrator Jo Ann Howard.

Another NFIP mini-conference was held on April 8 in the *Project Impact* community of Roanoke, Virginia. A total of 97 insurance agents, lenders, and State and local government officials attended the mini-conference. Harriette Kinberg, the Director of FIA's Marketing Division, provided the keynote address, followed by an interactive panel discussion that featured insurance and floodplain management specialists as well as several flood victims. The afternoon session was divided into seminars covering topics of particular interest to insurance agents, lenders, and community officials.

The *Project Impact* city of Wauwatosa, Wisconsin, hosted a third mini-conference on July 22. Flood issues are not new to Wauwatosa, as Wisconsin was hit by summer flooding in both 1997 and 1998, affecting thousands of residents in the counties that form the Greater Milwaukee area. Although the number of insurance policyholders had risen across the state as the result of the 1997 floods, only a fraction of those affected by the 1998 flood had financial protection from flood damages.

The conference began with an interactive general session featuring a panel of flood experts. After her keynote address, Jo Ann Howard was presented with a proclamation from the Wisconsin Department of Insurance. At afternoon breakout sessions, almost

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Mini-conferences,

continued from page 7

100 agents, lenders, and community officials met with NFIP representatives to discuss Program issues.

1999 Hurricane Conference Takes Florida by Storm

From March 29 through April 2, more than 1,700 people attended the 1999 Hurricane Conference held in Orlando, Florida. This conference was sponsored by 23 organizations involved in hurricane response in the United States, including the Federal Emergency Management Agency, which administers the Federal Insurance Administration (FIA).

The first 3 days of the conference focused on training sessions in the areas of public information, debris management, emergency operations center management, general hurricane planning, mitigation, and disaster recovery. On each of the last 3 days of the conference, workshops and general sessions gave attendees an opportunity to analyze the impacts of the devastating 1998 hurricane season and to explore initiatives for the 1999 hurricane season, which runs from June 1 through November 30.

Hundreds of people visited FIA's Cover America booth on both of the conference's exhibit days. Representatives from the NFIP Region IV Office were on hand to answer questions about flood insurance and distribute NFIP literature.

Retaining New Policies in California

In anticipation of flooding from the El Niño episode in the winter of 1997-1998, Californians purchased more than 120,000 new NFIP

policies during that period. A series of storms did saturate the West Coast that winter, causing widespread flooding and mudslides. More than 2,000 flood insurance claims were submitted for losses that occurred in January 1998, and claims payments exceeded \$46 million.

FIA began tracking the new policies that were purchased in California between October and December 1997 to see how many were subsequently renewed. Prior to their renewal dates, these new policyholders were sent letters to emphasize the importance of maintaining their flood insurance coverage. Approximately a year after the upsurge of new policies in

California, only 39 percent of those policies were renewed.

This situation is a prime example of insurance purchase as protection against a single event (in this case, El Niño) instead of as long-term protection. A similar situation occurred in the upper midwest when the Red River of the North flooded in the spring of 1997. The following year only 17 percent of the policies renewed.

Some proven methods to counter this trend are listed in the box below.

NFIP Presentation at NATO Conference

While many of the NFIP's stakeholders were attending the

Tips For Policy Retention

Here are some tips that will help you retain policies in your area. Become the flood insurance expert in your area. Advertise. Get your name out. Take part in town meetings and other public gatherings. Know the flood insurance product and service your clients well—they are less likely to move their business if they trust you and your advice.

Also, be sure to make periodic customer portfolio checkups. Send a letter reminding people about flood insurance coverage and follow up your letter with a telephone call. Below are some questions to ask in your portfolio checkups.

- Have any changes been made to your clients' insured structures?
- Are their policy limits realistic?
- Are these limits adequate?
- Do they have contents coverage?
- If so, do the amounts need to be updated?
- When you receive a late notice from the NFIP or WYO company, follow up on it by contacting your client. Don't just file the late notice away.
- Send your own notice to advise a client that his or her policy is about to lapse. Stress the importance of keeping the policy in force. Be sure to give the client instructions about how to prevent nonrenewal of coverage (payment deadline, amount, address, etc).
- If a policy should nonrenew, contact the insured. Offer advice about the benefits of the coverage and provide information about what is needed to reinstate coverage.
- Always encourage your clients to voice their questions and concerns.

1999 National Flood Conference in Denver in mid-May, FIA's Financial Division Director, Edward T. Pasterick, was in the Czech Republic for a workshop about flooding sponsored by the North Atlantic Treaty Organization (NATO). NATO sponsors a number of Advanced Research Workshops on a variety of topics. According to Pasterick, NATO decided to sponsor a workshop about flooding in the aftermath of serious flooding along the Czech Republic's Oder River in 1997.

"About 16 countries were represented from all over Europe as well as the U.S.A. and Canada," he said. "The workshop was held in a remote hotel in the mountains outside of Ostrava in northern Moravia, close to the borders of Slovakia and Poland, because it was close to some of the areas flooded in 1997."

In this highly technical workshop, discussion centered on topics such as recent developments in real-time flood forecasting systems, post-war changes in land use and increases in inland floods in former West Germany, and anthropogenic impacts on the formation of flash floods and measures for compensating flood victims.

"I characterized my presentation on the NFIP as coming from a public policy perspective that requires solid, reliable data to help shape effective, credible public programs like the NFIP," said Pasterick. "The avenue to flood loss reduction in Europe is largely seen as the control of river flows and adequate warning systems rather than changing development patterns. While land use controls are viewed as effective means of reducing flood loss, there was a general sense of pessimism about the political feasibility of controlling floodplain development." ■

1999 Flood Conference, *continued from page 4*

Wednesday: The NFIP's Hottest Issues

The final general session was devoted to discussion of "Hot Issues" with a panel of insurance, lending, and government experts. Moderated by Ed Connor, a Program Analyst with FIA, the discussion opened with a summary from each panelist of the three hottest issues among their constituencies, which are listed below.

Bob Ross, Chairman of the Flood Insurance Producers National Committee (FIPNC)

Agents' issues:

1. Mapping
2. Rating and policy form simplification
3. Repetitive losses

Michael Moye, President of the National Lenders Insurance Council (NLIC)

Lenders' issues:

1. Condominium master policies and the assessment exclusion provision in single Dwelling

Policies

2. Second lien mortgage markets (the equity and open lines of credit markets)
3. The Mortgage Transaction Fee proposed to fund the map modernization program

Jo Ann Howard, FIA Administrator

FIA's issues:

1. Repetitive losses
2. Mapping technologies and funding options
3. Y2K concerns

Howard Leikin, FIA's Chief Actuary

Actuarial issues:

1. The impact of reducing or eliminating the subsidy for older construction and of identifying long-term erosion areas on the NFIP's operation, Program coverage and rates, and public policy for land use in hazardous areas
2. Eligibility requirements and "grandfathering" practices for Preferred Risk Policies

3. Collecting correct address data from WYO companies for use with Geographic Information System technology

Bruce Bender, Chairman of the Write Your Own (WYO) Marketing Committee

WYO issues:

1. Decreases in the Expense Allowance provided to insurance companies that have signed FIA's WYO Arrangement
2. Policyholder retention
3. Electronic commerce

Tom Powell, Chairman of the Institute for Business and Home Safety (IBHS) Flood Committee

WYO issues:

1. Reductions in the WYO Expense Allowance and setting achievable growth goals
2. Flood policy revision
3. Affordability in repetitive loss strategies

The final general session concluded with panelists responding to questions submitted by conference attendees about other hot topics, such as who should have

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1999 Flood Conference, *continued from page 9*



Jo Ann Howard, Administrator,
Federal Insurance Administration

“At this conference I believe we reached an important peak in our journey in this Program. We have listened to suggestions from our partners—agents, policyholders, Regions, companies, Mitigation—for improving the system, where we can go in reinventing the National Flood Insurance Program. It is now up to us to start scaling that last high peak, which is how do we actually make this happen? How do we make this Program simpler? How do we expand the base of policyholders in this country? How do we make the rates more affordable? How do we use plain English so that people will understand the coverages and what the Program offers? I feel very good about our climb and where we are now, but the important thing is to keep climbing.”

the responsibility for approving Elevation Certificates and Letters of Map Amendment, adapting the NFIP to allow endorsing homeowners’ policies for NFIP flood coverage, and using the Community Rating System to fund mitigation. Joe Coughlin, Assistant to the FIA Administrator, also summarized FIA’s “Call for Issues” initiative (see page 23 for a status report on this project).

Six of the conference’s most popular workshops as well as another set of roundtable discussions were repeated on Wednesday to accommodate scheduling conflicts. The conference’s closing luncheon featured Ed McCaffrey, wide receiver for the Super Bowl champion Denver Broncos, who spoke with humor and conviction about the importance of teamwork and commitment for success on the floodplain as well as on the playing field.

Around the Edges

A host of sponsored events as well as pre- and post-conference

meetings gave conferees the opportunity to get to know each other better and to learn more about the Program in a social context.

Scott Busch and Bill Jemptry of Flood Zones, Inc., and Joe Tabarek of Credit Insurance Markets, Inc., won the pre-conference golf tournament sponsored by CSC Logic on Sunday, May 16. Later that day, more than a dozen people, representing the insurance and lending industries as well as FEMA and FIA, met to discuss issues raised at the Flood Insurance Summit held after devastating floods hit Grand Forks, North Dakota, in 1997. Attendees learned details about FEMA’s *Project Impact* initiative and offered numerous suggestions for involving their constituencies at the local and national levels. Discussion also focused on marketing strategies such as FIA’s Cover America II campaign (see article on page 21) for improving low policy retention rates.

That evening, hundreds

of conferees attended the conference opener reception sponsored by Pilot Catastrophe Services, Inc. The next morning, National Con-Serv, Inc., kicked off the first day of the conference by sponsoring an enormous breakfast buffet. Tuesday morning, approximately 100 people participated in a 5K race and 1-mile fun walk sponsored by the NLIC and the Salvation Army, raising almost \$8,000 for local disaster relief efforts. EDS provided a delicious breakfast buffet on Tuesday morning, and lunchtime visitors to the exhibit hall on Tuesday were treated to a light lunch sponsored by Geotrac, IMSG, and Lionel Henderson & Co. A popular pre-banquet reception held Tuesday evening was hosted by Computer Sciences Corporation.

2000 National Flood Conference

Next year’s conference will be held May 7-10 at the Austin Convention Center in Austin, Texas. If you have not attended an NFIP Flood Conference and would like to be added to the mailing list of those receiving conference announcements early in 2000, send a fax to Becky Reardon at 301-918-1471 or an e-mail to becky.reardon@fema.gov. ■



5K race participants review race results with NLIC President Michael Moye (center).

Wait, Don't Close that Loan Yet!

Lena Thompson, Federal Insurance Administration

When a Regulated Lending Institution is found to have committed a “pattern or practice” of violations under the National Flood Insurance Reform Act of 1994 (you know it as NFIRA), that lending institution could be assessed civil monetary penalties by its Federal regulatory agency.

How do you comply with flood insurance requirements and avoid these penalties?

The first thing to remember is that the law allows penalties related to covered loans when a lender fails to place insurance, escrow flood premiums on applicable loans, provide notice requirements, or force-place insurance.

To protect your portfolio and your borrower, avoid problems by asking—and answering—the four basic questions below.

What is the property's flood risk?

Remember that all communities throughout the U.S. have some degree of flood risk. This is relevant for those areas where the property owner “knows” it has never been flooded. Structures located in high flood risk areas (Zones A and V) have a 26 percent chance of flooding over the course of a 30-year mortgage. Flood insurance is mandatory for structures in high flood risk areas. It's in your interest to know the flood risk. Even areas outside the high flood risk areas can flood. Between 20 and 25 percent of NFIP claims come from these areas. You can require flood insurance for these properties, as well.

How do I know the compliance issues? What if I miss them?

Many lending institutions use flood zone determination companies to deal with the ins-and-outs of lender compliance. While that may take the responsibility for making a flood determination out of a lender's hands, it's still good to know how those determinations are made. The ultimate responsibility for making determinations rests with the lender.



Flood insurance is mandatory for buildings constructed in Special Flood Hazard Areas (SFHAs).

And, yes, there is more to compliance than flood zone determinations. To help you better understand lender issues, the NFIP Bureau and Statistical Agent offers lender compliance seminars in every state throughout the year. At these seminars, you will learn up-to-date information and where to find answers to those tough flood insurance and lender compliance questions.

Do I need to keep track of my loans?

To avoid uninsured flood losses due to a homeowner's not renewing a flood insurance policy, make sure you know your portfolio. Make certain you have a process in place to monitor renewal. Flood insurance providers must send affected parties an expiration notice 45 days prior to policy expiration. Keep your service information up to date so that notices are received on time.

Should I be a risk manager?

Yes. If a structure is in a high flood risk area, it poses a risk to your portfolio—and your borrower. Requiring flood insurance for these

loans not only helps you comply with the law, it also protects your lending institution and your borrower when a flood hits. Manage the flood risk as you would all other risks in the loan process. ■

Lena Thompson is Lender Compliance Officer with the Federal Insurance Administration.

And A River Runs Through Us...Again!

Cader B. Cox, III

“Never say never” is an expression that has taken on new meaning for hundreds of thousands of property owners who believed it was impossible for their property to flood or who, having survived one major flood, thought they'd never have to cope with another.

Following is an excerpt from the 1998 annual newsletter produced by Cader B. Cox, III, owner of the Riverview Plantation Hunting Lodge in Camilla, Georgia. This recreational camp, composed of eight cottages and a main lodge, experienced severe flooding in 1994. In the spring of 1998 it faced another major flood. But this time, mitigation measures minimized the damage.

On March 10, 1998, the Flint River once again rampaged through our facilities. Although the damage was not as extensive as in 1994, it was substantial, and I will share all of the gory details with you.

One of the first things y'all need to recognize is that you are receiving this report from a 1000-year-old man. The '94 flood was officially deemed a 500-year flood, and then along came the '98 flood at almost the same level as in '94. That must make me at least a thousand years old. While I identify more with Job in the Bible, it's actually Methuselah with whom I share the common bond of age. Since adversity is the best source of strength, I might also be able to give Samson a pretty good whipping right now.

Well, that's quite enough of my pity party. So why don't I bring y'all up to date on the extent of the flood and what we have done during our rebuilding program. We had hoped and prayed that we would escape this latest flood. Since we still had ten days of hunting season left on March 10, we were quite reluctant to pull the plug on our guests. Giving up that income also played a minor role in our reluctance to cancel the balance of the season. We finally decided to break camp at noon on March 10.

We had a very good game plan and executed it to perfection. Although she extracts some very high fees, “Experience” is a great teacher. We knew what we were doing this time and saved items such as vanities, doors, etc. We also anticipated the weight of wet, muddy carpet and snatched our carpet out before the flood. Most of us who lived through '94 didn't relish the prospect of dealing with the same aftermath, and we did not!

Here's what happened. We sandbagged the entire main lodge with the help of about 100 of our closest personal friends—prisoners from the county farm. By the time we finished the project and March 11 rolled around, the river had cut us off from the east. The river was running through the Rainbow Cottage and the lodge pond, and the main lodge compound had become an island. Evacuating the prisoners from the main lodge island complex by small johnboats

in a raging flood was no picnic, I can assure you. Once again, I heard myself referred to in long, flowing adjective phrases. We set up pumps inside the sandbag walls and several of us intrepid souls stayed up all night long manning the pumps. Did I mention that it was below freezing that night, and that we had no electricity?

When the river crested and the water receded, we had won a few small victories. The main lodge took absolutely no water. We stayed dry by a margin of 15 inches. That was a blessing, because the management of all of our operations is headquartered at the main lodge. Additionally, both River and Lake Cottages remained high and dry. All of our other six cottages took water, but none had any structural damage this time. Wildlife Cottage received only 2 inches of water and Island had 16 inches.

First comes the good news. We got worried about this “El Niño” weather phenomenon early in the fall and purchased some Federal flood insurance. Flood and life insurance are two of the best investments you can ever make, if the insured event occurs shortly after coverage is bound; but who in the world wants to collect on one of those events? Financially we were not affected, but psychologically we were more affected than in '94 because we had convinced ourselves that the '94 flood was a once-in-a-lifetime event.

After much deliberation, which covered everything from relocation to eco-terrorism, we decided to hire some engineers and architects to help us rebuild on site with flood protection, if possible. We have created a berm around the main lodge/River/Lake/Wildlife complex. Papa volunteered for this project

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Marketing Homeowners Insurance, Marketing Flood Insurance

*Pat Hartpence, New Jersey
Re-Insurance Company*

Flood insurance is not homeowners insurance. Not only is the peril of flood excluded by the highly marketable homeowners policy, but the actual coverage for floods is a personal lines product often characterized as a “tough sell.”

One might ponder why this is so. A remarkable number of homeowners policies span years, if not decades, claim-free. So why the mad rush to purchase a homeowners policy once an individual becomes the king or queen of a castle? Sure, some are compelled by mortgage requirements, but isn't this also the case with flood insurance? What elements of a homeowners policy attract customers? Could similar features be used to persuade clients to buy flood insurance?

Insurance Agents Are also Insurance Customers

Just about every insurance agent who sells homeowners insurance is also a customer. But this is seldom the case with flood insurance. How many insurance agents can share with their customers the satisfaction of being flood insurance policyholders as they can by being fellow homeowners insurance policyholders?

Insurance agents who are also flood insurance policyholders are able to cite their reasons for purchasing the coverage, respond to questions from a personal perspective, and empathize with client concerns.

Providing Full Coverage

The amount of coverage is not often an issue for a homeowners insurance policyholder. Insurance agents explain the co-insurance penalties of a homeowners policy, and the wise insurance customer will choose limits so that partial loss payouts will not be deflated.

Flood insurance customers must be provided with the same information, but perhaps even more emphatically. Even when the amount of flood insurance coverage is written to comply with that required by a mortgage lender, it may not provide full coverage in the event of a flood. Flood agents must make certain consumers understand the ramifications of inadequate coverage limits, including possible denial of coverage for the dreaded sewer backup. Remember, in cases involving sewer backup in connection with a flood, you need to determine whether the policyholder has replacement cost coverage—see Article 3, paragraph B.3., of the Standard Flood Insurance Policy and run your situation through the four checkpoints there.

Floods Are More than Just Rain

Perils covered by the homeowners policy are numerous. Floods, too, are caused by many types of conditions, from runoff to mudflows to flood-induced land subsidence, all of which are covered under the flood insurance umbrella. Flood agents can help their customers understand the many causes of floods, especially those

that are relevant to their area. Flood agents also can use information about floods that have occurred in the area as examples.

What About Cost?

The premium developed for a homeowners policy seems commensurate with the extent of coverage. But one might say, “not so,” when it comes to flood insurance. Some believe that the premiums approach the exorbitant.

And yet, homes outside of high-risk areas can be covered for a little more than \$100 a year. Also the elevation of the building can help reduce the premium significantly, given that the risk of flood damage is decreased as the elevation increases. People whose homes were built before the Flood Insurance Rate Maps (FIRMs) went into effect can get better rates if the lowest floor of the building is at or above the base flood elevation and the building is rated using post-FIRM rather than pre-FIRM premiums. Other cost-saving measures include increasing deductibles to a level that the insured feels will not cause an insurmountable burden in the event of a flood loss.

No, flood insurance is not homeowners insurance, but by using some of the same sales tactics, you can offer a package of both coverages to protect castles—large and small—from gaps in insurance protection. ■

Pat Hartpence works with the underwriting of Flood, Umbrella, Standard Auto and Residual Market Auto Insurance. She has been with New Jersey Manufacturers Insurance Company (New Jersey Re-Insurance Company's parent) for 20 years, 11 of which have been in the area of Flood.

A New *Watermark* Department Appears for Claims Adjusters

In the aftermath of a flood, claims adjusters play an essential role in helping NFIP policyholders begin the process of recovery. Many policyholders study the details of their coverage only after they have sustained a loss. Claims adjusters often are asked complex questions about coverage and recovery options while they assess the damage, frequently having to distinguish flood-related damage from damage resulting from other types of perils.

Because adjusters are in the

position of explaining coverage issues to both the policyholders and the insurance companies, adjusters must have a broad knowledge of flood policy coverage. It is the adjuster's careful and responsive handling of a claim that can influence how quickly it is processed and paid.

Claims Seminars Offer Specialized NFIP Training

To help educate adjusters about the NFIP, the Program offers claims seminars for adjusters at

more than 24 locations around the country. The seminar is designed to provide adjusters with information about changes in flood insurance coverage and adjustment procedures. This year, 2,189 adjusters attended the claims seminars presented between January and June in 18 different states. Multiple seminars were offered in Florida, Texas, and California because these three states account for a large portion of the flood insurance losses experienced in the United States. Additional claims seminars can be scheduled throughout the year at the request of a WYO company or claims adjustment firm.

Answers to Frequently Asked Adjusting Questions

Why is ICC coverage important?

Because the availability of flood insurance coverage is tied to floodplain management, which is designed to reduce future losses, flood zone designations and elevation requirements are covered in each NFIP claims seminar. Instruction is provided for special loss situations that can arise. Sometimes flood-damaged structures must be brought into compliance with local floodplain management standards before repair can take place. In these cases, the mandatory ICC coverage required for buildings is available to assist policyholders. The principal features of ICC coverage are described during the seminar as well as how to fill out the ICC Adjuster Report and Proof of Loss forms.

Adjusting claims for condominiums as well as for houses with basements can be complex. How are these special situations addressed in the claims seminars?

As greater development takes place along waterfronts such as rivers, lakes, and seacoasts, condominium coverage becomes more frequent. NFIP claims experts provide information about how to adjust claims when Residential Condominium Building Association Policies (RCBAPs) are involved. And, in parts of the country where basements are routinely built, it is particularly important to understand which of the many basement elements are covered (such as water heaters, and clothes washers and dryers, to name a few) and, which are not (such as contents). NFIP General Adjusters explain the details of basement coverage at these NFIP seminars and even distribute lists of what is covered and what is not.

What do NFIP claims seminars offer for adjusters who work for WYO Companies?

While staff adjusters are not required to be NFIP-certified to work WYO claims, they are required to know and understand NFIP policies. Many WYO companies provide flood insurance training and certification for the adjusters who work for them. Those that don't are encouraged to use NFIP-certified adjusters. To facilitate the training of adjusters who work with WYO companies, the NFIP often conducts on-site seminars sponsored by individual companies. For more information about how to schedule a sponsored claims seminar, contact the NFIP Bureau and Statistical Agent's Claims Department at 800-426-6347.

Claims seminar presentations center around the three NFIP policies: the Dwelling, the General Property, and the Residential Condominium Building Association Policy (RCBAP). In addition to providing general information about each policy, the seminars place special emphasis on substantial damage issues as well as the complexity of claims processing concerns related to basements, elevated buildings, and condominium coverage.

Each seminar also addresses Increased Cost of Compliance (ICC) coverage and how it relates to the community administration of floodplain management laws or ordinances. Other topics include mitigation options available under ICC and the technical assistance available to State and local officials following a flooding event. Attendees are given ample opportunity to ask questions and share ideas.

Certification

The NFIP maintains a database of independent adjusters who are certified to adjust flood claims under policies issued by the NFIP Servicing Agent and the WYO companies that use the services of independent adjusters.

Adjusters must meet the minimum qualifications established by the NFIP to receive certification. Although there are several certification categories that require different degrees of experience, all NFIP-certified adjusters are asked to attend one of the Program's claims seminars each year to stay up to date with changes in underwriting policies and claims procedures and to maintain certification. Several states accept attendance at the NFIP claims seminar for Continuing Education credit.

To request certification, adjusters must mail an application to the NFIP Bureau and Statistical Agent. For more information about

certification, seminar participation, or sponsoring an on-site claims presentation, contact the NFIP Bureau and Statistical Agent's Claims Department at 800-426-6347 or send a fax to 301-918-1476.

Visit the NFIP's Web site at <http://www.fema.gov/nfip> for information about upcoming claims seminars, NFIP publications, and access to the entire text of the *Flood Insurance Manual*, which contains explanations of all NFIP policies as well as limitations to coverage.

We Need Your Feedback!

We welcome your input for this new department of *Watermark*. To send us your questions or to submit an article you'd like to have considered for publication here, please write to Susan Bernstein at FEMA/FIA, 500 C Street SW, Room 430, Washington, DC 20472. You can send her a fax at 202-646-3689 or contact her by e-mail at susan.bernstein@fema.gov. ■

And A River Runs Through Us, *continued from page 12*

and drafted three other guys to help him. We rented an excavator and dump trucks, but used our own heavy equipment. Old folks obviously have no fear of meeting their maker, but the other three guys aged 10 years working on those slopes with nonamphibious 'dozers. This dyke runs all the way around the complex, both east and west. We have grassed and matted the banks and spread river rock along the top. Since we created a bowl effect, we added drain tile and culverts to drain the water out. Some of our less charitable employees dubbed this phase of the rebuilding program "Fort Apache Riverview." It is different, but I think you will find it attractive.

By far and away the most ambitious part of our program was the decision to actually lift Lower Forty, Shoal, and Magnolia Cottages off the slab and set them back on a higher foundation. To accomplish this goal, we searched the world over to hire the crustiest, most profane curmudgeon of a house mover. He made our very own in-house grumps, Papa, Aaron, and Louis, look like choirboys. But he accomplished the task and did it well. I have about a zero percent chance of getting to heaven after dealing with this gentleman for 2 months. We will construct split-level decks for these three cottages, and they will really look magnificent when completed. At Island Cottage we are constructing a 24-inch block/rock retaining wall, which should protect it, and have decided to sacrifice Rainbow Cottage to Neptune in the event of another flood. We are remodeling and placing Rainbow back into service this fall, but we couldn't figure out how to flood protect it either aesthetically or architecturally.

So, there you have the whole story! I read somewhere once that, if you want to leave a footprint in the sands of time, you need to wear work boots. Well, we have flat tied work boots on this spring and summer. Y'all come see the results this hunting season. ■

Rating Made Easier with Redesign of Elevation Certificate

An accurate Elevation Certificate (EC) documents a building's susceptibility to flooding as well as its compliance with floodplain management requirements. To the insurance agent or underwriter who rates the structure, the EC is an essential tool for determining the annual premium charged for flood insurance coverage.

But if flood waters strike and the EC for a building has been filled out incorrectly or incompletely, the policyholder stands to receive a costly surprise when seeking an NFIP claims payment for flood damages to the structure or its contents. The misrating of buildings due to incorrect information supplied on the EC can delay not only the issuance of flood policies, but also the settlement of insurance claims.

New EC is More Comprehensive and Less Complicated

Filling out the NFIP Elevation Certificate has not always been easy, judging from comments FIA has received about the EC's format and the relevance of the data collected on it. However, the process of identifying and rating flood risks just got a little easier, thanks to a work group convened by FIA at the beginning of 1998 to analyze, redesign, test, and revise the NFIP's EC.

"For the last few years, we've been collecting comments from EC users such as surveyors, engineers, floodplain managers, and insurance agents," explains Jhun de la Cruz, an insurance examiner in FIA's Underwriting Branch. "We've improved the form to make it more

defined. For example, the new form collects more elevation information on a building. Surveyors or engineers must provide all of the elevation measurements that underwriters need to rate a building's susceptibility to flooding, but with the new form they no longer have to understand the NFIP's guidelines. Surveyors and engineers are now required to perform what they were trained to do, and that is to certify the building's elevation and location."

New Sections Are Detail Oriented

For years, the EC included the certificate form, followed by two pages of instructions and two pages of building diagrams. Information was collected about a property's address, its location on the current FIRM, its elevation, its compliance with community ordinances, and details regarding the certifying

surveyor, engineer, architect, or community official. Eight diagrams served as references for determining the type of building and the required elevations. Much of the information requested on the old certificate had to be entered by the surveyor, engineer, or architect in a general comments section.

The new certificate still provides ample space for comments, but detailed questions about property location, FIRM data, and survey results have been added, the instructions have been clarified, and the building diagrams have been revised. Another significant change is that the surveyor or engineer is no longer required to provide the reference level (the lowest floor) used for rating.

The new EC also provides space to describe the building's use and to record its latitude and longitude, when this information is available. In addition to the NFIP community name and number, as well as relevant flood zones, the new EC asks for information about

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Who Needs an Elevation Certificate?

FEMA's Flood Insurance Rate Maps (FIRMs) identify areas across the country that have been shown to have higher risks of flooding. These are called Special Flood Hazard Areas (SFHAs). Buildings constructed in SFHAs after a FIRM was issued by FEMA are described as "Post-FIRM construction" (provided they were built on or after January 1, 1975) and applications for flood insurance coverage for these structures must be accompanied by an EC to be rated by the insurance agent or underwriter.

Buildings constructed in SFHAs before a FIRM was available for the area are described as "Pre-FIRM construction," and the NFIP does not require an EC for rating these structures. However, owners of Pre-FIRM buildings whose lowest floor meets the NFIP's minimum elevation requirements often choose to submit an EC with their NFIP policy application to reduce their annual flood insurance premium.

How Will the NFIP Repetitive Loss Strategy Affect You?

Over the last few issues we have tried to keep our readers abreast of the development of the NFIP repetitive loss strategy. As you know, the repair-flood-repair-flood cycle affects tens of thousands of homes located in floodplains. The NFIP has sought to end that cycle through various forms of mitigation. In this article, we summarize the present NFIP position and answer potential questions.

Repetitive loss properties are defined as those with at least two losses of \$1,000 or more within any 10-year period. The NFIP's strategy targets two subsets of currently insured repetitive loss properties—those with two or three losses where the cumulative flood insurance claim payments are greater than the building value, and those with four or more losses.

How Will FEMA Target Repetitive Loss Properties?

The NFIP will use insurance data to target repetitive loss properties for mitigation action. FEMA intends to issue a Notice of Proposed Rulemaking proposing that, if a target property is offered mitigation assistance through the Flood Mitigation Assistance Program or the Hazard Mitigation Grant Program and the offer is declined, flood insurance for the property will be renewed or rewritten only at a full-risk premium. Systems will be developed to track offers of mitigation assistance by property address to ensure that this happens.

What Forms of Mitigation Assistance Will Be Used?

Two existing funding programs will be supporting FEMA's repetitive loss strategies.



Repetitive losses account for an estimated \$200 million in NFIP losses each year.



Approximately 76,000 properties insured by the NFIP have experienced repetitive flood losses since 1978.

• Flood Mitigation Assistance (FMA) Program

FEMA regions have been directed to have states use FMA funding for target properties first. An additional \$12 million appropriation for FMA has been requested for use against repetitive losses. Its purpose will be to fund specific repetitive loss strategies and to prioritize properties according to the severity and number of losses. FEMA has proposed legislation

to increase the authorization for FMA and focus the program more directly toward repetitive losses.

• Hazard Mitigation Grant Program (HMGP)

FEMA will continue to work with state partners to effectively use HMGP funds to mitigate repetitive losses. FEMA has begun providing States with insurance data on the location of and risk to their repetitive loss properties to help them identify candidate areas for HMGP projects.

FEMA will continue to explore other funding and delivery mechanisms to address repetitive losses.

How Will This Affect Your Way of Doing Business?

Properties that fall in the target group (those with two or three losses greater than building value and those with four or more losses) will be rolled over into an NFIP Special Direct Facility

(SDF). This will allow FEMA greater control in providing insurance, adjusting losses, gathering risk information, and tracking offers of mitigation assistance. These policies will be renewed only through the SDF until appropriate mitigation action has been taken. The properties will then become eligible again for coverage through WYO Companies.

Risk information will be obtained for all policies renewed

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Recent Program Changes

In May and October each year, FIA publishes the changes that have been made in NFIP policies and procedures to enhance Program operations and accessibility. The revisions are sent to all subscribers of the NFIP *Flood Insurance Manual*. Subscriptions to the Manual can be obtained by contacting the FEMA Map Service Center at P.O. Box 1038, Jessup, MD 20794-1038 or calling 800-358-9616.

May 1999 program changes are explained fully in the current edition of the *Flood Insurance Manual*. The highlights of the May 1999 revisions are listed below.

- Higher Basic Rates for Pre-FIRM V Zones because properties in coastal areas—

those subject to high velocity waters, such as storm surges and wind driven waves—are inherently prone to greater risk than other properties

- Revised rate tables for Post-FIRM Zone AE and Post-FIRM '75 - '81 V Zones
- Revised rates for standard policies in B, C, and X Zones
- New AR Zone rate table for standard policies
- Revised cancellation codes, detailed in the Cancellation Section
- Elimination of the 3-year policy, explained in the General Rule Section and in the Cancellation Section
- Updated Community Rating System (CRS) tables to include

changes that became effective April 1, 1999

- Notice of a new FEMA Elevation Certificate (EC) (available on the NFIP Web site at www.fema.gov/nfip) [FEMA has decided to phase in use of the new EC. Its use becomes mandatory on January 1, 2000, for certifications made on or after that date.]
- Expanded Rating Section to clarify the crawl space requirements for rating and descriptive purposes

Revised rate tables were included in your recent package of revisions to the *Flood Insurance Manual*. A full copy of the Manual is available on the NFIP Web site at www.fema.gov/nfip/manual.htm ■

FEMA and VISA Team Up for Credit Card Purchase of Flood Insurance

FEMA and VISA U.S.A. have joined forces to promote the benefits of National Flood Insurance and the convenience of using a VISA card to buy the coverage. This partnership provides insurance agents a new way to promote flood insurance and counter client concerns about paying the entire premium up front.

In 1995, FIA began accepting credit card payments for flood insurance premiums. Initially, only 11 Write Your Own companies used this premium payment option. Today, more than 60 companies accept credit cards for National Flood Insurance. More than \$29 million in flood insurance premiums was paid with credit cards in Fiscal Year 1998.

At the beginning of 1999, FEMA and VISA U.S.A. agreed to promote the use of VISA cards for buying National Flood Insurance. By entering into this agreement, VISA also became a major corporate partner in FEMA's *Project Impact* initiative. *Project Impact* is designed to protect communities against the effects of floods and other natural disasters.

For every flood insurance policy purchased with a VISA card between January 1 and December 31, 1999, VISA has committed to donate a minimum of \$30,000 to the two *Project Impact* 1998 Community of the Year Award winners, Tulsa, Oklahoma, and Berkeley, California, to further their disaster-resistance efforts.

This new partnership includes a joint public awareness campaign to alert people to the benefits of purchasing flood insurance with VISA cards. The campaign includes special collateral materials, direct mail, and national print advertising. To date, a direct mailing with information about National Flood Insurance and the benefits of using VISA cards to purchase it has gone to 300,000 people in *Project Impact* communities, and an advertisement with information about buying flood insurance coverage with a VISA card was included in the March 1 and April 26 issues of *Time*.

Additionally, VISA and FEMA have produced new collateral materials for insurance companies and agents that sell National Flood Insurance. These materials include:

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Map Modernization Update

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.

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, and real estate professionals. In addition, floodplain managers, community planners, surveyors, engineers, and disaster and emergency preparedness officials use the flood maps for floodplain management, mitigation, risk assessment, disaster preparedness, and response and recovery activities.

But as watersheds change due to development and other factors, so do flood hazards. Thus, flood maps must be updated to remain accurate. Approximately 63% of the nation's flood maps are at least

10 years old, and 84% are 5 years or older, rendering many of them inaccurate.

To remedy this situation, FEMA has developed a Flood Map Modernization Plan that will use modern technology to update the maps and convert them to digital format. Digital flood data will support automated applications, such as mortgage determinations and insurance rating, and will allow for electronic distribution on the World Wide Web and CD-ROM.

The estimated cost for this mass-modernization of the nation's flood maps is \$882 million (in 1998 dollars). The work to update the maps is expected to take 7 years to complete. A conservative benefit/cost analysis clearly shows that the plan will result in more than \$2 of reduced flood losses for every \$1 invested in updated, digital flood maps.

FEMA Director James Lee Witt has said, "Accurate, up-to-

date flood maps are essential for communities and property owners to plan for and protect themselves from flooding. New construction can be designed to avoid or minimize the risk of flooding damage. Existing structures can be relocated, elevated, or retrofitted to reduce their risk."

At present, funding for the flood mapping program comes from two sources—a portion of the \$30 Federal Policy Fee charged for each flood insurance policy sold, and fees charged for map products and services. Since 90 percent of the funding currently comes from the policy fees, flood insurance policyholders bear the bulk of the financial burden for the program although all property owners benefit.

For the first time since 1986, the White House has submitted a budget package to the U.S. Congress that contains a request for direct appropriations and a new, fee-based source of funding to support the Map Modernization Program. The Fiscal Year 2000 budget package includes a one-time appropriation of \$5 million for map modernization and a request for the establishment of a \$15 fee to be applied to federally regulated mortgage transactions. This fee would be collected at closing and deposited into a proposed new account in the U.S. Treasury to be used solely for flood mapping activities.

The new fee proposal was based on a desire to spread more evenly the cost of flood maps among their beneficiaries. Almost all uses of flood maps relate to real property—planning, developing, selling, insuring, and protecting. A user fee related to real property transactions ensures that

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- a counter card (inventory #F424)
 - a statement stuffer (inventory #F423)
 - camera-ready art of the VISA logo with an acceptance message (inventory #F425).

To order free copies of these materials, insurance companies and agents may call 1-800-480-2520 and reference the appropriate inventory number.

"Accepting credit cards to pay for flood insurance can be a key point in selling the coverage, since credit cards give people the option of paying the premium in full when the statement arrives, or over the course of a few months," said Jo Ann Howard, Federal Insurance Administrator. "We encourage agents to take full advantage of this method of premium payment."

For information about how to accept credit cards for flood insurance premiums, insurance agents are encouraged to call their Write Your Own company. Insurance agents who write directly through the NFIP may call the NFIP Servicing Agent at 1-800-638-6620. ■

Wading Through the Condominium Reinspection Program

Tammy Goodman, Director of Flood Services, Seibels Bruce Group, Inc.

During the last year, the NFIP has partnered with Insurance Services Office (ISO) and AllTech in an initiative to reinspect ratings of condominium buildings insured under the Residential Condominium Building Association Policy (RCBAP).

Nonetheless, the reinspection program can be smooth running for all involved, if you follow a few simple procedures.

For WYO Companies

Contact the present insurance agent by telephone. Many



The NFIP provides flood insurance coverage on almost 850,000 Residential Condominium Building Association Policies.

Through this initiative, many issues have come to light, such as improper vents in enclosed areas, zone “grandfathering,” and multiple buildings written under one policy. If you write a substantial amount of condominium policies, you know that it takes real teamwork between the Write Your Own company and insurance agent to wade through the inspections.

companies simply send a letter to the agent describing the discrepancy. Companies often rerate the policy on the basis of the inspection information. Allow your agents to collect information to dispute the inspection. Offer any assistance or recommendations to the agent on the basis of the inspection.

Explain the rating discrepancy and educate your agents by

explaining what you need them to submit to appeal the discrepancy.

After collecting all supporting documentation, submit an appeal to the NFIP Bureau and Statistical Agent for consideration. According to the NFIP Bureau and Statistical Agent, more than 70 percent of all appeals are rendered a favorable decision on behalf of the agent. Most favorable appeals are due to zone “grandfathering” rules.

If the discrepancy is found to be valid, advise the agent what steps to take next with the insured, such as collecting additional premiums due. Policies need to be rereated for the current term if the discrepancy is found 120 days prior to the policy renewal. If the discrepancy is found within the 120 days, the next renewal term must be rereated.

Remember that if an appeal is not made or the policy is not rereated, you will receive a written final notice. If the issue is not resolved, it will be referred to the WYO Standards Committee.

For Insurance Agents

Communicate openly with your WYO company. Provide them, in a timely manner, any additional information needed to appeal the inspection.

Ensure proper rating by remembering the following items:

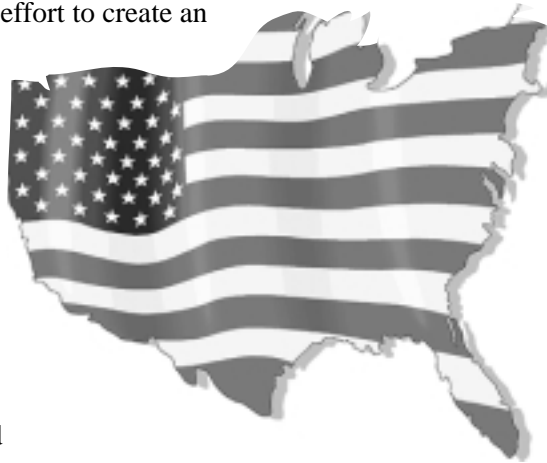
- The inspecting company provides zone information off the current map and the agent must prove zone “grandfathering.”
- Enclosure venting became a requirement in 1993. “Proper openings” is defined by the NFIP as “a minimum of two openings, with a positioning on at least two walls, having a total net area of no less than 1 square

Cover America II: Moving Ahead

On April 16, after completing the rigorous procurement process, FIA hired Bozell Worldwide, Inc., to plan, implement, and evaluate the Cover America II campaign. Bozell is the same advertising agency that conducted the first Cover America campaign.

The Cover America II campaign will build on the findings of the first effort to create an even more effective campaign. Cover America II will brand the NFIP through a new symbol, tagline, music, font, or voice to improve awareness of and attitudes about the Program and flood insurance. The campaign will use a dual strategy for awareness and sales, using television to increase awareness and magazines and direct mail to generate leads and drive consumers to their insurance agents to buy policies.

Advertisements based on the new branding elements and the awareness and sales strategies are planned to begin airing before the end of the year. While FIA and the Cover America II contractor undertake the research necessary to create and test a brand and new advertisements for the NFIP, the television and print ads produced and aired through the first campaign will continue to run. ■



Map Modernization

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beneficiaries of flood mapping help pay for the mapping program.

It is clearly unfair that the four million flood insurance policyholders bear the full burden of paying (a total of \$500 million) for the maps and have done so since 1987. This unfairness was recognized in the House report on the 1990 Omnibus Budget Reconciliation Act, which states that, "The Flood Insurance Rate Maps are used by many individuals for many purposes, not just for determining flood insurance rates.... Approximately one-half of the mapping expenses should be paid by the policyholders."

Even critics of the mortgage transaction fee agree that the flood maps must be updated and modernized. The ongoing debate will be focused not on whether to update and modernize FEMA's the flood maps, but how to pay for the effort. ■

inch for every square foot of enclosed area subject to flooding....The bottom of all openings must be not higher than 1 foot above ground."

Additionally, the openings must not require human intervention. Garage doors and windows are not considered acceptable openings.

- Multiple buildings cannot be written under one policy unless connected by a common wall. According to the NFIP *Flood Insurance Manual*, page GR 4, "Structures will be considered single buildings if attached by a common wall. Common rooflines, common slabs, or common platforms, in

themselves, do not render structures eligible as a single building. Buildings attached by an enclosed walkway are considered one building provided that the enclosed walkway is enclosed with rigid walls." This rule became effective October 1, 1994, and agents should be encouraged to perform a reinspection of properties that were formerly eligible as a single building connected by a common roof.

- Be aware that, in some instances, the inspecting company may not have been able to access the building to ensure proper rating. Provide your WYO company with

photos of the building or other documentation, such as an Elevation Certificate, from a licensed engineer.

It is important to the integrity of the National Flood Insurance Program for all flood policies to be underwritten and rated correctly. If companies and agents work together, we can ensure the success of the Program and avoid potential Errors and Omissions situations.

Tammy Goodman is Director of Flood Services and Principal Coordinator at Seibels Bruce Group, Inc. She has been involved with the National Flood Insurance Program since 1990. ■

Partnering For Mitigation—The National Dam Safety Program

We know flood insurance is important, but flood insurance doesn't work without mitigation. Mitigation does not happen just at the community level. States and the Federal Government play a large part in ensuring a safe environment. The FEMA Mitigation Directorate works hand in hand with FIA to implement the NFIP to ensure a safe environment for all Americans. The National Dam Safety Program is just one of many partners working for a safer America.

On October 12, 1996, President Clinton signed the Water Resources Development Act of 1996 (P.L. 104-303). Section 215 of the Act established the National Dam Safety Program and named FEMA

Director James Lee Witt as its coordinator. While the Dam Safety Program at FEMA has promoted dam safety and mitigation for almost 20 years, Witt recently elevated the program to Office level and appointed Donald G. Bathurst as Director of the Office of National Dam Safety.

The safety of dams is an important issue to mitigators and insurers throughout the United States. More than 75,000 dams form a critical part of our national infrastructure, providing water for people and crops, and supplying inexpensive and safe hydroelectric power. Along with the great structures like Hoover Dam, this infrastructure includes thousands of earthen dams.

Dams pose a significant risk to the public, and the risk grows as the dams become older and are not properly maintained. Dam failures can kill. During the July 1994 Tropical Storm Alberto, there were more than 200 dam failures in Georgia, killing 15 people. Between 1960 and 1997, 318 people have died as a result of dam failures.

While the Federal Government owns only about 5 percent of the dams in the U.S. (the others are State and privately owned), FEMA plays a national role in promoting dam safety. Although FEMA neither owns dams nor has regulatory responsibility for them, FEMA is responsible for coordinating all the activities of the

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NFIP Repetitive Loss Strategy, *continued from page 17*

through the SDF. This will include an Elevation Certificate and may include digital photographs and other information that can be used to assess the risk. This information may be provided to local communities for mitigation planning purposes. If necessary, the information could help in actuarially rating the insurance.

How Will FEMA Keep Me Informed?

FEMA is currently working with the IBHS Flood Committee to develop the procedures, information, and educational materials for companies, agents, and policyholders that will be necessary to implement the SDF.

FEMA will continue to improve dissemination and distribution of data to its state and community partners about the location of and risk to individual repetitive loss properties. A system will be implemented for correcting the repetitive loss file and tracking repetitive loss properties, including those that have been made mitigation offers. An outreach and technical assistance package will be developed and distributed to repetitive loss communities that have target buildings. Workshops on mitigation alternatives will be conducted for these communities. Repetitive loss data will be used to identify areas that need re-mapping. Repetitive loss data will be incorporated into the 5-year map update process to help identify areas for study.

Will the Communities Be Involved?

Under the NFIP Community Rating System (CRS), credits have been increased for acquisition, relocation, and retrofitting, with bonuses added for addressing repetitive loss buildings. FEMA will work with **Project Impact** communities that have large numbers of repetitive losses. Some **Project Impact** communities already have initiatives underway to address repetitive losses. For more information about the CRS or **Project Impact**, visit the NFIP Web site at www.fema.gov/nfip ■

Don't Let a Flood Event Become an E&O Event

David Surlles, Director of Member Services, Independent Insurance Agents of Texas

When flood risks rise, so do claims to Errors and Omissions insurers. Here is a summary of some E&O insurance claims reported over the last year. Remember—educating your employees, agents, and policyholders is the best “defense.” Do these scenarios sound familiar?

Too Little, Too Late

Recently, an agent met with one of his clients to discuss her decision not to renew her flood insurance. The agent discouraged renewal saying, “There’s never been a problem in your neighborhood.”

After thinking things over for a few weeks, the client called her agent, submitted the premium, and purchased a new policy to replace the old one, which by now had lapsed. A couple of days later, Tropical Storm Frances flooded the property severely—before the 30-day waiting period applied to new policies was up. If the insurance had been purchased when the agent

and insured first met, she would have been covered.

Zoned Out

An agent ordered a flood policy with the wrong zone for the property. Tropical Storm Frances destroyed the property—more than \$250,000 in flood damage. When the adjuster discovered that the property was rated with an incorrect flood zone, the insurer offered to reform the policy and pay the amount of loss, less the policy difference—\$80,000 worth of error.

Watch those HPRs

An agent insured a private property using highly protected risk (HPR) rating on a property form that automatically included flood coverage except for properties located in Special Flood Hazard Areas (SFHAs).

The policyholder constructed a building in an SFHA, but the agent forgot about the zone limitation for automatic flood coverage. The

insurer issued the endorsement with the notation “FLOOD EXCLUDED” but the agent missed the notation in the endorsement. When autumn floods hit, the new property suffered \$150,000 in uninsured flood damage.

What Agents and Policyholders Need to Know

- Homeowners insurance policies do not cover flooding.
- In most U.S. communities, flood insurance usually can be obtained from your client's regular insurance company or agent.
- Zone “look-up” programs and rating software can help an agent sell flood insurance.
- Don't think a “100-year flood” happens only every 100 years—it can happen any day.
- When a 100-year flood happens, a community can be hit by several feet of rain in just a few hours—and no drainage system in existence can remove that much water fast enough. ■

This article recently appeared in the Independent Insurance Agents of Texas publications Texas Agent Personal Lines Report and E&O Update.

Update on the NFIP Call for Issues

On September 9, 1998, a “Call for Issues” affecting the National Flood Insurance Program was published in the Federal Register. After 30 years of making flood insurance available to customers who once were unable to buy such protection at any price, the NFIP sought our customers’ input to help improve the effectiveness of the NFIP.

The Call for Issues ended on November 9, 1998, 2 months after it was published in the Federal Register. The NFIP had sought comments in the four major areas of the Program—insurance, risk identification, mapping, and floodplain management. During the comment period, nearly 800 issues were identified by 169 respondents. The respondents submitted thoughtful and informative discussions that included suggestions ranging from simple Program “fixes” to major changes in the way the NFIP operates.

All of the suggestions are being reviewed within the Federal Emergency Management Agency. We will be making decisions on those suggestions that we believe to be in the best interest of the NFIP. The input received included suggestions about fine-tuning lender compliance, rethinking insurance coverage and rates, and offering

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Changing What People Do About Disasters

The Institute for Business and Home Safety (IBHS) and the 19 Federal agencies that comprise the Subcommittee on Natural Disaster Reduction are co-sponsors of Public Private Partnership 2000 (PPP 2000), a series of forums on the public policy issues involved in reducing natural disasters.

The primary objective of PPP 2000 is to reduce losses from natural disasters through increased public awareness and the implementation of technologies and techniques to improve disaster response, recovery, and mitigation. Public policy issues and possible

actions are identified and discussed through a series of forums held in Washington, D.C., since September 1997.

Each forum has focused on a different issue related to natural disaster reduction and sought a wide range of ideas from participants invited on the basis of their specialized knowledge and experience. The 10th forum was titled "Motivating People to Do Something about Natural Hazards," and it explored new approaches to natural disaster mitigation.

"Over the past few decades, the science of forecasting natural

hazard events such as hurricanes, floods, and volcanic eruptions has advanced significantly, as has the technology for disseminating warning information quickly," according to *Public Private Partnership 2000: Report on the Tenth Forum*. "However, people at risk often fail to understand or act on the information in appropriate ways, suggesting that our ability to present the information has not kept pace with the technological advances."

The report summarizes the primary topics examined by forum presenters. Below are highlights

Public Private Partnership 2000: An Excerpt from the Report on the Tenth Forum

Americans are attracted to areas where disasters occur. More than 40 million people live in high-risk areas. Yet people have a low sense of personal risk from disaster, and their perception of risk does not correlate to what they do about their risk. Although scientists think in terms of statistics and probabilities and in the past have presented hazards information in this way, the public generally does not know how to connect probabilities with appropriate action. Scientists must learn how to translate research about hazards and risks into information that influences public action.

Communicating about hazards and risks is a dynamic, multi-faceted process, and effective public education is not simple. In the past twenty years, our ability to communicate with the public about disasters has improved significantly. We have based communication and public education on several assumptions:

- information should come from a number of different credible sources;
- the content should focus on risk;
- warnings should include specific information about who faces the risk;
- repetition is needed;
- communication is not a singular act but a process that can take months or years; and
- the public has a need to validate the information it hears.

However, we have not adequately validated these assumptions or assessed the effectiveness of public information campaigns to know whether or not our communication is eliciting the desired actions or behaviors.

It was proposed that the role of public education is to create uncertainty in people about the stability of their environment in order to get people to educate themselves, convince themselves that change is needed, and, ultimately, act to reduce their vulnerability. Awareness and education campaigns must recognize that people differ in their knowledge about the hazards they face, in their preferred way of receiving information, and in their ability to mitigate hazards. The public is not homogeneous, so education must be customized. The more local and targeted the approach, the more successful it is likely to be. Children make excellent messengers and have amazing ability to influence the adults in their lives. Additionally, the best time to influence a person's behavior is when they are young.

Our current approach to building awareness is hazard specific and is based on a linear model: that the public will understand hazards information if it is clearly presented and will act rationally to reduce its risk. In fact, we now realize

Call for Issues, *continued from page 23*

from the report, which could be helpful in your efforts to educate people about the risks of floods and to understand what prompts them to take action.

For more information about the PPP 2000 forums that already have occurred as well as those scheduled to take place, visit their Web site at www.usgs.gov/ppp2000/index.html. ■

*Our thanks to **Ken Deutsch**, Manager of Mitigation for the American Red Cross, for allowing us to reprint this section of the report he wrote for the Public Private Partnership 2000 Tenth Forum.*

increased technical guidance. Several suggestions dealt with areas FEMA already is working on, such as making policies, forms, and manuals more readable; strengthening FEMA's involvement with local floodplain management activities; and developing ways to inform the public about the programs and the advantages of flood insurance. FEMA was excited to see that several suggestions addressed innovative ways to make the NFIP work better for you.

Following the review of the "Call for Issues" responses, FEMA plans to publish a report listing the issues, the suggestions submitted to address those issues, and the formal decisions made by the Federal Insurance Administrator and the Associate Director for Mitigation to address those issues.

When the report is completed later this year, copies will be made available to all interested parties. Because some of the decisions will require an extensive analysis and implementation effort, the report will reflect only the status of the suggestions at the time that the report is released. Subsequent status reports will be published over the next several years until final action on all submissions is reflected. ■

that both businesses and individuals have little awareness of what can be done to protect homes and businesses. Future public education messages must be presented in many ways, from many sources, and in many languages. The news media (print, television, radio) are an essential partner in the quest to motivate the public to take more responsibility to protect themselves and their property from natural hazards.

Diverse partnerships and coalitions among both grassroots and national groups are crucial to effective mitigation, yet no formal strategy currently exists to help develop these partnerships. Information and opportunities to influence grassroots mitigation exist but are not always shared; for example, design professionals and regulators must find ways to share technical information with insurers and lending institutions.

Mitigation actions too often have tended to shift the burden of risk onto the poor and other vulnerable populations. Future mitigation strategies need to enhance intra- and intergenerational equity as well as support long-term economic sustainability.

Recommendations:

- Examine how public values about wearing seatbelts, historic preservation, and recycling have been changed, and use those tactics to change public values about disaster vulnerability.
- Establish a natural hazards coalition that will foster partnerships and information sharing among the diverse groups involved in mitigation.
- Expand incentives for grassroots mitigation action, and eliminate government disincentives to mitigation; for example, the current tax code does not allow deduction for retrofit, yet it does allow deductions for catastrophic losses.
- Publicize mitigation success stories to motivate similar actions.
- Target the message to the audience and engage all forms of the media to creatively expand education to the public about reducing vulnerability to natural hazards; for example, involve weathercasters in disseminating mitigation information.
- Maximize the effectiveness of public awareness and education efforts by urging collaborations among stakeholders.

AIOR FLOODS AND FIELD NOTES

Data available as of July 27, 1999

START DATE/ END DATE	STATE/ EVENT	POLICIES IN FORCE (STATEWIDE AREA)	POLICIES IN FORCE (AFFECTED AREA)	LOSSES PAID	DOLLARS PAID IN LOSSES	PERCENT OF LOSSES CLOSED
Nov. 5, 1998 Nov. 5, 1998	Florida General Flooding	1,689,524	37,261	8	\$45,417	100%
June 28, 1999 June 30, 1999	Georgia General Flooding	55,722	21,319	*	*	0%
July 8, 1999 July 9, 1999	Nevada General Flooding	11,560	5,659	*	*	0%

* Data not available at time of publication

Adiós, El Niño...

Hola, La Niña and the 1999 Hurricane Season!

The El Niño weather phenomenon that created severe flooding conditions on some parts of the globe while causing drought in others over the last few years appears to be abating in 1999, according to weather experts in the United States and around the world. However, while El Niño seems to be diminishing, forecasters are predicting that the alternating La Niña weather phenomenon will enhance activity during this year's hurricane season, perhaps making it busier than the one that ended in November 1998.

For 16 years, Dr. William Gray and his team of forecasters at Colorado State University in Boulder have released predictions for hurricane season, which runs June 1 through November 30. This year, Gray's team expects the hurricane season to produce 14 tropical storms in the Atlantic basin. The team predicts that nine of these storms will strengthen into hurricanes, four of which will be intense.

There is no way to pinpoint where hurricanes will strike, but Gray's forecast suggests that this year, more intense, low-latitude

storms will affect the Caribbean than usual and that chances are 200 percent of the long-term average that at least one major hurricane will hit the Atlantic Coast of the United States and the Florida Peninsula. The probability is 146 percent greater than normal that a major hurricane will move inland from the Gulf Coast.

To be given a name, a storm must produce winds of between 39 and 73 miles per hour (mph). When winds reach 74 mph, the storm reaches hurricane status. An "intense hurricane" sustains winds of 111 mph or more.

Each year, the NFIP publishes a free flyer that lists the names selected by the National Hurricane Center for tropical storms that form in the Atlantic during the upcoming hurricane season. Names for tropical storms forming during the 1999 hurricane season run from Arlene to Wilma. For information about how to order copies of this flyer, call 800-480-2520 or send a fax to 301-362-5335 and request document number F-0078.

According to Gray, we are entering an era of more intense hurricane activity and more intense

storm landfalls along the East Coast of the United States and Caribbean Basin. Normally, only 9.3 tropical storms, 5.8 hurricanes, and 2.2 intense hurricanes are expected each year according to the long-term statistical averages developed by Gray's team. These averages are based on data from 1950 through 1990. However, the period from 1995 through 1998 was the most active of any 4-year period of hurricane activity on record with 53 named storms, 33 hurricanes, and 15 major hurricanes, according to Gray. During that period, the NFIP received more than 65,500 insurance claims and made almost \$940 million in claims payments, as a result of flooding caused by hurricanes.

The year 1998 saw almost a third of all the tropical storms and hurricanes that formed during that 4-year period—14 named storms, 10 hurricanes, and 3 intense hurricanes. Those tropical storms and hurricanes that made landfall produced more than 26,000 flood insurance claims that resulted in almost \$180 million in claims payments. ■

Sources of Assistance to Victims of a Flood Disaster

Once a Presidential declaration of a major disaster occurs, victims have a broad range of assistance available to them. Some of the same assistance may be available in the event of a localized flood or other event that has not been declared a disaster by the President. In a time of crisis, your policyholders may appreciate having you share the following information with them.

Assistance From the Federal Government

- **Disaster Housing**—If a disaster victim's home is uninhabitable, interim disaster housing may be available until alternate housing can be found. Home repair funds may be available in lieu of other forms of disaster housing assistance, so families can return quickly to their damaged homes.
- **Disaster Unemployment Assistance**—This form of assistance may be available for people who have become unemployed as a result of a major disaster.
- **Disaster Job Placement**—If disaster unemployment assistance is unavailable, job placement may be a possibility.
- **Individual and Family Grants**—Individuals and families may qualify for grants to meet disaster-related expenses or serious needs when those affected are unable to meet such expenses or needs through other programs.
- **Legal Services**—Legal assistance may be available from local attorneys or legal aid groups.
- **Crisis Counseling**—Crisis counseling and referrals to

mental health agencies may be available to help relieve disaster-caused mental health problems.

- **Loans**—Loans may be available to individuals, businesses, and farmers for repair, rehabilitation, or replacement of damaged real and personal property and for some production losses that are not fully covered by insurance.
- **Agricultural Assistance**—Agricultural assistance including technical assistance may be available. Farmers may be able



Floods are the most common natural disaster in the United States.

to receive payments covering a major portion of their cost of taking emergency conservation actions on farmland that has been damaged by disaster. Federally owned feed grain may also be available for livestock.

- **Veterans' Assistance**—Several forms of veterans' assistance are available. They include death benefits, pensions, insurance settlements, and adjustments to home mortgages held by the Department of Veterans Affairs.
- **Tax Relief**—Disaster victims can get help from the Internal Revenue Service with claiming casualty losses resulting from the disaster. State tax assistance also may be available.

- **The Cora Brown Fund**—In instances where the needs of victims of natural disaster cannot be met by government agencies and private organizations, the Cora Brown fund may be available to assist disaster victims.

Other Assistance

Additional assistance may be available from governmental and charitable organizations. Some of these are:

- Search and rescue operations may be assisted by the U.S. Coast Guard or U.S. Armed Forces.
 - Flood fighting, property protection, repair, and restoration may be available from the U.S. Army Corp of Engineers.
 - Emergency Agricultural Loans may be available from the U.S. Department of Agriculture, Farm Services Agency.
 - The U.S. Small Business Administration may provide both direct and bank-participation disaster loans to qualified homeowners and businesses.
- Many of these sources of help can be contacted at the FEMA Disaster Field Office (DFO) following a Presidentially declared disaster. If a flood is more localized, you can get information from the FEMA employees at your Flood Response Office (FRO), or by contacting FEMA at these toll-free numbers used by disaster victims to get information and apply for disaster assistance: 800-462-9029 (telephone) or 800-462-7585 (TDD). ■

Cooperating Technical Communities

As part of its flood map modernization plan, FEMA is implementing the Cooperating Technical Communities (CTC) concept. The CTC program will formally recognize the ongoing contributions that FEMA's mapping partners—states, regional agencies, and communities—make in helping FEMA disseminate timely and accurate flood hazard information. CTC partnerships will maximize the effectiveness of the limited local and Federal funding available for flood mapping, while maintaining consistent national standards.

These powerful partnerships, will integrate locally funded or developed flood and mapping data efforts and enable contributing partners to expand the scope of FEMA's flood mapping efforts. This will result in enhanced ownership of the maps by the partner and, in turn, heightened local awareness of flood risks, more effective floodplain management, and more accurate maps.

Under the program, the partner will enter a general overall agreement (CTC Agreement) with FEMA that recognizes the fundamental importance of flood hazard identification, as well as flood insurance and floodplain management. Then, as the CTC partner and FEMA identify specific flood mapping tasks to undertake, Task Agreements will be developed and entered into under the umbrella of the overall CTC Agreement.

It is envisioned that most Task Agreements will be collaborative efforts where both the CTC partner and FEMA contribute data and units of work to maximize the extent, accuracy, and utility of

flood studies to best meet local and Federal needs, while minimizing costs for all parties. Unless supplemental map modernization funding is provided, Federal funding will be limited. In any event, funding will be allocated within the context of FEMA's flood study prioritization process.

FEMA is presently developing program guidance, standard agreements, and an implementation plan for the CTC program. Pilot CTCs are planned for late Fiscal Year 1999 and Fiscal Year 2000. Activities being considered include: refinement of A Zone approximate boundaries; hydrologic and hydraulic modeling and floodplain mapping; digital conversion of flood hazard maps; redelineation of floodplains with updated topographic data; and detailed assessment of community mapping needs to support FEMA's 5-year Mapping Needs Assessment Process.

In the near future, FEMA will publish a notice in the Federal Register about the CTC program. Additionally, program guidance is available on FEMA's Flood Hazard Mapping Web site located at <http://www.fema.gov/mit/tsd/>. ■

National Dam Safety Program

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National Dam Safety Program. As lead agency, FEMA places a priority on coordinating Federal agency activities, encouraging and assisting States in implementing effective programs, providing technical assistance, and promoting public awareness projects to increase public acceptance and support for dam safety activities.

The 1996 legislation has shifted the focus of the National Dam Safety Program from oversight to the establishment and maintenance of safe dams. Although FEMA is the lead agency, representatives from the following Federal agencies help to coordinate the National Dam Safety Program: the Departments of Defense, Energy, the Interior, Labor, and State; the Federal Energy Regulatory Commission; the Nuclear Regulatory Commission; the International Boundary and Water Commission (U.S. section); and the Tennessee Valley Authority.

The National Dam Safety Program is just one way FEMA and its partners are working to make America a safer place—where floods are not feared, but managed. ■

Do you have questions about the NFIP you'd like to have answered? Send questions to us through our Web site at www.fema.gov/nfip/ask.htm; send us a fax at 301-918-1471; or send a letter to:

**Watermark Questions and Answers
NFIP
7700 Hubble Drive
Lanham, MD 20706**

Results of Independent Cover America Evaluation

In 1995, FIA hired the firm of Bozell Worldwide, Inc., to plan and implement a nationwide marketing and advertising campaign called Cover America. The broad goals of this campaign were to establish the importance and value of flood insurance in the minds of consumers, to stimulate demand for flood insurance, and to provide opportunities for NFIP stakeholders to tie in to the campaign. To determine how effective the campaign was in meeting these goals and to help guide the requirements for Cover America II, FIA hired Gallup and Robinson in 1998.

Gallup and Robinson is an independent research company that specializes in helping organizations understand the effectiveness of their advertising. They analyzed data from FEMA, FIA, and NFIP

contractors, which included research conducted through the campaign, data about those who responded to the campaign, flood information, and policy and contract data. No primary research was conducted for this evaluation.

Below is an excerpt from the Executive Summary of the Cover America Evaluation.

“Based on our review of the available data, we believe that the Cover America campaign has successfully met its objectives. The Cover America campaign has positively influenced consumers across a variety of dimensions that are generally considered to be indications of a successful campaign. It has increased awareness, changed attitudes, generated intermediate actions like information requests, and

produced desired outcomes, including sales.

While some opportunity exists for improving the effectiveness and efficiency of the program, FEMA and its contractors have put in place a solid structure for assessing and improving performance over time.”

Many of the Gallup and Robinson recommendations for improving the campaign, including establishing a brand for the NFIP and improving the research and evaluation techniques, have been incorporated into FIA’s next marketing and advertising campaign. Cover America II is being planned and implemented by Bozell Worldwide, Inc.

A full copy of the evaluation is available on the NFIP Web site at www.fema.gov/nfip/caeval.htm ■

Elevation Certificate, *continued from page 16*

the building’s location in relation to a Coastal Barrier Resources System area or Otherwise Protected Area.

Several new questions have been added to the EC: highest grade adjacent to the building; existence of an attached garage; lowest elevation of machinery or equipment eligible for NFIP coverage in an attached garage or enclosure; and number and size of “permanent openings” or flood vents. One of several new sections on the form records community resource information—completed at the option of the local official who administers the community’s floodplain management ordinances.

Testing and Implementation

In addition to a host of floodplain managers, approximately 25 surveyors in different parts of the United States were involved in testing the new form and making recommendations for its improvement. After integrating their comments, as well as those provided by technical engineering and surveying advisors and experts in the insurance industry, the work group revisited the EC and its instructions. Final revisions were made and the redesigned EC became effective on August 1, 1999. Use of the new certificate will become mandatory on January 1, 2000, if the certification date is on or after that date.

The new EC form and instruction packet are available from the FEMA Distribution Center at 800-480-2520 (ask for FEMA Form 81-31). It also will be reproduced in this October’s revision of the NFIP *Flood Insurance Manual*. According to de la Cruz, training in how to use the new EC will be offered at NFIP agent and lender workshops across the country and in Puerto Rico and through the NFIP regional offices. Call the NFIP’s Telephone Response Center at 800-427-4661 for information about upcoming EC training sessions in your area. ■

JUST AROUND THE BEND...

Many more workshops will have been added to our schedule since publication of this issue. Please contact the regional offices listed on the detachable telephone number sheet on the back cover for specific information about NFIP Agent and Lender workshops.

STATE	EVENT	CITY	DATE
Arkansas	Agent/Lender Seminar	Fort Smith	September 2
	Agent/Lender Seminar	Little Rock	October 6
California	NAII Annual Conference	San Diego	October 31- November 4
	NAIC Winter National Meeting	San Francisco	December 11-15
Colorado	Agent/Lender Seminar	Golden	September 15
Connecticut	Agent Workshop	Weathersfield	September 1
Florida	NCOIL Annual Meeting	Orlando	November 19-21
Illinois	Agent Workshop	Naperville/Lisle	November 4
	Agent Workshop	Schaumburg	November 11
	Agent Workshop	Orlando Park	November 18
Kansas	Agent Workshop	Wichita	October 19
Maryland	Agent Workshop	Lanham	September 22
	Lender Seminar	Lanham	September 23
Massachusetts	Agent/Lender Seminar	Braintree	September 24
	IIAA Annual Convention	Boston	September 25-28
	MBA Annual Conference	Boston	October 10-13
Michigan	NAIC Quarterly Meeting	Detroit	September 12-16
	Agent Workshop	Troy	October 15
	Agent Workshop	Muskegon	October 26
	Agent Workshop	Grand Rapids	October 27
	Agent Workshop	Kalamazoo	October 28
Mississippi	Agent Workshop	Gulfport	September 1
Missouri	Agent Workshop	Portageville	October 6
	Agent Workshop	Park Hills	October 7
	Agent Workshop	St. Louis	October 8
	ASDSO Annual Conference	St. Louis	October 10-13
	Agent Workshop	Joplin	October 20
	Agent Workshop	Jefferson City	November 2
	Agent Workshop	Branson	November 3
	Agent Workshop	Springfield	November 4
	Agent Workshop	Cape Girardeau	November 16
	Agent Workshop	Springfield	November 17
Lender Seminar	St. Louis	November 17	
Montana	Lender Seminar	Billings	September 15
Nevada	IIAA Annual Conference	Las Vegas	September 27- October 1
New Mexico	Agent Workshop	Clovis	December 7
	Lender Seminar	Clovis	December 7

STATE	EVENT	CITY	DATE
New Jersey	Lender Seminar	Iselin	September 21
	Agent Workshop	Iselin	September 22
	Agent Workshop	Iselin	October 9
	Lender Seminar	Iselin	October 12
	Lender Seminar	Iselin	November 9
New York	Agent Workshop	Iselin	December 8
	Agent Workshop	Albany	October 19
	Lender Seminar	Albany	October 20
	Agent Workshop	Albany	October 21
	Lender Seminar	Albany	October 22
North Carolina	Agent Workshop	New York City	December 10
	Lender Seminar	Atlantic Beach	September 8
	Agent Workshop	Atlantic Beach	September 9
	Lender Seminar	Kill Devil Hills	September 14
	Agent Workshop	Kill Devil Hills	September 15
Ohio	Agent Workshop	Youngstown	September 14
	Agent Workshop	St. Clairsville	September 15
Oklahoma	Agent Workshop	Tulsa	October 13
Pennsylvania	Agent Workshop	Philadelphia	September 28
	Lender Seminar	Lanham	September 29
Rhode Island	Agent/Lender Seminar	Warwick	September 2
	Agent Workshop	East Providence	November 12
South Carolina	Lender Seminar	Florence	September 21
	Agent Workshop	Florence	September 22
	Lender Seminar	Columbia	September 28
	Agent Workshop	Columbia	September 29
Tennessee	IBHS Annual Congress	Memphis	October 26-28
Texas	NAMIC Annual Convention	San Antonio	September 19-22
	Agent Workshop	Lubbock	December 9
	Lender Seminar	Lubbock	December 9
Virginia	Agent/Lender Seminar	Fredericksburg	September 17
	Agent Workshop	Richmond	October 28
	Agent Workshop	Centerville	November 12

The following acronyms are used in Just Around the Bend...

ASDSO	Association of State Dam Safety Officials	NAII	National Association of Independent Insurers
IBHS	Institute for Business & Home Safety	NAMIC	National Association of Mutual Insurance Companies
IIAA	Independent Insurance Agents of America	NCOIL	National Conference of Insurance Legislators
MBA	Mortgage Bankers Association		
NAIC	National Association of Insurance Commissioners		

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