

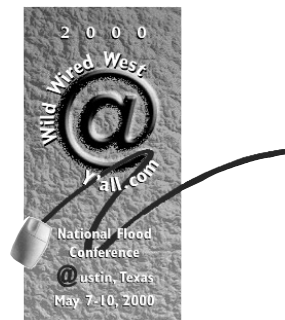
# WATERMARK

FEDERAL EMERGENCY MANAGEMENT AGENCY

## 2000 National Flood Conference Ushers NFIP Into New Millennium

A hush fell as people filed into the large hall dominated by three massive video screens that loomed on chrome scaffolding above and on each side of the stage. As they took their seats, audience members found waiting for them small electronic devices that would record their responses to questions soon to be flashed on the screens overhead.

The lights dimmed. The rumble of a stagecoach and the clicking of a telegraph key swept over the audience as images of early communication mechanisms were replaced by telephones and televisions, which morphed into computers, satellite dishes, and a satellite circling the earth. As the music soared into an increasingly more synthesized, pounding melody, a beam of light shot from the satellite to the Earth. All three screens filled with aerial images, closeups first of the United States, then of Texas, and finally of Austin. The music stopped, the lights went up, and, with LEDs flashing and tubular arms waving, emcee N2H2O, a tech-talking, joke-cracking “robot,” rolled onto the stage. The 2000 National Flood Conference had begun.



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## NFIP Program Changes

During May and October of each year, FIA publishes changes to NFIP policies and procedures to enhance operations and accessibility. We give notice of the document issuance, various NFIP-related changes, and other revisions to the Program in each *Watermark* newsletter, with examples of some of the more complex changes. All official revisions are sent to agents and other NFIP stakeholders who subscribe to the *NFIP Flood Insurance Manual*. Subscriptions to the manual can be obtained (or renewed if your subscription lapsed in 1999) by contacting the FEMA Map Service Center at P.O. Box 1038, Jessup, MD 20794-1038. You also can get a copy by calling 800-358-9616 or by accessing the manual's section of the NFIP web site located at [www.fema.gov/nfip/manual.htm](http://www.fema.gov/nfip/manual.htm)



## Recent NFIP Program Changes

Several of the Program changes implemented in recent months pertain to all of the NFIP’s stakeholders. Descriptions of these follow. A number of changes that were put into effect specifically for WYO companies also follow.

*continued on page 10*



## Message from the Administrator

Dear *Watermark* Reader,

**T**he National Flood Insurance Program is looking to the future. There is so much to anticipate. Through the Internet, people now can get information about floodplains and flood insurance in an instant by going to the FEMA web site, clicking on the button “Do

You Know Your Risk?” and entering their ZIP Code. We are making technological tools available to both sides of the NFIP, those who write flood insurance and those who benefit from it. Through our web site, we are reaching more customers with information about the risks of floods and the financial protection available from flood losses. Our policyholders can pay their flood insurance premiums by using their VISA credit card. Electronic commerce is becoming a more important option for everyone with access to the Internet. A few simple mouse clicks can bring the world into any office or home equipped with a computer and a modem.

The NFIP is increasingly responsive to the needs of our society. No longer are people contented to continually watch flood insurance funds—money that could be used for solid mitigation efforts—be used instead for claims payments on properties that repetitively flood. This year, the National Flood Insurance Program is in better control of this flood-repair-flood-repair situation than ever before. By the end of 1999, we began identifying Repetitive Loss Target Group properties. In the article about recent changes in the NFIP that begins on the front page of this edition of *Watermark*, we describe how we identify properties that fit into three specific repetitive loss categories. The owners of these properties will have to mitigate their chances of future damage or face much higher flood insurance premiums. We are working with the owners to make sure they are still insured while we also take steps to make certain that these properties don’t continue to flood.

Though our plans to improve the NFIP will take hard work as well as hard decisions to implement, we are optimistic about the outcomes. As we move into the new millennium, we are confident that we can depend on the expertise of our staff and the commitment of our stakeholders to ensure that property owners across the United States will be even better served by the NFIP in this century than in the last one.

Jo Ann Howard  
Administrator  
Federal Insurance Administration

# WATERMARK

**Watermark** is published twice a year by the Federal Insurance Administration, a part of the Federal Emergency Management Agency.

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The current issue and selected back issues of the **Watermark** newsletter are available at:

[www.fema.gov/nfip/wm2.htm](http://www.fema.gov/nfip/wm2.htm)



N2H2O, Master of Ceremonies

Almost 900 people attended the 2000 National Flood Conference held in Austin, Texas, May 7-10. This was the 16th annual flood conference hosted by the Federal Insurance Administration (FIA), a component of the Federal Emergency Management Agency (FEMA). The conference theme, "Wild, Wired, West @ Y'all.com," was reinforced when N2H2O announced that the general sessions were being webcast around the world through the NFIP's web site at [www.fema.gov](http://www.fema.gov). The robot then polled conferees about their years connected with the NFIP, their interest in web-based training, and their preferences regarding flood insurance sales online. Audience members indicated their responses by using the small audience response system (ARS) keypads that had been placed on their seats. In seconds, results were displayed as graphs on the giant screens around the stage.

### Responding to Changes in Technology and Temperature

The general session's first human speaker was Kirk Watson, Mayor of the City of Austin, who thanked those in attendance for being



Kirk Watson, Austin's Mayor

involved in improving the quality of life and providing safety for citizens across the country.

The next speaker, FIA Administrator and former Insurance Commissioner of Texas, Jo Ann Howard, welcomed conferees to her home state. "We convene today in an era of unprecedented peril—as weather events take a rising toll on our people and our pocketbooks. Tulsa, Oklahoma, and Missouri today—we don't know where tomorrow," she began, referring to disastrous storms that had struck the previous night. "But it is also an era of unparalleled possibility, when technology makes it possible to counter nature with know-how. Insurance is a natural for the virtual world," said Howard. "Our product is a promise—a promise we deliver with high-tech vehicles but backed with an old-fashioned value: neighbors helping neighbors."

Stating that the Internet has transformed the global economy more quickly and completely than any other technology, the Administrator acknowledged that its impact on the insurance industry is still in its infancy. "Online insurance sales are expected to grow from 1 to 24 percent in just 3 years," Howard said, adding that technology is not the only force transforming the insurance business. "Temperatures are too," she warned. "Across the world, as global climate change takes hold, temperatures are on the rise. So, it's hardly a surprise—in fact, it's hard science—that weather events are on the rise as well."

According to Howard, rising temperatures in the Pacific are projected to produce heavier rainfall in the Northeastern and Eastern United States for the next 30 years.

The intense hurricane seasons that have characterized the last several years are expected to become the norm. "Meanwhile, the destruction of wetlands is sending floodwaters that otherwise would have been absorbed downstream into communities instead. The erosion of coastlines is destroying natural barriers to hurricanes," explained the Administrator. "Together, these factors—and the natural disasters to which they contribute—are taking a growing toll in dollars spent and lives disrupted."



Jo Ann Howard, FIA

Howard described a number of FIA's strategies to meet these challenges and summarized the achievements that have been

realized in recent years. "Recent efforts to buy out or elevate 23,000 properties have been cost effective and help address repetitive losses," said Howard, adding that \$2-\$3 will be saved for every \$1 invested in this effort.

Policy growth continues to be a primary issue at FIA. Howard pointed out that, in the 5-year period from 1994 to 1999, the number of NFIP policies in force grew from 2.8 million to more than 4 million. FIA's "Be Flood Alert" advertising campaign is building a recognized, trusted brand for the NFIP. "We're also working to improve our customer service through efforts such as our multi-lingual Telephone Response Center, which is open from 8:00 a.m. until midnight, 7 days a week, to answer

*continued on page 4*

inquiries. The NFIP's website—[www.floodalert.fema.gov](http://www.floodalert.fema.gov)—is another resource for those with questions about flood insurance.”

Howard discussed several other FIA projects such as the new Business Process Improvement Project, which is exploring the way the NFIP does business; the “Plain English” insurance policy, which will make it easier for customers to understand their insurance coverages; the results of her “Call for Issues” and FIA’s steps to respond to issues raised; FEMA’s map modernization program; and *Project Impact*’s success in creating disaster resistant communities across the nation.

The Administrator urged conferees to pursue a new future for the NFIP by considering the connection between protecting the environment and protecting Americans from flood losses. “If we hope to guard against natural disasters, we must protect natural resources,” she said. “We must recognize the connection between the greenhouse gases we pump into the atmosphere and the floodwaters that rain down as a result of rising temperatures. We must enter a new era of environmental stewardship, an era in which we care for and nurture the resources we have and those we are given. We need a holistic approach to managing our floodplains. Every decision that affects a floodplain must address the impact of actions downstream, on our ecosystem, and on total risk.”

The Administrator concluded her speech with a description of FIA’s goal to embrace the 21st century by using the speed, the explosion of information, and the convenience of emerging technologies to modernize the NFIP.

## Internet Takes the Insurance Industry to Market

A pioneer in using the Internet to provide insurance, Monday morning’s keynote speaker, Scott Stevens, Senior Vice President of Property and Casualty Product Management for InsWeb Corporation, uses the Internet as an insurance marketplace that allows consumers to shop electronically for personal lines insurance products.

According to Stevens, the Internet’s market potential is vast. Comparing today’s “offline” insurance market of \$670 billion with the already successful Internet travel and tourism business of \$470 billion and the online book sales business of \$30 billion, Stevens pointed out that the untapped potential of the insurance market is greater than the combination of both these

Internet leaders. “About 28 million households are expected to shop online in the year 2000, with about 11 million making their first online purchase this year,” he said, explaining that expansion is occurring in the demographic range of Internet

users. “We are seeing more and more people who didn’t grow up in the Age of Computing becoming addicted to the Internet as a source of information because it is so convenient. The falling price of technology also is driving this expansion.”

Though many consumers use the Internet just to window-shop—making final purchases offline—

Stevens says that e-commerce increasingly will become the preferred mode of shopping due to what he calls the 3-Cs: (1) convenience (doing business at home, at work, or even while traveling), (2) control (shopping without pressure), and (3) choice (getting multiple quotes before purchasing). “On the insurance company’s side of the Internet equation,

we are provided with easier access to buyers,” Stevens explained. “E-commerce also is a potentially more profitable business because of the lower customer acquisition costs that are involved.” He added that using the Internet allows companies to monitor and track their exposure.



Scott Stevens, InsWeb Corp.

## Around the Edges: Monday

For the rest of Monday morning and afternoon, conferees attended their picks among almost two dozen workshops, roundtables, and panel discussions. Topics included FIA’s Repetitive Loss Strategy, the Community Rating System, a lender town hall, and Project Impact, as well as several sessions devoted to claims, pre- and post-disaster mitigation programs, and litigation issues.

Visitors to the conference exhibit hall were able to question representatives from almost 50 claims adjustment firms, flood zone determination companies, and insurance software vendors about their products and services.

On the Lake Austin riverboat cruise sponsored by LCRA Monday evening, participants were treated to mariachi music and fajitas as they cruised past beautiful houses built along the edges of the lake.

According to Stevens, some of the challenges facing insurance companies as they build e-commerce strategies include underwriting and regulatory issues (such as standardization of the application process and content for use in all states, authentication of digital signatures, and credit card payments), technology issues (such as architecture, security, capacity, reliability of the server, and uses of captured data), and customer acquisition and servicing issues (such as using search engines to find customers and conducting focus groups or other market research to determine what consumers want).

### Working With the River

Monday's general session closed with a presentation by Wes Birdwell, Operations Manager for the Lower Colorado River Authority (LCRA). For more than 60 years, LCRA has prevented flood damage along the Colorado River and its tributaries by operating dams and flood gates. But that is no longer enough, according to Birdwell. Booming development in central Texas has made floodplain management indispensable.

"If you live in this area, you should understand that we've had tremendous floods historically, we've had them recently, and we are going to have them again," Birdwell stated. After showing a compelling video about the floods along the Colorado River, Birdwell described a number of LCRA projects to make flooding informa-



Wes Birdwell, LCRA

tion—including contour mapping, flood modeling, and cooperative flood impact studies—readily available to those who need it. Area flood maps and the results of some of the studies are being made available over the Internet. He concluded by warning the audience that the current drought in Texas won't last. "But however long this drought does last, that's how long we have to get ready for the next flood. And history has told us that the longer the drought, the bigger the flood will be that ends it."

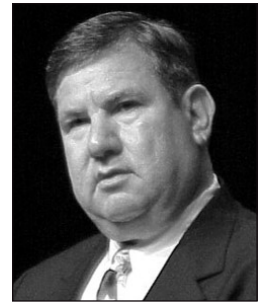
### Site-Specific Disaster Response

N<sub>2</sub>H<sub>2</sub>O—equipped with bells, whistles, a mischievous sense of humor, and a cowboy hat—opened Tuesday's general session by introducing José Montemayor, Commissioner of Insurance for the State of Texas. Montemayor described several of the devastating hurricanes and floods that hit Texas in the last century and praised the work of FEMA and other emergency agencies in responding to Texas floods.

But, although buyouts of flood-prone properties are occurring in recently flooded areas, Montemayor assured the audience that there is still much that needs to be done to protect Texans from flood losses and to help them recover when floods occur. According to the Commissioner, residents in poor border towns often are uninsured and local governments sometimes cannot provide enough disaster assistance to qualify for Federal matching grants.

"My message to you," he told the audience, "is that no catastrophe is ever the same, no two communities are ever alike, and what works for one city may not work for another. So please carefully consider the unique needs and

responsibilities that are required for every American community, and be willing to exercise as much flexibility as possible within the confines of your regulations and procedures in order to get folks back on their feet again."



José Montemayor, Texas Department of Insurance

### Status of Mitigation

"I want to cover a few things about what we are doing in the Mitigation Directorate because I feel a responsibility to report to you in the insurance community on an annual basis about how we are spending the money that you raise, and to assure you that we are being good stewards of money in the arena of floodplain management" began Michael Armstrong, Associate Director of FEMA's Mitigation Directorate.

"Just in the last year alone, we have done a number of things that are going to strengthen the flood fund as well as FEMA's image with its State and local partners. We are addressing what we call the "image busters" that sometimes stand in the way of your ability to market flood insurance."

According to Armstrong, the Mitigation Directorate is conducting an internal compliance review



Michael Armstrong, Mitigation Directorate

*continued on page 6*

of local governments. He explained that communities failing to adopt and enforce strong building codes will be put on a fast track for probation and suspension from the NFIP. "At the same time, we'll work harder with the CRS [Community Rating System] communities to get them higher ratings, mentor them effectively, and show them as examples to newer NFIP communities." The CRS was established in 1990 as a mechanism for recognizing and encouraging community floodplain management activities that exceed minimum NFIP standards.

Armstrong described recent efforts to rewrite Executive Order 11988 to require Federal agencies to monitor where and how Federally funded structures are located so that they will not be placed in floodplains or in the position of triggering development in unsafe areas of the United States.

Armstrong also described a number of other Mitigation Directorate programs funded by appropriations or sources other than the NFIP. The Hazard Mitigation Grant Program, whose expenditures represent 15 percent of all disaster monies spent each year, has bought out more than 20,000 flood-prone properties since 1993. "This land—being restored to wetlands or added to parkland to create a buffer between storm surge and developed properties—demonstrates the linkage between environmental protection and emergency management," he said.

In his update about *Project Impact*, FEMA's ini-

tiative to create disaster resistant communities, Armstrong announced that there now are more than 200 *Project Impact* communities. In addition, there are 1,000 corporate and business partners, other Federal agencies, and entities such as the Small Business Administration and Fannie Mae that are offering low-interest loans for *Project Impact* community residents to mitigate and retrofit existing structures. "We've been making small grants directly to local governments to look at planning, risk identification, hazard assessment, understanding the floodplain as well as new and old buildings, code adoption and enforcement, public awareness and education," Armstrong said.

Citing numerous educational activities in *Project Impact* communities, Armstrong stated that a grass-roots movement has begun, that encompasses natural and man-made hazards. "We are seeing progress. Flood waters now cover areas where no structures exist, no families are left homeless, no senior citizens are displaced. We are seeing a positive impact on our built environment and on our open space because of *Project Impact*. Our role at FEMA is to help you in the private sector and you at the State and local level to understand your risk and live with your risk rather than try to control it," Armstrong stated. "We can't always control Mother Nature, but we can affect human nature."

### Around the Edges: Tuesday

*Major Bridget Bunnick (U.S. Marine Corps, Ret.) was the first-place winner of the 5K Run held Tuesday morning along with a 1-mile Fun Walk. Both events were sponsored by the National Lenders Insurance Council and the Salvation Army to raise money for local disaster relief efforts. Dean Ownby (NFIP Bureau and Statistical Agent) placed second in the 5K Run. More than 60 runners and almost 80 walkers took part in the Tuesday morning events held prior to the conference's general session.*

*After the general session, conferees attended workshops, roundtables, and panel discussions, several of which were repeated from Monday. In the evening, almost 600 conferees celebrated the accomplish-*



*Major Bridget Bunnick and Dean Ownby*

*ments of more than a dozen NFIP stakeholders who were honored at the annual conference awards banquet (see article on page 8.) Dressed in western attire, those attending the banquet sampled barbecue Texas style and then enjoyed music provided by FEMA Region VI Director and country-western singer Buddy Young. Line dancing and Texas two-stepping rounded out the evening.*



*Buddy Young*

Addressing the conference theme of technology, Armstrong described several programs under way at the Mitigation Directorate to modernize flood maps and to apply existing HAZUS (Hazards U.S. Loss Estimation) methodology to flood hazard prediction, to disaster response resource management, and to local zoning, planning, and future growth issues. He talked about the roles of the private sector and of the Federal government in data management, data production, and formation of a national strategy that makes best advantage of new technology. He urged attendees to give him feedback about these issues. "The new technology and the new economy are yielding new opportunities. Let's not squander them," he concluded.

### **Tech Tools, Tech Talk**

*People Helping People* is a new video produced to explain FIA's role in ensuring that financial protection against flood losses is available to people across the United States and that flood claims are settled quickly and accurately. Conference attendees viewed the video on several large screens during the Tuesday general session, and picked up free copies of the tape at

the NFIP booth in the exhibit hall later that day.

Next on the program, Ed Pasterick, Director of FIA's Financial Division, led conferees through the steps that would be needed to write a flood policy online. He was followed by a technology panel discussion moderated by Rita Hollada, Chair of the Flood Insurance Producers National Committee. As audience members were polled about their perceptions of the Internet, insurance and e-commerce experts on the panel shared their perspectives about the questions.

A series of 20 more workshops, panel discussions, and roundtables filled the rest of the morning and afternoon. These included a Virtual University workshop presented by the Independent Insurance Agents of America, a mock summary judgment hearing in a courtroom presided over by the Honorable David Norton, U.S. District Judge for the District of South Carolina, and a panel about the new tools and technology available for marketing flood insurance.

### **Hot Issues and Wry Wit**

The final general session of the conference was devoted to a discussion of the Program's hottest

issues. Repetitive losses, subsidy reduction, policy simplification, the new Elevation Certificate, policy retention, and an automatic inflation adjustment topped the list of hot issues discussed by panelists Jo Ann Howard (FIA Administrator), Howard Leikin (FIA Deputy Administrator), Bruce Bender (Chair of the WYO Marketing Committee), Corise Morrison (Chair of the Institute for Business and Home Safety Flood Committee), Bob Ross (former Chair of the Flood Insurance Producers National Committee), and Michael Moye (President of the National Lenders Insurance Council).

After each panelist presented a top issue, questions were taken from the floor. Several times during the discussion the audience was polled with impromptu questions about bringing back the 3-year policy, spreading the costs of flood map modernization by placing a charge on flood zone determinations, and raising the limits of coverage. Bar graphs of audience responses (displayed on video screens surrounding the stage) were incorporated into the discussion.

A final block of workshops was followed by the closing luncheon, which featured an address by political commentator and satirist, Jim Hightower. While entertaining his audience with his perspective on economics and politics, Hightower also spoke compellingly about the poor conditions in which many Americans live and work as well as the potential that exists to effect progress. "I know that what you are involved in with your daily work, no matter what fight you may be involved in, really comes down to trying to deal with those true values that are within the heart of every person: a commitment to economic



*Hot Issues Panel (left to right) Jo Ann Howard, Howard Leikin, Michael Moye, Bruce Bender, Corise Morrison, and Bob Ross.*

*continued on page 8*



Jim Hightower, Political Satirist

fairness, social justice, and equal opportunity for all people,” said Hightower.

Conferees were urged to continue the discussions begun at this conference among their colleagues at home and were invited to plan ahead to attend next year’s National Flood Conference.

Mark your calendars now for this mid-week event, slated for May 22-25, 2001, in Minneapolis, Minnesota.

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 2001, contact Catherine King by sending her a fax (301-918-1471) or a note with your request (Catherine King, NFIP Bureau and Statistical Agent, 7700 Hubble Dr., Lanham, MD 20706).

## Program Awards Honor NFIP Partners

Almost 600 people attended the 2000 National Flood Conference’s Awards Dinner, where 14 NFIP partners were honored for activities they’d undertaken during the last fiscal year—October 1, 1998, through September 30, 1999—and for going the extra mile to make the National Flood Insurance Program as successful and responsive as it is today.

### Public Awareness Materials Contest

Each year, WYO companies and other NFIP partners submit the public awareness materials they’ve developed about flooding to be voted on by conference participants. Of the 192 items entered in this year’s contest, the winners in each category are listed below.

- The Seibels Bruce Group, Inc., for Best Printed Marketing Material and for Best Training Material
- Omaha Property and Casualty Insurance Company for Best Web Site
- United Surety and Indemnity Company for Best Advertising Material

### Agency of the Year Awards

This award is given to three insurance agencies that have displayed innovative marketing strategies, increased their flood portfolios, and actively promoted flood insurance awareness. This year’s winners are listed below.

- AAA Insurance Agency
- Gismondi Insurance Associates
- Heli H. Miller Insurance Agency

See profiles of this year’s Agency of the Year Award winners on page 9.

### Administrator’s Club and Trophy Awards

Within each of five size categories, WYO companies that achieve the highest percentage of growth for the previous Arrangement Year qualify for the Adminis-

trator’s Club. The company that experiences the highest percentage of overall growth and has more than 2,000 new policies for the Arrangement Year is awarded the Administrator’s Club trophy. WYO companies receiving Administrator’s Club awards for 1998-99 are listed below.

- The Hartford Fire Insurance Company
- First Community Insurance Company
- Auto Club South Insurance Company
- IGF Insurance Company
- Fidelity and Deposit Group

This year’s trophy winner was IGF Insurance, with 3,100 new policies written during the 1998-99 Arrangement Year (an increase of 97.8%).

### Administrator’s Quill Award

This award recognizes the highest percentage of overall growth among large WYO companies. The winner is determined by the increase in the number of the company’s new flood insurance policies minus the number of rewritten policies. The Administrator’s Quill Award was given this year to The Hartford Fire Insurance Company with 17,161 new policies.





## Donald L. Collins Award

This award is presented each year to an NFIP partner who has created strong connections between the Program and its stakeholders.



Dave Minier, Director of Government Services *Dave Minier, VISA* for VISA U.S.A., Inc., was this year's award recipient. VISA entered into an agreement with FEMA at the beginning of 1999 to promote the use of VISA credit

cards for buying NFIP flood insurance. For every policy purchased with a VISA card from January until the end of December 1999, VISA donated 25 cents to the two *Project Impact* communities of the year, with a minimum donation of \$15,000 to each community.

## Roy T. Short Memorial Award

This award is given by the National Lenders Insurance Council (NLIC) to honor innovative and inspiring people who have rendered the best service to lenders attempting to comply with Federal regula-

tions while protecting investors and consumers from flood losses.

This year, the NLIC gave this award to Lena Thompson, Lender Compliance Officer for the Federal Insurance Administration, in recognition of her work to improve communication between the NFIP's public and private stakeholders. **W**



*Lena Thompson, FIA*

## Agency of the Year Award Winners

### AAA Insurance Agency

AAA Insurance Agency, headquartered in Tampa, Florida, had more than 16,500 flood insurance policies in force by September 30, 1999, the end of the fiscal year. The agency experienced 38.8 percent growth in both new and total premium for the fiscal year. Up to six flood insurance specialists in 40 agency offices in Florida and Georgia contribute to sales. In addition, six staff members from Marketing, Public Relations, and Insurance Operations are involved in developing and implementing marketing strategies to improve flood insurance sales. Successful strategies include positioning the agency as an expert on flood insurance; providing consumer education about flood perils; implementing a disaster preparedness marketing campaign that includes flood preparedness kits; integrating newspaper articles, ads, editorials, and TV spots with heightened media exposure during hurricane season; and partnering with other well-respected organizations that have an interest in flood preparedness, such as the American Red Cross.

### Gismond Insurance Associates

With a flood insurance sales force of two, Gismond Insurance Associates in Ocean City, Maryland, increased the number of its flood insurance policies to 257, an increase of 32 percent during Fiscal Year 1999. The two flood specialists discuss flood risks with all of the agency's property clients, conduct training seminars for local real estate agents, work closely with the local emergency director, run NFIP co-op advertising in local newspapers, and advertise in the Yellow Pages. Efforts to increase awareness of flooding include developing a web site for flood sales in the mid-Atlantic states, serving on the city zoning board and informing local officials of flood risks, and providing flood insurance training for Allstate agents. Beth Gismond has flood insurance policies in force for 61 percent of her homeowner insureds, with a retention rate of 95.4 percent. In fact, 91 percent of her flood insurance policyholders also carry contents coverage. Almost 25 percent of her flood insurance policyholders have Preferred Risk Policies.



Accepting the Agency of the Year Award are (left to right) Beth Gismond of Gismond Insurance Associates, Larry Patrick of AAA Insurance Agency, and Dennis Miller of Heli H. Miller Insurance Agency.

### Heli H. Miller Insurance Agency

The Heli H. Miller Insurance Agency in Long Beach, New York, had 471 flood insurance policies in force by the end of the 1999 fiscal year. This represented growth of 49 percent during the fiscal year. Three people in the agency specialize in flood insurance education and sales. Marketing strategies include the use of advertising in local newspapers and regular meetings with local real estate brokers. More than 200 people attended a breakfast meeting sponsored by the Long Island Board of Realtors at which a member of the Heli H. Miller Insurance Agency discussed flood zone determinations and the use of FEMA Elevation Certificates. The agency also has held a Town Hall Meeting to discuss flooding issues with local government officials.

**NFIP Changes Affecting all NFIP Stakeholders**

**Rate Revisions**

There have been several changes to NFIP rates. Since we only summarize these changes here, WYO companies and their agents should review the May 1, 2000, Program Changes document distributed through the WYO Clearinghouse. Individual agents can access this information by subscribing to the Manual (at a cost of \$25, the subscription includes all updates through December 31, 2002). You also can find all rate tables on the NFIP web site, provided on page 1.

Significant rate changes have been made to the Mortgage Portfolio Protection Program (MPPP). The MPPP policy rates now more closely resemble the other NFIP policy rates. Separate rates have been established for the MPPP Basic Limits and Additional Limits under the Standard Flood Insurance Policies, often referred to within the NFIP as split-limit rates. Check the Manual's page RATE 12 for more information. Changes also have been made to both pre-FIRM and post-FIRM rates for various occupancy types. All changes became effective on May 1, 2000.

**Mandatory Use of the New FEMA Elevation Certificate**

For a report about the new Elevation Certificate, see the article on page 18.

**Basic Limits Threshold Changes**

The new Basic Limits Thresholds are shown in the box below.

<b>Basic Limits Threshold Changes Effective 5/1/00</b>		
	OLD THRESHOLD	NEW THRESHOLD
Other Residential Building	\$135,000	\$150,000
Non-Residential Building	\$135,000	\$150,000
Residential Contents	\$15,000	\$20,000
Non-Residential Contents	\$115,000	\$130,000

**Limits Raised for Increased Cost of Compliance (ICC) Coverage**

The ICC coverage for flood losses occurring on or after, May 1, 2000, has been raised to a maximum of \$20,000, not to exceed the statutory limit, as set forth in the NFIP *Flood Insurance Manual*. The past ICC coverage limit was \$15,000. This amount is subject to the Standard Flood Insurance Policy limitations, restrictions and exclusions. This change will be covered under the liberalization clause of the Standard Flood Insurance Policy. For more information about ICC coverage, check the NFIP web site at [www.fema.gov/nfip](http://www.fema.gov/nfip).

**NFIP Changes Affecting WYO Companies**

**Repetitive Loss Target Group Properties and the NFIP Special Direct Facility**

FEMA's new repetitive loss strategy includes transferring the target properties from both WYO Companies and the NFIP Servicing Agent to a new Special Direct Facility (SDF). Repetitive Loss Target Group Properties are defined as properties that meet at least one of the following criteria based on losses since 1978:

- Four or more paid losses of at least \$1,000 or more each [for example, if your policyholder had six losses over the last 15 years (\$4,999; \$1,005;

\$807; \$5,976; \$409; \$999), only three losses are more than \$1,000, so this will not count as a Repetitive Loss Target Group property. If the last loss was for \$1,999, the property would be considered a Repetitive Loss Target Group property];

- Two losses within a 10-year period that, when added together, equal or exceed the current value of the insured property [for example, if a property valued at \$102,000 has had two losses in the last seven years in the amounts of \$48,000 and \$84,877 (total \$132,877), this is a Repetitive Loss Target Group property]; and/or
- Three or more losses that, when added together, equal or exceed the current value of the insured property [for example, if a property valued at \$202,000 has had three losses since

the owners have held a Standard Flood Insurance Policy, of \$148,000, \$4,000, and \$84,877 (total \$236,877), this is also a Repetitive Loss Target Group property].

During July and October 1999, the Repetitive Loss Target Group properties were identified, and this information was provided to both WYO companies and the NFIP Direct Servicing Agent to prepare for the changeover. Starting in March of 2000, the WYO companies and the NFIP Direct Servicing Agent began receiving monthly reports from the NFIP Bureau and Statistical Agent. The first submission of information on target properties (such as mailing address, lender, and agent information) was

due to the SDF on April 30, 2000, and on a monthly basis thereafter. These properties began renewing with the NFIP Direct Servicing Agent at the SDF in August 2000.

All renewals for Repetitive Loss Target Group properties will be reviewed by the NFIP Bureau and Statistical Agent to ensure that they are renewed only through the SDF.

### **Quick Claim Reporting**

Quick Claim Reporting is a new requirement to ensure that WYO companies report loss information immediately as it is received into their claims processing systems. The purpose of Quick Claim Reporting is to provide loss information to FEMA regions and local communities that need to quickly track the latest flood losses for potential building permit activity and review potential mitigation action prior to the start of reconstruction and repair. This information is distinct from standard Transaction Record Reporting and Processing (TRRP) Plan—a WYO company reporting system—data submissions and will not require maintenance. Thus, WYO companies must report the latest loss information entered in their systems as each claim is opened.

### **Principal Residence Indicator Required**

The “Principal Residence Indicator,” a data element in the TRRP Plan, allows the NFIP to determine whether a property is the policyholder’s principal home or a vacation (or other) residence. Depending on which it is, loss claim payments may reflect replacement cost or Actual Cash Value (ACV). On July 1, 1999, a special data call went out to all WYO companies and to the NFIP Direct Servicing Agent requesting

### **Publication Distribution Schedule**

Manual subscribers and WYO Companies should have received, or been notified of, the following information early in 2000. Below are the documents and the dates they became effective.

- Specific Rating Guidelines (Submit for Rate) Revised Pages (December 1, 1999)
- Final 90-day Notice to Policyholders and Agents (December 1, 1999)
- The Final Rule published for the Increased Cost of Compliance (ICC) Coverage (December 1, 1999)
- Revised Edit Specifications for TRRP Plan Reporting (January 1, 2000)
- Revised *Flood Insurance Manual* pages (May 1, 2000)

the Principal Residence Indicator for all current policies in force. Beginning May 1, 2000, this information became a requirement on monthly TRRP data submitted by all WYO companies.

### **WYO Company Selected Rates**

Effective May 1, 2000, all TRRP Plan record layouts should have been modified to collect the rates calculated by the WYO companies. This will help to simplify the identification of rating anomalies in the NFIP Bureau and Statistical Agent’s editing. The cause of the differences can then be analyzed. The following fields should have been added:

- Basic building rate
- Additional building rate
- Basic contents rate
- Additional contents rate
- ICC premium
- Probation amount
- Deductible percentage

### **Expense Constant Reporting**

The Expense Constant, a flat charge added to all flood insurance policies to cover the Federal government’s processing costs, is required reporting data for all new and renewed flood insurance policies effective May 1, 2000.

### **Cause of Loss—Additional Codes for Closed Basin Lakes**

WYO Companies use different codes in their monthly TRRP Plan reports to indicate the various causes of loss, such as “tidal flow” or “overflow of inland water.” A new code has been added to identify losses due to rising water in closed basin lakes. These lakes, such as Devil’s Lake, North Dakota, must be specifically identified by FEMA as a closed basin lake, a determination that cannot be made by any other entity. The code “A” should be used when WYO companies submit their monthly TRRP Plan reports for all closed basin lake losses with dates of loss of May 1, 2000, and later.

### **Co-Insurance Claim Settlement Indicator**

Another new TRRP loss reporting data element has been added to several transactions for losses that occurred on or after May 1, 2000. In transactions where the co-insurance penalty clause has been applied when paying the claim, the WYO company is required to note that fact in all of the following separate transaction sections of the TRRP:

- Closed Claim/Loss section
- Addition to Final Payment section
- General Claim Correction section

*continued on page 12*

### **New Cancellation Reason Codes**

As of May 1, 2000, WYO companies now are required to use two new cancellation reason codes, described below.

- **TRRP Cancellation/Voidance Code 20**

When a structure has been removed from the Special Flood Hazard Area (SFHA) through either a Letter of Map Amendment (LOMA) or a Letter of Map Revision (LOMR), flood insurance is no longer required. These map changes now should trigger the use of TRRP Code 20 by the WYO company to allow FEMA to properly calculate refunds involved. Either a full or pro rata refund of the premium may need to be made, as required. These refunds will include the Expense Constant (explained above), the Federal Policy Fee (this fee goes to cover map development, etc.), and the Probation Surcharge (a fee that is added to policies for buildings located in communities that are on probation in the NFIP Community Rating System to cover the potential increased risk to those properties because there is some problem with the community's compliance with NFIP requirements).

- **TRRP Cancellation/Voidance Code 21**

This new cancellation code refers to the Repetitive Loss Target Group properties discussed above. TRRP

Cancellation/Voidance Code 21 is to be used to correct an error that is made when a property is written to the wrong entity (either the WYO company or the NFIP Direct Servicing Agent) when it should have been written to the SDF because it met one of the three repetitive loss criteria. A full refund of the premium will be made for the policy being cancelled. The cancellation date noted in the TRRP must be the same as the policy effective date at the SDF.

### **Address Line 1 Editing**

In the past, WYO companies have stored additional property information on the first line of the TRRP Plan Report, which is reserved for a standard structured address such as 113 Pine Street, Anytown, PA 17712. Now the TRRP Plan Report must be edited to remove all but a structured address from Line 1.

### **CBRA/OPA Indicator on the Community File**

The WYO Company Community File must be modified to retain an indicator that notes that the community map panel has a Coastal Barrier Resources Area (CBRA) or an Otherwise Protected Area (OPA)—usually located on the Atlantic Coast or in the Great Lakes area. This will better enable WYO companies to quickly and

correctly identify properties that are ineligible for flood insurance because they are located in a protected area. The CBRA/OPA designations were added to the NFIP floodplain construction restrictions at the request of several groups, including the U.S. Fish and Wildlife Service, which sought to keep building in protected areas to a minimum to preserve various plant and animal species. Using the CBRA/OPA indicator will enable a WYO company simply to check its Community File indicators to find out whether or not a property can be covered by flood insurance because it is located in, for example, a dune area which shelters a protected bird.

The NFIP Bureau and Statistical Agent provides WYO companies with Community File information through updates from the File Transfer Protocol (FTP). Files are sent to the site daily and remain for approximately one week to facilitate anonymous FTP access. ■

## **Map Modernization Update**

FEMA's plans to modernize the flood hazard mapping program have continually evolved as new products, processes, and technical specifications have been developed and implemented. As the program has progressed, we have also been able to refine the estimated funding requirements. In brief, the new esti-

mate for needed additional funding was reduced from our original estimate, \$871 million over a seven-year period, to \$750 million. Technological advances and conversion of the mapping inventory to a digital format are expected to result in significant cost savings. We are aggressively participating

in several initiatives to test new remote-sensing technologies such as Light Detection and Ranging (LIDAR) and Interferometric Synthetic Aperture Radar (IFSAR) for flood mapping applications. ▣

# Federal Government Downloads Into the 21st Century: Policy Issuance 4-99 and the Paperless Environment

The NFIP has issued its *Guidelines for Electronic Flood Insurance Transaction Processing*. At the end of December 1999, FIA distributed Policy Issuance 4-99, which encourages WYO companies to use current information technologies to streamline the servicing and writing of flood insurance business while maintaining the integrity of these processes. This document clarifies FIA's position on the role of information technology in flood insurance processing and offers guidelines for using electronic data interchange and electronic or digital signatures when processing NFIP policies, otherwise referred to as "the paperless environment."

Basically, WYO companies may use "paperless" transactions for the issuance and servicing of NFIP flood insurance policies. WYO companies are responsible for determining the business practices and transaction authentication methods they will use in meeting the obligations spelled out in the annual Financial Assistance/Subsidy Arrangement. Specific requirements for using electronic transactions are described below.

## Record Retention

Electronic records must be maintained and kept available as required by the Arrangement, Article XIV— Access to Books and Records.

## System Requirements

WYO companies must create a business process that will ensure what a user's identity and location are and that the user is authorized to use the WYO company's infor-

mation or communication systems. This "authorization" process includes authentication not only of signatures, but also of the receipt dates of premiums.

WYO companies must provide adequate security controls to prevent an individual or entity from denying, after the fact, that they have performed a particular action related to data. For example, mechanisms must be in place to ensure that data for proof of obligation, intent, commitment, or ownership are not rejected. This is referred to as "nonrepudiation."

WYO companies also must ensure that the contents of electronic transmissions are secured and that adequate access control measures, including privacy and confidentiality safeguards, are used. This is referred to as "integrity."

## Underwriting

WYO companies must perform the same underwriting review of electronic application, endorsement, and cancellation transactions as they do for those submitted on paper. WYO insurers are not relieved of their responsibility to maintain file documentation in support of policy issuance or rates when complying with:

- NFIP "grandfather" rules
- Residential Condominium Building Association Policy (RCBAP) eligibility and building value requirements
- Coastal Barrier Resources System (CBRS) eligibility rules
- Floodproofing certification requirements
- V Zone risk factor rating rules.

The requirement for maintaining paper copies of all applications, Elevation Certificates (ECs), photographs, and blueprints will continue for underwriting and rating of Submit-for-Rate risk policies.

In all instances, a review of EC information must take place to ensure that the correct elevations are used for rating. A WYO company may review either:


- an original, scanned, facsimile, or other image of the EC; or
- all of the data from the EC that has been electronically transmitted.



*Moving data into the paperless future.*

To use the second option, all of the data from the EC must be captured and transmitted for underwriting review and audit purposes. This means that the capture and transfer of just key rating data such as the lowest floor elevation and Base Flood Elevation is not sufficient. The requirement that all information provided on the EC be collected and reviewed and that a paper copy be made includes the certifier's name, address, and professional license number as well as the section of the form that the certification applies to and any comments made by the certifier.

## Other Requirements

WYO companies also must comply with the electronic commerce and digital signature requirements of the states in which they are operating. 

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## How Does Your Community Rate for Premium Discounts?

The Community Rating System (CRS) is a program that was implemented by FIA in 1990 to recognize and encourage community floodplain management activities that go beyond minimum NFIP requirements. When communities engage in one or more of 18 recognized sets of activities that decrease exposure to flood damage, local property owners receive reductions in their annual insurance premiums. The amount of premium reduction depends on how many and what type of activities the community undertakes. For example, two communities have engaged in so many local outreach, mitigation, and educational activities that they have decreased flood insurance premiums by 25 percent for their property owners—an annual savings of more than \$1 million for flood insurance policyholders in one of those communities, Sanibel Island, Florida.

“The CRS has three primary goals,” explains Richard Decker, Chair of the CRS Task Force, which oversees the program’s operation. “The first is to reduce bodily injury and property loss due to flooding. Second, the CRS is designed to facilitate more accurate rating of a community’s exposure to flooding. And lastly, we want to raise everyone’s consciousness that reasonably priced flood insurance is available to help Americans rebuild their lives after a flood without having to take out a loan or burden the taxpayers by getting an outright grant.”

Ten years ago, 300 communities signed on to the CRS when it became available. Since 1990, that number has tripled. “Today more than 900 CRS communities are



reaping significant flood insurance premium discounts for their property owners,” says Decker. “CRS communities collectively save their residents more than \$50 million in premiums each year. Although they are only 5 percent of the 19,000 communities participating in the NFIP, more than two thirds of all flood insurance policies are written in the 900 CRS communities.” Communities receiving premium discounts through the CRS cover a range of sizes from small to large and a mixture of flood hazard risks including risks associated with coastal flooding and those linked to flooding along rivers. Property owners who purchase Preferred Risk Policies do not receive premium rate credits because their decreased exposure to loss already is reflected in lower premiums than other NFIP policies.

Similar to fire insurance, the CRS uses a community class rating system to determine premium reductions for residents. CRS classes are rated from 10 to 1, with

almost all communities entering the NFIP at a Class 9 rating that has a 5 percent premium discount. Credit points are assigned to 18 floodplain management activities that have helped to alleviate the pain, suffering, and financial hardship caused by floods. These activities are organized into four categories: public information, mapping and regulations, flood damage reduction, and flood preparedness. Some activities, such as acquisition of flood-prone property and relocation of buildings that have suffered repeated flood damage, score up to 3,200 points. But there are many other less costly activities a community can undertake, such as implementation of a flood warning program (earning up to 200 points) or establishment and maintenance of a flood protection library (receiving up to 30 points). Communities located in Special Flood Hazard Areas (SFHAs) that have earned 500-999 points are designated Class 9 and receive a 5 percent premium discount for their residents. At the other end of the

spectrum, Class 1 communities located in SFHAs are those that have earned 4,500 or more points to receive a 45 percent premium discount for their residents. At present, the highest class rating held by any community is a five, held by Tulsa, Oklahoma, and Sanibel Island, Florida.

Participation in the CRS is voluntary. Any community that is in full compliance with the NFIP's rules and regulations may apply for a CRS classification better than a Class 10. To do this, the community appoints a CRS coordinator to handle the application work and serve as liaison with FEMA. Next the community obtains a copy of the *CRS Coordinator's Manual*, which describes the program and gives details on the eligible activities. An application is submitted to the appropriate FEMA Regional Office along with documentation that the community is doing activities recognized by CRS. Technical assistance from specially trained field representatives is available for communities that request it. After conducting a field verification of

the activities described on the application, the CRS arranges for NFIP flood insurance premium discounts to be implemented.

The *CRS Coordinator's Manual*, additional CRS publications, and software may be ordered by writing, calling, or faxing a request to the NFIP/CRS. (See the telephone listing at the end of *Watermark* for contact information.) All publications and the computer software for completing the application are available at no charge to NFIP communities.

In January 1999, a number of changes were made to the CRS as the result of a formal evaluation process that began 5 years earlier. The application, scoring, and documentation procedures were simplified. Substantial increases were made in the maximum number of points available for mapping and regulating the floodplain; for preserving open space; and for acquiring, relocating, or retrofitting flood-prone properties. Credit also was increased for actions taken to mitigate repetitive losses. Recognition was given for communities

that design programs tailored to their local flood risk exposure. Emphasis also was placed on having and enforcing a state or nationally recognized building code. The CRS program provides support for *Project Impact* (see page 29 for a summary of FEMA's *Project Impact* Summit) and similar mitigation programs. In addition, officials of non-CRS communities are encouraged to join, and officials from communities already participating in the CRS are encouraged to engage in activities that will improve their class. All officials are encouraged to use a multihazards approach to planning.

There are many compelling reasons for a community to join the CRS. According to Decker, this is a program that not only saves money, but also saves lives and preserves property. "However, beyond the nuts and bolts details of how the program works, the most important aspect of the CRS process is that we give local folks the confidence that they can pull themselves up by their bootstraps and help themselves," says Decker. "Actions taken by CRS communities benefit everybody, whether insured or not. Sometimes people lose sight of that fact. While less than 10 percent of the residents in some communities may actually buy flood insurance, the other 90 percent benefit when the community participates in CRS recommended mitigation activities. From a community's point of view, mitigation and related activities are the meat and potatoes of the CRS. The premium discount is the sweet dessert." ■



CRS communities often contain elevated buildings.

## The RCBAP—What Exactly Is It? What Do You Need To Know About It?

The RCBAP, the Residential Condominium Building Association Policy, is a Standard Flood Insurance Policy (SFIP) issued pursuant to the National Flood Insurance Act of 1968. Acronyms and legalese aside, that means that the RCBAP is a flood insurance policy developed by the National Flood Insurance Program (NFIP) specifically for condominium associations and their unit owner members. (By “residential condominium building,” we mean that at least 75 percent of the floor space is residential occupancy.)



*Condominiums are subject to the RCBAP's "80 percent replacement cost" provision.*

The RCBAP form of the SFIP allows condominium associations to buy flood insurance protection and may, to a degree, relieve unit owners of their responsibility to individually insure their units. However, see the comments below about individual coverage for condominium dwellers. RCBAP coverage eliminates the often confusing issue of determining who owns (or is responsible for) property in common areas such as lobbies, maintenance rooms, and pool areas.

Some common questions concerning the RCBAP are answered below.

### Who Can Buy an RCBAP?

Only the condominium association, not individual property owners,

may buy property insurance to cover the entire condominium. However, there is an important factor to consider when buying RCBAP flood insurance—the maximum amount of insurance available under the RCBAP is equal to the number of units being covered multiplied by \$250,000. This means that, if the amount of coverage purchased by the condominium association does not cover the entire cost of each unit, some unit owners may want to consider getting extra flood insurance to cover their investment. This additional

coverage is available through the Dwelling Form of the SFIP. Keep in mind that the maximum amount the NFIP can pay out for an individual unit is \$250,000. Therefore, if the condominium building is insured to the maximum

(\$250,000 times the number of units), a Dwelling Form would not come into effect, including for assessments.

### How About Getting Contents Coverage?

Each unit owner may want to buy a flood policy to cover personal contents in the unit if there is a chance of floodwaters entering the living space. This coverage, too, is available through the Dwelling form.

### How Do You Figure the Correct Deductible?

Sections of the RCBAP address how policies are rated and deductibles are determined in areas that have a higher risk of flooding. FEMA's Flood Insurance Rate Maps (FIRMs) identify areas across

the country that 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, or the date of the initial FIRM). Buildings constructed in SFHAs before a FIRM was available for the area are described as “Pre-FIRM construction.”

No, this is not alphabet soup, but in SFHA flood zones A, AH, AO, A1-A30, AE, AR, AR/AE, AR/AO, AR/A1-A30, AR/A, V1-V30, VE, and V, the deductible for Pre-FIRM structures is \$1,000. For all other flood zones (A99, B, C, D, and X) and for elevation-rated structures located in SFHAs, the deductible is \$500. But remember there is an additional deductible of \$250 that is applied separately for each building and contents loss for land subsidence, sewer backup, or seepage of water. This is discussed in Articles 3 and 8 of the RCBAP.

### What's Not Covered?

Article 6 of the RCBAP discusses property that is not covered. As with other Standard Flood Insurance Policies, the RCBAP does not cover certain items, including, but not limited to money and other valuable papers such as business documents, deeds, and stocks. Only the building or areas within the building as specifically stated in the association's bylaws are covered. That means fences, retaining walls, seawalls, docks, and bridges aren't covered. The RCBAP does not cover beach sand either. Other things that are not covered include animals, trailers on



wheels, and additional buildings on the property, the latter of which require a secondary policy. Remember, this is not a complete list—check the RCBAP for full information.

Finally, always check the policy’s definition section (RCBAP, Article 2) in the *Flood Insurance Manual*. The NFIP defines some flood-related terms in a very specific way, in accordance with the

language of authorizing legislation. Familiarizing yourself and your clients with these terms up front can avoid a lot of misunderstandings down the line. **W**

### What Is Meant by “80 Percent Replacement Cost”?

An advantage of buying the RCBAP is that, in the event of a loss, claims on building coverage are paid on a replacement cost basis instead of actual cash value. But for the association to be reimbursed for a loss at this level, the building must have been insured for the lesser of 80 percent of its full replacement cost or the maximum amount of insurance available under the NFIP. (Remember, the maximum amount of coverage available is determined by multiplying the number of units being insured by \$250,000.) If the property is not insured for 80 percent of the replacement cost or the maximum amount of insurance, the unit owners will not be fully reimbursed for their losses and thus the association will bear the risk of loss above the amount insured. The NFIP determines loss payments and the amount of coinsurance penalties by using the following formula:

$$\frac{\text{Insurance Carried}^a}{\text{Insurance Required}^b} \times \text{Amount of Loss}^c = \text{Limit of Recovery}^d$$

a = insurance carried

b = insurance required (80 percent of the building’s replacement cost)

c = amount of loss

d = limit of recovery

e = number of condo units

#### For Example:

Let’s say a condo building’s replacement cost is \$1,000,000. According to the NFIP, the condo association would be required to carry \$800,000<sup>b</sup> (80 percent of the replacement cost) of RCBAP coverage. Instead, the condo association carried only \$500,000<sup>a</sup> of coverage. A flood occurs, and the condo building sustains \$240,000<sup>c</sup> in flood losses. In this example, the formula used to determine the limit of recovery would be:

$$\frac{\$500,000^a}{\$800,000^b} = .625 \times \$240,000^c = \$149,500^d \text{ (\$150,000 less the condo association’s \$500 deductible)}$$

This means that \$149,500 would be paid to the condo association to cover the flood losses. However, because the condo association had underinsured the building, a coinsurance penalty will be assessed before any claims payment will be made. The coinsurance assessment is calculated with this formula:

$$\frac{\text{Amount of Loss}^c - \text{Limit of Recovery}^d}{\text{Number of Units}^e} = \text{Coinsurance Assessment per Unit}$$

In our example, each unit owner would be assessed \$4,525 to cover the underinsuring of the building. Using the fictional numbers given above, this is how the coinsurance assessment was calculated:

$$\frac{\$240,000^c - \$149,500^d}{20^e} = \frac{\$90,500}{20^e} = \$4,525$$

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## Implementation of Revised Elevation Certificate Delayed

Over the last year, FIA has received several requests from WYO companies and surveyors that we reconsider the effective date of the new Elevation Certificate (EC). As a result of these concerns, we have changed the date that use of the new EC will become mandatory from January 1 to October 1, 2000.

For more than a year, FEMA's EC (used by insurance companies and agents to underwrite flood risks) has undergone revision, testing, and amending by a work group convened by FEMA. The newly revised EC form was published for comment in the *Federal Register* on April 6, 1999. The next month, we finalized the formats for the paper and electronic versions of the EC and printed the form. We began distributing the revised EC in August 1999. Although mandatory use of the new certificate originally was scheduled for August 1, 1999, we revised this to January 1, 2000, to allow 5 months for phasing in the new form.

One of the key reasons for providing even more "phase-in" time is that several members of the Flood Insurance Producers National Committee requested that the voluntary implementation period of the new EC be extended to allow more time for training.

### When Is an EC Essential?

FEMA's Flood Insurance Rate Maps (FIRMs) identify areas 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 after December 31,

1974, or the initial date of the FIRM, whichever is later). 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 for distance above projected flood waters often choose to submit an EC with their NFIP policy application to reduce their annual flood insurance premium.

### Forms Versus Content

WYO companies and the NFIP Servicing Agent continue to accept certification on the old FEMA EC form or on surveyors' or engineers' letterhead. However, the certification date on either the old EC or on letterhead must be prior to October 1, 2000, and all of the information that was required on the old EC must be provided. And, although the "phase-in" period for the new EC has been extended, when rating flood policies, agents and WYO companies must accept any EC submitted on the new FEMA form regardless of when it is received or the date on the new form. Many surveyors and engineers already have begun to use the new certificate. Old ECs are hard to come by since FEMA stopped distributing the old form at the end of July 1999.

Despite the fact that the layout of the new certificate has changed, all NFIP rules for determining the

lowest floor remain the same. There are, however, several new features that make determining the correct lowest floor elevation easier. The new format does require that surveyors or engineers supply additional building elevations, needed by the agent and underwriter to properly rate the risk. By providing these additional elevations, surveyors and engineers now can provide their certification without being familiar with the rules and regulations of the NFIP.

### Getting up to Speed

We have increased the number of training sessions for surveyors, engineers, insurance agents, floodplain managers, and WYO companies because of the large number of requests we've received from those who want to attend the new EC workshops. We also are encouraging WYO companies to use their own training departments to update their agents and staff. The NFIP Bureau and Statistical Agent's training staff is available to support your training needs.

If you are unable to attend one of the upcoming EC training workshops scheduled in your region, we urge you to visit the NFIP EC training web site located at [www.nfipbsa-csc.com/webdev/ectrng](http://www.nfipbsa-csc.com/webdev/ectrng) to take advantage of the EC training module available there. If you have questions or need more information about training sessions planned for your area, call the NFIP Regional Office nearest you (see the list of telephone numbers on the detachable flap at the back of this newsletter) or visit us online at [www.fema.gov/nfip](http://www.fema.gov/nfip). ■

## Cover America II: Off and Running

Amie Coxon Ware, FIA

FIA's Cover America campaign was initiated in 1995 to help increase awareness of flood insurance and stimulate demand for the coverage. During the first campaign, between October 1995 and April 1998, awareness of the NFIP increased by 17 percent, generating more than 500,000 inquiries to the NFIP. Nearly 20 percent of those inquiries were referred to an insurance agent.

Cover America II is now off and running, with a new NFIP logo, new advertisements, and a whole new wave of flood awareness projects.

### TV and Magazine Ads

To give Americans something to talk about over their turkey dinners, the NFIP's new "Be Flood Alert" TV advertising campaign was kicked off just before Thanksgiving. Our new 15-second spot appeared during the Macy's Thanksgiving Day Parade, Detroit's Thanksgiving Day Parade, NFL Football, and Monday Night Football. The new 30-second spot ran on 12 national cable stations, as well as on network news programs.

After a holiday break, we started the New Year with a new print ad targeting consumers in several national magazines: *American Woodworker*, *Better Homes & Gardens Home Plan Ideas*, *Country Home*, *Midwest Living*, *Newsweek*, *Time*, and *U.S. News & World Report*.

The magazine effort harvested the awareness planted by the 30-second spot, when it ran on 13 national cable stations in January and February. The 15-second spot aired in January on network news

programs, "Who Wants to Be a Millionaire," "The American Music Awards," and the Sunday NFC Playoff pregame show and game.

### On the Web

The print ads and TV commercials provide the NFIP toll-free numbers, as well as the new web address: [www.floodalert.fema.gov](http://www.floodalert.fema.gov). This address was designed to reinforce the "Be Flood Alert" message. The Cover America II home page has an animated version of the logo and a link to the NFIP web site. Log on and check it out!

When you log on, make sure to look for the graphic standards for use of the new logo. These standards include information about color, font, placement of the logo, and appropriate use of different logo variations. Information about obtaining approval from FIA to use the logo and submitting materials that include the logo for FIA review is also on the site. We encourage all NFIP partners to use the new logo on their flood insurance materials to help increase awareness of the Program.

### Co-op Advertising Program

A great place to start using the new logo is on ads placed through the NFIP Co-op Advertising Program. The co-op program helps WYO companies and insurance agents tie in to the national NFIP campaign by paying up to 50 percent of their flood insurance advertising costs. The co-op program extends the reach of the national campaign to consumers on the local level. It helps WYO companies and insurance agents take advantage of the national campaign with ads that have the same images and messages, and include their own



### NATIONAL FLOOD INSURANCE PROGRAM

agency name, address, and telephone number to alert consumers that they are the local source for flood insurance. Almost 1,500 insurance agents and WYO companies have participated in the program since January 1996, running more than 7,500 flood insurance ads. Find out more by calling 800-564-8236, or visit the NFIP web site.

When planning flood insurance advertising—through the co-op program, or not—WYO companies and insurance agents should take advantage of the heightened awareness during the concentrated TV advertising "event" periods. As our media plans for upcoming months are finalized, we will include them in monthly Cover America II updates. Make sure to check this update, which is available on our web site each month!

### TV and Radio PSAs

To tell more of the NFIP story, we produced a radio series called "The 'Be Flood Alert' News Minute." In January, various experts were interviewed for the series. Throughout the year, more than 70 radio public service announcements (PSAs) will be distributed to radio stations nationwide. The 60-second spots provide information about the following topics and others.

- The NFIP and its mission
- What to do before, during, and after a flood or hurricane

- Why people should buy flood insurance
- Why it is important to keep flood insurance
- Building and rebuilding to reduce future flood damage
- Causes of flooding and how changing weather patterns are increasing the number of floods
- *Project Impact*

The spots feature various guest experts, including specialists from FEMA, the National Weather Service, and the insurance industry. The series was released in July 2000 to radio stations in hurricane-prone states. Some of the spots have been translated into Spanish, and selected spots will be placed on the NFIP web site.

In addition, we recently completed production of three television PSAs featuring television weather forecaster Al Roker that will help get the word out about floods and how to prepare for and protect against flood damage.

These were distributed to television stations at the beginning of hurricane season.

### More in the Works

The next wave of Cover America II projects is already well under way. Co-op program ad slicks were revised to include the new NFIP logo and are available on the NFIP web site to download and use. New "Be Flood Alert" ad slicks will follow. An insurance agent trade magazine ad and an ad targeting lenders were produced and placed in appropriate trade magazines. Additional consumer print ads, including one that focuses on *Project Impact*, were finalized and began appearing in consumer magazines this summer.

We also are revising and redesigning information kits for consumers, insurance agents, and lenders to make them more consistent with the campaign and to be more useful to recipients. These kits will be used to provide follow-

up information to those who respond to the campaign via telephone or mail. The kits also will be used to provide more information to consumers and insurance agents who respond to the new direct mail packages that are being produced.

We are very excited about the new campaign. We hope that the new campaign components are helpful to you as you highlight the benefits of flood insurance to your clients. Be sure to use these new campaign materials to let people know that they can get reliable information about flood insurance from you. ■

*Amie Coxon Ware is an Insurance Marketing Specialist for FIA's Marketing Division. She has worked on various marketing and public relations projects in FIA for 9 of her 11 years at FEMA, including managing both the Cover America campaign (1995 to 1999) and the Cover America II campaign beginning in July 2000.*

## Government of Puerto Rico Purchases Flood Insurance Policies

*Tere Martin, FIA*

The Government of Puerto Rico, through the Insurance Commissioner's Office, has purchased more than 5,000 Standard Flood Insurance Policies (SFIPs) to replace an expiring Group Flood Insurance Policy (GFIP). The GFIP had been issued under the Individual and Family Grant (IFG) Program's assistance to 5,601 certificate holders as a result of flood damages caused by Hurricane Hortense, which struck the island on September 11, 1996.

The Insurance Commissioner's Office met with the WYO companies that write flood insurance for properties in Puerto Rico and

requested a proposal for how to write 5,601 SFIPs prior to the expiration date of January 11, 2000. Pan American Insurance Company (PAICO) was awarded the sale of the policies by the Government of Puerto Rico. PAICO had a crew of 35 employees conduct a house-to-house verification of ownership and property address. Elevation Certificates were completed for Post-FIRM buildings.

The Puerto Rican Insurance Commissioner's Office is considering the purchase of SFIPs to replace the GFIP issued as a result of Hurricane Georges, which devastated the island in September 1998. That GFIP, issued for the

3,260 certificate holders who received IFG assistance to recover from flood damages, will expire on December 24, 2001.

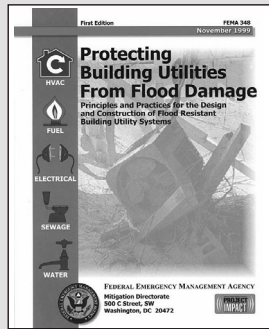
Congratulations to Puerto Rico for taking the initiative to ensure that their residents are financially protected from future flood losses! ■

*Tere Martin, an Insurance Marketing Specialist with FIA, has been with the NFIP for 20 years and has worked closely with Puerto Rico on Group Flood Insurance Policy matters. Ms. Martin is FIA's Liaison to FEMA's Response and Recovery Directorate on all NFIP-related matters.*

# RE: SOURCES

## FEMA Publishes New Manual About Flood Resistant Construction

Designing and constructing buildings so that they can be reoccupied and operational as soon as electricity, sewer, and water are restored to flooded neighborhoods is the objective of a manual recently published by FEMA's Mitigation Directorate. The intended users of this manual are developers, architects, engineers, builders, code officials, and homeowners who are involved in designing and constructing building utility systems. *Protecting Building Utilities From Flood Damage: Principles and Practices for the Design and Construction of Flood Resistant Building Utility Systems* includes sections that describe the NFIP and its floodplain management requirements, discuss floodproofing new and substantially improved buildings, and explain how to retrofit existing structures. The book also contains information about complying with model building codes.

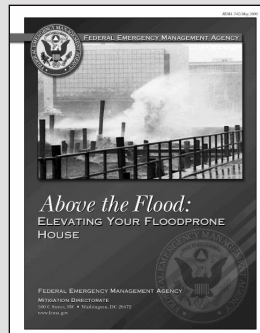


Request a free copy of this new 196-page publication by writing to the FEMA Distribution Center at P.O. Box 2012, Jessup, MD 20794-2012 or by calling (800) 480-2520. Ask for publication 348. The web version of this document soon will be available at [www.fema.gov/library/lib06](http://www.fema.gov/library/lib06).

## Uplifting Mitigation Publication

*Above the Flood: Elevating Your Floodprone House* is another new FEMA publication targeted to developers, architects, engineers, builders, code officials, and homeowners.

In the repair and reconstruction efforts following Hurricane Andrew, owners of damaged houses had opportunities to modify their houses to protect them from



future flood damage. This book chronicles the successful efforts taken to elevate substantially damaged homes in Dade County, Florida, in the aftermath of Hurricane Andrew. It presents an overview and case studies of three common techniques appropriate for a variety of houses on different types of foundations. FEMA's technical and regulatory guidance on these projects is explained and a summary is provided on the benefits of elevating a floodprone home.

A CD-ROM and video, companions to the book, soon will be available. The CD-ROM and video include interviews with contractors and homeowners involved in elevation projects. They also include animations that demonstrate each of the numerous elevation techniques covered.

For a copy of the free publication, *Above the Flood: Elevating Your Floodprone House*, write to the FEMA Distribution Center at P.O. Box 2012, Jessup, MD 20794-2012 or call (800) 480-2520. Ask for publication 347. The web version soon will be available at: [www.fema.gov/library/lib06](http://www.fema.gov/library/lib06).

## NFIP Stakeholder's Report Available

Each year, FIA produces the NFIP *Stakeholder's Report*, a colorful and easy-to-read document that describes the insurance and mitigation aspects of the NFIP and provides financial highlights for the last fiscal year. These reports are distributed to all National Flood Conference attendees, to leaders within the insurance and lending industries, and to State and Federal government officials.

A limited number of copies of the NFIP 1999 *Stakeholder's Report* still are available. We would be pleased to send you a copy on a first come, first served basis. Send us your request with your business card or a note that includes your name, address, affiliation with the NFIP (such as insurance agent, lender, real estate agent, public official) and the name of your organization. Include your e-mail address, if you have one. **W**



## N HIGH GROUND

### Never Forget

*Ann Azari, Former Mayor of Fort Collins, Colorado*

At a city council meeting in July 1997, we were notified that our town, Fort Collins, Colorado, had received a FEMA award. I was the mayor then. I was so proud of this award, which recognized us for our outstanding storm water utility and flood control programs. We were told that, because of our mitigation efforts, residents in our town would receive a significant discount on their annual flood insurance premiums because we were close to the top category in the NFIP's Community Rating System. I remember that evening as if it were yesterday...because within weeks of that night, our town suffered one of the worst disasters of its history and one of the worst flooding events of the entire state's history.

On July 28, 1997, a terrible storm devastated our town. According to the National Weather Service, "monsoonal flow across New Mexico and Colorado in a virtually saturated atmosphere resulted in repeated rounds of showers and thunderstorms over portions of Colorado. The Fort Collins area was exceptionally hard hit, as a report of well over 8 inches of rain was received there." Flooding in our community took the lives of five people and caused millions of dollars in property damage and incalculable human suffering. I remember saying to myself, "How arrogant, to have been so proud such a short time ago." How foolish it was to believe, even for a

minute, that there is ever a guarantee against disaster for any community. The flood removed all of the smugness we'd had about the fine programs we'd put in place in our town and the top-notch professionals we had running them. I hope, for our sakes, that this smugness never occurs again. We can't be so confident as to think that we don't have to work constantly to find better ways to protect our citizens and their property.

The lessons Fort Collins learned in 1997 have been taken seriously. We have strengthened our prevention programs and created new ways to warn our citizens of impending danger should we once again find ourselves threatened as we were that night in '97. Our city recently received a new recognition from FEMA with regard to *Project Impact*. I smiled as I read of the award. We now have a whole new series of understandings about the danger of floods and how to protect against them. In many ways we have moved more toward prevention.

At the same time, we have created stronger planning for emergency response than we had such a short time ago. If, as a community, we can remember what we went through in those days of late July 1997, I think we can keep vigilant. But this will be a challenge, because we have shown that in Fort Collins we have the ability to become complacent and think that the weather out here at the foot of the Rockies is always beautiful and that its drama is exciting but not life-threatening. Furthermore, we tend to believe that we can fix our situation so that we will always be safe.

But the truth is that we are always going to be somewhat at

risk. Our part of the country has dramatic and dangerous weather. While we can mitigate our circumstances and practice good prevention to lessen serious damage, there is no full-fledged, 100 percent protection against loss for us. Knowing this, and not forgetting it, is our challenge.

Flood insurance, emergency preparedness, prevention, and mitigation all seem to me, now, to be such simple measures to support. To work for these improvements now, when we have no trouble, is more than just important. This is why. When we were dealing with the flood event, it was the human situations that were paramount. That was not the time to organize our resources or to ask about flood insurance or to notice if we had proper mitigation policies in place. It was the people of our community that concerned us: the children, the grandmothers and grandfathers, moms and dads. Yes, even the family pets. We had to help everyone find those who were missing. Security was locating loved ones and getting people to a safe place, out of the weather, dry and warm. Then we could begin on the long road back to community sanity.

I will say that we did have an emergency plan that was executed that night and in the following days. It was this plan that helped make our community's response and our steps to recovery so rapid. We had excellent GIS technology that told us where we had damage and people who needed assistance. Every agency we dealt with, from every level of government, was responsive. So we had a great deal to be thankful for.

During the disaster, everyone worked together. We had no questions of whether or not help was

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needed or wanted. Everyone helped. We worked as a community without needing even much supervision. Generosity, kindness, and understanding along with personal sacrifice were exhibited without stint. Today we work to maintain this sense of community that we realized in the face of terror. It is a challenge, and I suspect this is an experience shared by most communities recently victimized by natural disasters.

I hope my town does not have to live through such an experience again. I hope that we never forget what we faced in July 1997. I hope we continue to practice for disas-

ters and that we continually work for enhanced prevention. I hope that we continue to understand the importance of a community that stands at the ready to help our friends and neighbors when the chips are down. I hope we never delude ourselves into thinking we are “exempt” or “immune.”

These are fond hopes. However, I believe each of us, no matter where we live, must be committed to community and must make sure we take the steps that can prevent the human tragedies we experienced in Fort Collins three years ago. This kind of commitment is a total community effort. It is based on not forgetting what happened

yesterday while we rebuild for tomorrow. Whatever sense of security we have is founded on being prepared, collectively and individually, with each of us taking responsibility for our community’s preparedness for whatever happens. May each of our hometowns be safe and may they thrive. ■

*Ann Azari served three terms as mayor of Fort Collins, Colorado, from 1993 to 1999. She now works as a consultant to businesses and municipalities in policy, community development, and governmental relations. Ms. Azari was a featured speaker at the NFIP’s 1999 National Flood Conference.*



## The FEMA/NFIP Lender Compliance Review

*Susan Bernstein, FIA*

FIA has formed a work group to look at the effectiveness of the Mandatory Flood Insurance Purchase Requirements of the National Flood Insurance Reform Act of 1994 (NFIRA). NFIRA requires that all properties with federally backed mortgages in participating communities located in Special Flood Hazard Areas (SFHAs) have sufficient flood insurance. The work group is examining whether NFIRA is fulfilling this requirement and seeking out ways to ensure that property owners are protected from floods in the future.

Following the damage caused by Hurricane Floyd in September

1999, several groups including FEMA’s Office of the Inspector General (OIG), the U.S. Congress, and the General Accounting Office (GAO) have become concerned that there are mortgaged properties located in flood-prone areas not covered properly by flood insurance. While the NFIP does not have regulatory control over lending institutions, it is of great concern to FEMA to ensure that NFIRA requirements are met and that property owners are protected.

Thus, the work group, consisting of members of FIA, OIG, the FEMA Mitigation Directorate, and GAO, is developing a study plan. This study will investigate reasons for noncompliance as well as degree of noncompliance. The study also will pinpoint problem areas such as property location and mapping, noncompliance with NFIRA by lending institutions and lending regulators, and issues involving flood determinations. It will look at the best ways to ensure that people are protected from

flood losses, through both mitigation activities and insurance coverage. The work group hopes to offer specifics that will demonstrate areas of regulatory inadequacy and will identify locations within the U.S. needing better concentration by regulatory agencies, by the Mitigation Directorate, and by FIA.

After being phased in, the NFIRA regulatory rules have been in effect for almost four years. It is especially important now to determine whether NFIRA is working. If it is concluded that a significant percentage of properties with federally backed mortgages located in SFHAs are lacking the required flood insurance, new solutions must be explored to make NFIRA’s mandatory purchase provisions work for the common good. ■

*Susan Bernstein is FIA’s Legal Liaison as well as Editor of the NFIP’s Watermark newsletter.*

# ADJUSTER NEWS

## Who Does What With a Flood Claim?

*John Postava, SIMSOL Insurance Services, Inc.*

You're the agent and you've just submitted a flood notice of loss for one of your policyholders to the WYO flood insurance carrier or its servicing agency. What happens next? Where does the claim go? Who gets the assignment? And, more importantly, what should you expect from the flood adjusting company that ultimately handles your policyholder's claim?

With approximately 80-90 percent of all flood adjustments handled by catastrophe adjusting vendor-companies (called "CAT companies" for short) that use NFIP-certified adjusters working as subcontractors to servicing agencies or WYO company claims departments, it's no wonder that the flood adjustment process is sometimes a lengthy and confusing one.

### Tracking the Life of a Flood Claim

Let's take a closer look at the "cradle-to-grave" life of a flood claim, from the time a loss is submitted by the agent to the time the claim is paid.

When an agent submits a loss notice to a WYO company claims department or servicing agency, it first must be entered into the company's claims management computer system. All policyholder, coverage, community, elevation, and loss history information must be verified. The loss notice then is

faxed or telephoned to the CAT company. A handful of CAT companies now can electronically download this assignment information from WYO company or servicing agency computers.

After receiving the loss notice, the CAT company reviews the claim information, reenters or transfers the loss information into its catastrophe claims management system, and assigns the loss to a field adjuster. So far, this process has taken about 24 hours.

Adjusters typically pick up their assignments at the CAT company's catastrophe field office. Assignments also may be faxed from the catastrophe office to field adjusters, who usually set up their temporary operations in "extended-stay" hotels or apartments. Some of the new adjusting software products enable CAT companies to make assignments to adjusters electronically via the Internet or e-mail. In any event, agents should expect licensed, flood-certified adjusters to receive a policyholder's flood claim no more than 48 hours from the time the loss notice was submitted to the WYO carrier or servicing agency.

NFIP guidelines require that adjusters contact their flood loss claimants within 72 hours of the time the WYO carrier or servicing agency receives the notice of loss. In the vast majority of cases, this requirement is satisfied. But if loss notices have been faxed or copied multiple times, they may be illegible by the time the field adjuster receives the assignment. Illegible or incorrect phone numbers make it very

difficult for field adjusters to contact policyholders on a timely basis. Adjusters then must contact the agent or WYO carrier for correct contact numbers. This may add a few hours or a few days to the initial contact process.

In other cases, local telephone systems may have been knocked out by flooding, or insureds may have moved out of their homes. Adjusters end up playing phone tag with policyholders' answering machines. Often times, a flood adjuster may have left several voice messages for an insured who reports back to the agent, "The adjuster hasn't contacted me yet!" It's true the adjuster hasn't spoken with the policyholder, but not for lack of trying!

In addition to attempting to reach a policyholder by telephone, most flood adjusting companies mail a letter that provides the flood victim with the name and contact numbers for the adjuster as well as the adjustment company's main office. Agents should expect the CAT company to make Herculean efforts while attempting to make initial contact with flood claimants. The sheer number of contacts that must be made is mind-boggling. Agents who take an active role in assisting adjusters in making first contacts will find appreciative adjusters and policyholders.



*Storm surges often damage coastal condos.*



## First Contact

When first contact is made, the adjuster schedules an appointment to meet with the insured or the insured's representative at the loss site. During this initial phone call, the adjuster usually advises the policyholder about what actions should and should not be taken. Topics such as "Can I begin to clean up?" and "Can I throw out my muddy carpets?" are covered during the initial phone conversation.

Coverage information should come only from the adjuster handling the claim or the CAT company's field office. NFIP flood-certified adjusters are trained to handle flood claims and are kept up to date on all NFIP coverage issues by their companies. Far too many times, policyholders are given erroneous information over the phone before they have spoken to an adjuster and embark on courses of action that either are not covered under the flood contract or are severely limited as to what the flood policy pays.

Many agents believe flood contract coverage is similar in nature and logic to that of homeowners insurance. However, NFIP flood policies are a different breed of insurance contract. Unless you are a certified NFIP flood adjuster, speak cautiously (and take notes) when advising policyholders about coverage issues.

According to NFIP guidelines, adjusters have up to 15 days from the date of assignment to inspect the loss and submit an NFIP Preliminary Report. The "Prelim" Report summarizes the initial findings of the adjuster, sets reserve amounts on the claim file for building and contents damage and indicates to the WYO company

whether an advance payment is recommended.

During the initial inspection, the adjuster interviews the insured about the events leading up to the loss and collects a wide range of NFIP-required information. While at the loss site, the adjuster also measures water heights throughout the building, records the scope of damage in every affected room, inventories all damaged personal property items, and takes photographs of all visible damages.

Adjusters are expected to go over all policy coverages and any applicable exclusions or limitations with the insureds, as well as attempt to answer any questions about claim handling, timelines, and payment procedures. It is also a requirement that adjusters offer insureds advance payments on their claims if the covered losses are large enough to warrant the advances.

## When Differences Arise with the Adjuster

The majority of flood claims require only one inspection. From their initial scope of damage notes, adjusters complete the building repair estimate and contents inventory for the claim. These estimates are sent with a Proof of Loss to the insured for signature. The insured reviews the estimates and, if in agreement, signs the Proof of Loss and returns it to the adjuster.

If a policyholder questions any items included in an adjuster's estimate, adjusters are expected to return to the loss site and walk through the building with the insured, the insured's representative, or the contractor to explain recommended repair work. Agents should expect adjusters to return to the loss site as many times as nec-

essary to discuss repairs to the building or discrepancies in the personal property inventory involved in the claim. Before a claim is settled there must be a meeting of the minds.

There are many instances where insureds who have just been told about items not covered under the flood contract immediately call the agent or the WYO company to complain. Agents and WYO companies should expect adjusters to communicate both good news and bad news to the policyholders.

If an agent feels that an adjuster has made an error, it usually is best to speak with the adjuster before considering any other action. Most NFIP-certified adjusters welcome contact with agents. Adjusters are knowledgeable in flood policy coverage and usually can direct an agent to that part of the flood contract or specific NFIP directive that deals with the issues at hand.

Should any service-related issues arise in the handling of a claim, an agent should contact the adjuster's catastrophe field office manager at once. For example, if a policyholder calls an agent and requests another adjuster, it is the responsibility of that manager to determine whether the claim should be reassigned.

Many times, a policyholder may want a new adjuster simply because the first adjuster pointed out items not covered or not fully covered under the flood contract. In this circumstance, the reassignment of the claim to another adjuster probably would not be an option.

In a flooding event, personalities sometimes conflict. That's human nature. But, if it's a policyholder's third or fourth adjuster, the agent should begin to look for other sources of the problem!

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It is also the job of the CAT company to terminate the employment of any adjuster not acting in a professional manner or not following NFIP adjuster guidelines. Every flood adjusting vendor-company has gone through its share of “bad” adjusters (there are only so many “good” flood adjusters to go around). It is not a crime to hire a bad adjuster, but it is a crime to allow one to continue to handle flood claims. If an adjuster has acted in an unprofessional manner, agents and WYO companies should expect their flood adjustment companies to take swift and deliberate action.

### Closing the Claim

If all goes well and the claim settlement amount has been agreed upon, the adjuster receives the signed Proof of Loss from the insured and submits the Final or Closing Report to the company. This report contains all of the documentation required by the NFIP and WYO carrier: building and contents estimates, diagrams, photos, engineering reports, and any other pertinent information needed to substantiate the recommended payment.

NFIP adjuster guidelines stipulate that all Final Reports should be submitted to the WYO company or servicing agency within 72 hours of the signing of the Proof of Loss. CAT companies and adjusters attempt to adhere to this guideline, but there are often problems in getting the reports to the WYO company. These problems most often are caused by delays in the mailing of the information back to the adjuster or the mailing of the reports to the WYO company or servicing agency.

After an adjuster submits a flood claim’s Final Report, it is reviewed

and examined by one of the CAT company’s claims examiners. During this examination process, claim files are either approved for submission to the WYO carrier or servicing agency or sent back to the adjuster for additional handling.

When adjustment errors are discovered during the review/examination process, they must be corrected before the file can be submitted to the WYO company or its servicing agency. Adjusters are expected to handle these corrections in a timely manner and promptly resubmit their revised claim files and estimates. Any change in final payment recommendations requires that a new Proof of Loss be signed by the insured. If the situation requires a lengthy correction process, adjusters may recommend another advance payment be issued (if justified).

Once the claim file has been reviewed and approved by the CAT company’s claims examiner, the claim is sent to the WYO company or servicing agency for final review and payment. It is during this final review that recommended payments are approved and checks are issued. Under NFIP guidelines, field flood adjusters have no authority to extend or deny coverage. This authority rests solely with the WYO company or its servicing agency. Field adjusters can merely recommend payment amounts.

In the wake of a flooding event, hundreds of Final Reports are submitted to WYO companies and servicing agencies each day. The final review and payment process is a time-consuming one and a responsibility not taken lightly by the

examiners who review these files. Policyholders should expect a two- to three-week waiting period between signing the Proof of Loss and receiving payment of the claim.

### Hard Work, Hard Workers

That’s the life of a typical flood claim. The flood adjustment process depends on a complex network of relationships that all have to work together under extreme and very stressful circumstances. However, in spite of these adverse conditions, each year thousands of flood claims are adjusted and handled successfully by the hundreds of professional men and women who make up the flood claims industry. ■



Adjusters facilitate the recovery process.

*John Postava is President of SIMSOL Insurance Services, Inc., a nationwide catastrophe adjusting firm, headquartered in Florida. He has been an active NFIP flood adjuster since 1979 and is a member of the National Association of Catastrophe Adjusters and the Association of Registered Professional Adjusters. Mr. Postava is also one of the original developers of the SIMSOL adjusting software program used by thousands of flood and property adjusters across the country.*

## The Value of NFIP Training by WYO Companies and Agencies

*Robert Scudder, Omaha Property and Casualty*

It is likely that the flood insurance sales and administrative staffs of most WYO companies receive less formal classroom training in flood products than in any other area. Omaha Property and Casualty (OPAC) has hosted many NFIP seminars, and our underwriters provide on-going information about flood insurance in their daily contact with agency staffs. However, after review, repetitive errors, and input from our agency field staff, it became apparent that there was a tremendous need for additional flood training. In the summer of 1998, OPAC launched a new Flood Insurance Training Program.

At the time, I was teaching a classroom presentation on flood insurance in the southern United States. As I began to discuss Preferred Risk Policies and how valuable they are, one of those attending raised his hand and said, "That's how they're beating me on price!" He'd been unaware of the Preferred Risk Policy.

Was this case isolated? Maybe, but in my travels around the country with OPAC's Flood Insurance Training Program, I have heard numerous comments, statements, and questions that "shine the light of truth" on the industry. There is a serious lack of product knowledge

about the flood program.

It appears to me—and perhaps, being rather new to the flood insurance industry, I am not the most qualified to judge—that there is a wonderful opportunity to grow the flood program through quality training.

The NFIP has made a legitimate attempt to provide training to agents. Here at OPAC, we have hosted a number of NFIP training sessions which, while informative, were only lightly attended. So, rather than ask the agency field staff to come to us, we felt it might be more effective to go to them. My travels to the West Coast, the Gulf Coast, Florida, and New Jersey have shown me that there are some agents who are very well informed. In fact, the most informed agents I have met usually are located very close to the ocean. Away from hurricane areas, the level of NFIP expertise I've encountered drops dramatically. Most of this lack of knowledge probably can be attributed to a lack of formal training and the fact that few agents work with the product on a daily basis.

If many agents lack expertise with flood insurance, the general public probably is even less informed. So, over the past few years, the Federal Emergency Management Agency has undertaken the task of trying to educate the public. The Cover America campaign of flyers and newspaper, magazine, and television advertisements is very good, but its success is not universal. Not long ago, in the Red River Valley of North Dakota, a four- to six-week effort to educate people about flood insurance was initiated. While the percentage of policies in the area increased dramatically, research

after the awareness campaign showed that 25 percent of those who didn't buy flood insurance said their agents talked them out of it! In the spring of 1997, every building in Grand Forks, North Dakota, was flooded. According to an Associated Press article from that city, only 948 of more than 10,000 homes had flood insurance.

So what do we do? At OPAC, we believe that the best way to educate the public is to educate the agents. To educate them in a way that looks at their job and how they do it. To show them the best ways to write flood insurance, the best ways to gather information, the best ways to achieve accuracy, the best ways to improve customer service, and the best ways to see that writing flood insurance is a very important part of what they do. It is not an "add-on" product that they offer to try to secure customer loyalty. It is a product that their customer needs and should have. The customer simply doesn't understand why!

We at OPAC feel very strongly that we need to educate our agents for a number of reasons:

***It Is Good Business*** - If we educate our agents, they will better understand why their customers need flood insurance. The knowledge will make them more comfortable with the product and should help them sell more flood insurance and make business grow.

***It Is the Right Thing to Do*** - By educating the agents, we educate the public. We can run television advertisements, magazine advertisements, and newspaper advertisements and we can even drop leaflets from an airplane, but while we might cover a lot of the country, we probably will not reach many people. The very best way to

*continued on page 28*

WYO News, continued from page 27  
educate is one-on-one by someone they know and trust and someone they know is talking to *them* . . . their insurance agent!

***It Is Not About Selling, It Is About Buying*** - When a customer buys something and decides to keep it, this is not because someone sold it; it is because the customer bought it. When we individually and personally educate the public, and they can see how it directly affects them, and they are convinced that they need it, they will buy it and they will keep it.

The OPAC Flood Insurance Training Program has been well received by the agency field staff. We have trained not only a large number of OPAC agents, but also agents who write for other WYO carriers or directly for the NFIP. We are convinced that training agency field staff will educate the public and will increase the number of Americans protected by flood insurance. That is good for us, that is good for you, and that is good for America. ■

*Robert Scudder is Director of Training for the Omaha Property and Casualty (OPAC) flood program. He is responsible for creating OPAC's Flood Insurance Training Courses, including an Intermediate Course, which he presented 144 times in 1999 to more than 1200 students across the country. He also developed an advanced Flood Insurance Course for 2000 that is being presented to agencies doing a significant amount of flood insurance business.*

## COAST TO COAST

### Recovering From Floyd

As disaster response teams poured into North Carolina following Hurricane Floyd in mid-September 1999, community officials throughout the state facilitated both the establishment of FEMA's Disaster Field Offices and the presentation of NFIP Post-Flood Workshops to help residents in their communities begin the recovery process. Community leaders also used the venue of the North Carolina League of Municipalities Annual Conference held in Greensboro at the end of October to focus on efforts to recover from Floyd. FEMA Director James Lee Witt was the keynote speaker at the conference, attended by almost 1,300 people. Many conferees stopped by the NFIP booth to collect boxes of public awareness literature for distribution in their communities.

In the weeks that followed, more than 1,000 agents, lenders, and public officials attended the six

NFIP Post-Flood Workshops held to brief insurance agents, lenders, and public officials about flood insurance claims and policy processing. Hurricane Floyd victims in North Carolina received more than \$223 million in disaster assistance. More than 8,200 NFIP claims payments were made for a total of almost \$184 million.

### Preparing for Flood Business in the New Millennium

More than 180 representatives from WYO companies, flood zone determination companies, and other groups were briefed on how the NFIP was preparing for Y2K at the 4th annual NFIP Bureau Technol-

ogy Conference held November 9 and 10 at the Bureau's headquarters in Lanham, Maryland. Changes in electronic processing, address editing, the Condo Inspection Program, and the Elevation Certificate were among topics addressed by presenters and panel discussions. Updates also were provided on Preferred Risk Policies, FIA's repetitive loss strategy, and Coastal Barrier Systems. A marketing presentation provided tips generated by FIA's new Cover America II public awareness campaign.

### Partners in Planning

On November 17, almost 150 Federal, State, and local govern-



Rivers in North Carolina overflowed after Hurricane Floyd.

ment officials met with members of the insurance industry at the Partners in Planning Conference, held in Biloxi, Mississippi, to coordinate disaster response and recovery after a major flood or hurricane in the Gulf Coast states. FIA Administrator Jo Ann Howard, Mississippi Emergency Management Agency Director Jim Maher, and FEMA Region IV Director John Copenhaver presided over the general session, which was followed by two interactive question-and-answer sessions. At the conference, special emphasis was placed on the NFIP's Repetitive Loss Strategy and *Project Impact*. FIA also updated participants on the Increased Cost of Compliance coverage and other NFIP issues that often surface after hurricane-induced flooding.

### **Project Impact Summit Focuses on Investing in Disaster Prevention**

Calling for every American community to participate in the *Project Impact: Building Disaster Resistant Communities* initiative by the year 2025, FEMA Director James Lee Witt opened the second annual *Project Impact* Summit in Washington, DC, on December 13. More than 1,200 business representatives, public officials, and emergency preparedness managers participated. They came to share lessons they learned since the initiative was implemented in 1997 about how to prevent deaths and damages from natural disasters.

At the closing gala held December 15, awards were presented to 16 *Project Impact* participants for outstanding efforts and contributions. Award categories included Model Community, Model Corporate Partner, Outstanding Citizen, Outstanding National Business Per-



son, and Outstanding Mentor. A "Livability Award" was presented to Charlotte-Mecklenburg County, North Carolina, for best implementing environmental protection and planning into municipal disaster prevention efforts. The winners of these awards were chosen from nearly 200 *Project Impact* communities nationwide and more than 1,100 corporate partners.

For many communities, *Project Impact* has become a way of life. As a result, these communities are assessing their vulnerabilities to natural disasters, enforcing stricter building codes, strengthening buildings and infrastructures, offering incentives for taking preventive steps, and educating citizens on prevention measures. *Project Impact* has shown that for every dollar spent on prevention, at least two dollars are saved in disaster recovery costs. For more information about *Project Impact*, check out FEMA's web site at [www.fema.gov](http://www.fema.gov).

### **NFIP Training From a Distance**

On February 4, the NFIP held its first Distance Learning Seminar. The Basic Agent Workshop was beamed by satellite to participants at five Illinois community colleges. Five Continuing Education Units were given to agents who attended. The event was cosponsored by the Professional Insurance Agents of Illinois.

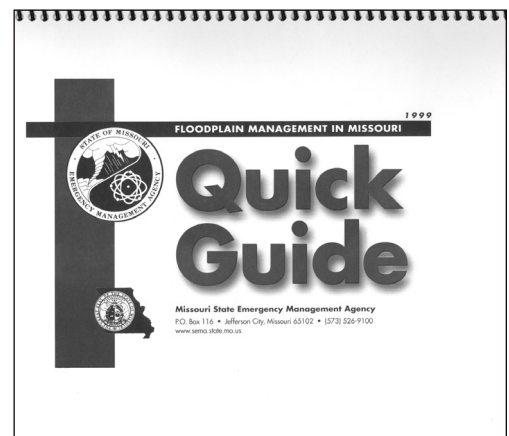
### **Flood Awareness Hits Home**

On February 9, 50 real estate agents attended an NFIP workshop held in conjunction with the Gulf Coast *Project Impact* Conference in Mobile, Alabama.

In his keynote speech, Michael Armstrong, Associate Director of FEMA's Mitigation Directorate, addressed the need for mitigation, and high awareness, of flood hazards. He concluded by describing how his personal contacts with flood victims have affirmed his view that flood insurance protection is a necessity.

### **Missouri Flooded with Preparedness Information**

Every March is Emergency Preparedness Month in Missouri. This year, as part of that effort, the Missouri State Emergency Management Agency sent letters to floodplain managers reminding them that spring flooding was about to begin and urging them to promote the purchase of flood insurance in their communities. In addition, NFIP brochures and press releases were distributed throughout the state.



*Missouri State Floodplain Manager's Training Guide.*

Missouri emergency preparedness and floodplain managers are strong supporters of the NFIP.

*continued on page 30*

The majority of training sessions offered by the NFIP in Missouri each year are sponsored by local communities. In addition, representatives from the NFIP's Region VII office are invited to participate in the annual Missouri Floodplain Manager's Conference each May; several times each year they present joint training sessions with staff from the Missouri State Emergency Management Agency.

At these workshops, training is provided in both flood insurance and floodplain management. Continuing Education Units are available for the insurance and real estate agents and the real estate appraisers who attend.

### Insurance Commissioners Talk Flooding

What can the FIA do to support State efforts to heighten flood awareness? How can States better promote NFIP awareness and training? What more needs to be done by both States and FIA to reinforce the importance of purchasing flood insurance? These are just a few of the questions discussed at the NFIP roundtable meeting held by FIA Administrator Jo Ann Howard at the National Association of Insurance Commissioners Conference in March.

Representatives from the Insurance Commissioners Offices of Kansas, Maryland, New Jersey, North Carolina, Pennsylvania, and Virginia met with the Administrator to learn more about why people don't buy flood insurance and the economic impact of flood disasters to communities when property owners are uninsured. An assessment of the Increased Cost of Compliance coverage was given and success stories were shared about the Kansas Disaster Task Force, as

well as the response to Hurricane Floyd in North Carolina.

### Oklahoma Declares March Flood Insurance Month

Flooding is a familiar disaster in Oklahoma. Of the 38 Presidential Disaster Declarations that have been made there since 1955, 28 have involved flooding. More than \$2.3 million was paid on 176 NFIP claims during 1999 alone.

Focusing attention on the availability of flood insurance protection just before the beginning of the 2000 spring flood season, Okla-

homa's Governor, Frank Keating, declared March 2000 as Flood Insurance Month. According to Duane Smith, Executive Director of the Oklahoma Water Resources Board (OWRB), the Governor's proclamation provided the OWRB, insurance companies, and emergency management organizations throughout the state with valuable opportunities to increase public awareness of flood risks in Oklahoma and the availability of relatively inexpensive flood insurance.



Oklahoma Governor Frank Keating signs Flood Insurance Month proclamation. Attending are (from left): Lonnie Ward, FEMA Region VI; Dorothy Martinez, NFIP Region VI; Joe Remondini and Carolyn Schmidt, U.S. Army Corps of Engineers; Ken Morris, Oklahoma Water Resources Board and NFIP State Coordinator; Albert Ashwood, Oklahoma Flood Management Agency; Ron Flanagan, President, Oklahoma Flood Management Agency.



**NATIONAL  
FLOOD  
INSURANCE  
PROGRAM**

# AJOR Floods

START AND END DATES AND EVENT	FDA*	STATE(S)	POLICIES IN FORCE (AT TIME OF EVENT)	LOSSES PAID	DOLLARS PAID IN LOSSES	PERCENT OF LOSSES CLOSED
August 22, 1999 August 25, 1999 <b>Hurricane Bret</b>	X	Texas	331,164	110	\$950,516	97.3%
August 23, 1999 September 11, 1999 <b>Hurricane Dennis</b>		Florida	1,709,390	33	\$352,276	97.3%
		Maryland	48,863	45	\$2,025,091	99.0%
		Massachusetts	37,641	32	\$207,506	100.0%
		New Jersey	166,530	64	\$1,223,951	100.0%
		New York	90,829	29	\$667,450	91.0%
	X	North Carolina	83,450	2,318	\$29,228,337	95.6%
	X	Pennsylvania	61,547	253	\$3,095,752	90.3%
		Rhode Island	10,987	10	\$358,463	100.0%
		South Carolina	117,474	6	\$126,893	81.8%
		Virginia	67,260	85	\$640,021	97.4%
September 2, 1999 September 3, 1999 <b>General Flooding</b>		South Dakota	3,123	13	\$147,401	100.0%
September 13, 1999 September 23, 1999 <b>General Flooding</b>	X	Arizona	26,233	2	\$2,827	100.0%
September 13, 1999 September 27, 1999 <b>Hurricane Floyd</b>	X	Connecticut	28,664	138	\$3,672,540	99.5%
	X	Delaware	16,177	173	\$7,070,398	99.6%
	X	Florida**	1,709,390	268	\$3,201,141	94.8%
		Georgia	57,821	4	\$15,176	89.5%
	X	Maine	6,695	3	\$37,377	100.0%
	X	Maryland	48,863	199	\$2,295,160	98.7%
		Massachusetts	37,641	26	\$341,696	100.0%
	X	New Hampshire	4,407	3	\$29,025	100.0%
	X	New Jersey	166,530	6,128	\$139,407,356	99.4%
	X	New York	90,829	605	\$11,438,485	99.3%
	X	North Carolina	83,450	8,844	\$191,854,127	95.8%
	X	Pennsylvania	61,547	1,631	\$54,272,860	98.9%
		Rhode Island	10,987	4	\$61,449	100.0%
	X	South Carolina	117,474	882	\$19,041,050	97.7%
	X	Vermont	2,694	0	\$0	100.0%
	X	Virginia	67,260	1,303	\$15,980,271	98.3%
September 19, 1999 September 22, 1999 <b>Tropical Storm Harvey</b>		Florida	1,709,390	71	\$437,799	98.5%
September 24, 1999 September 28, 1999 <b>General Flooding</b>		Florida	1,709,390	29	\$268,677	93.8%
September 28, 1999 October 6, 1999 <b>General Flooding</b>		North Carolina	84,178	16	\$202,787	96.3%
		South Carolina	118,686	37	\$474,692	100.0%
		Virginia	68,210	4	\$9,772	87.5%
October 12, 1999 October 23, 1999 <b>Hurricane Irene</b>	X	Florida	1,712,883	13,617	\$111,338,662	98.6%
		New Jersey	166,724	7	\$32,030	91.7%
		North Carolina	84,178	59	\$308,219	95.2%
		South Carolina	118,686	37	\$224,751	94.8%
		Virginia	68,210	123	\$807,754	96.2%

START AND END DATES AND EVENT	FDA*	STATE(S)	POLICIES IN FORCE (AT TIME OF EVENT)	LOSSES PAID	DOLLARS PAID IN LOSSES	PERCENT OF LOSSES CLOSED
October 30, 1999		Connecticut	29,109	5	\$18,607	100.0%
November 3, 1999		New York	92,225	4	\$29,469	71.4%
<b>General Flooding</b>						
November 1, 1999		Florida	1,715,526	6	\$15,654	100.0%
November 3, 1999						
<b>Tropical Storm Katrina</b>						
November 13, 1999	X	Puerto Rico	45,039	23	\$217,419	96.9%
November 20, 1999	X	Virgin Islands	2,006	120	\$7,694,279	97.5%
<b>Hurricane Lenny</b>						
November 23, 1999		Oregon	26,140	192	\$4,192,769	92.1%
December 1, 1999		Washington	28,901	7	\$95,711	88.9%
<b>Pineapple Express Storm</b>						
November 24, 1999		Puerto Rico	45,564	83	\$782,824	90.4%
December 2, 1999						
<b>General Flooding</b>						
December 12, 1999		Washington	28,901	44	\$1,092,320	92.5%
December 17, 1999						
<b>Winter Storm</b>						
January 2, 2000		Indiana	26,459	10	\$81,439	100.0%
January 8, 2000	X	Kentucky	22,784	30	\$173,971	95.8%
<b>Winter Storm</b>		Ohio	35,317	7	\$105,724	100.0%
January 21, 2000		Massachusetts	38,095	5	\$27,442	81.8%
January 26, 2000		New Jersey	170,123	38	\$424,601	89.3%
<b>Winter Storm</b>		Virginia	69,913	21	\$220,432	82.9%
January 21, 2000		California	369,861	26	\$85,321	91.5%
February 3, 2000						
<b>Pineapple Express Storm</b>						
January 24, 2000		North Dakota	7,947	***	***	0.0%
January 27, 2000						
<b>Winter Storm</b>						
January 27, 2000	X	Louisiana	352,467	0	\$0	50.0%
January 30, 2000						
<b>Winter Storm</b>						
February 8, 2000		California	369,861	37	\$313,938	83.3%
February 15, 2000						
<b>Winter Storm</b>						
February 16, 2000		Indiana	26,575	11	\$68,967	93.8%
February 23, 2000	X	Kentucky	22,882	104	\$1,294,434	83.1%
<b>Winter Storm</b>	X	Ohio	35,409	115	\$861,499	93.0%
		Pennsylvania	62,105	125	\$1,301,065	90.0%
	X	West Virginia	18,039	296	\$2,672,481	94.0%
February 18, 2000		California	369,861	22	\$129,971	64.8%
February 24, 2000						
<b>Winter Flooding</b>						
February 24, 2000		New York	92,995	25	\$161,550	62.8%
March 1, 2000						
<b>Winter Flooding</b>						



START AND END DATES AND EVENT	FDA*	STATE(S)	POLICIES IN FORCE (AT TIME OF EVENT)	LOSSES PAID	DOLLARS PAID IN LOSSES	PERCENT OF LOSSES CLOSED
March 10, 2000 March 11, 2000 <b>General Flooding</b>	X	Alabama	36,726	61	\$1,007,105	81.0%
March 14, 2000 March 22, 2000 <b>Spring Flooding</b>		Alabama Louisiana Texas	36,726 353,086 339,739	4 20 16	\$47,297 \$71,659 \$98,177	66.7% 67.4% 52.6%
March 21, 2000 March 22, 2000 <b>Spring Flooding</b>		Delaware New Jersey Pennsylvania	16,557 171,640 62,276	7 6 4	\$82,769 \$19,874 \$5,503	45.5% 72.0% 45.0%
March 25, 2000 April 26, 2000 <b>Spring Flooding</b>	X	Maine	6,837	***	***	0.0%
April 1, 2000 April 4, 2000 <b>Spring Flooding</b>		Alabama Georgia Louisiana Mississippi Tennessee Texas	38,408 64,987 357,279 42,043 15,249 338,961	11 14 1 16 3 5	\$67,081 \$62,465 \$4,656 \$198,756 \$105,959 \$8,595	31.7% 88.9% 11.1% 37.9% 27.8% 36.4%
April 6, 2000 April 7, 2000 <b>Spring Flooding</b>	X	Missouri	***	***	***	0.0%
April 10, 2000 April 15, 2000 <b>Spring Flooding</b>		Florida Texas	1,737,437 338,961	4 37	\$18,058 \$291,416	37.5% 31.0%
April 14, 2000 April 21, 2000 <b>Spring Flooding</b>		Illinois	44,635	0	\$0	7.7%
April 18, 2000 April 21, 2000 <b>Spring Flooding</b>	X	South Dakota	3,055	***	***	0.0%
April 19, 2000 April 28, 2000 <b>Spring Flooding</b>		Connecticut Massachusetts New Hampshire New Jersey New York Ohio	29,368 38,475 4,537 177,186 92,952 35,528	*** *** *** *** *** ***	*** *** *** *** *** ***	0.0% 0.0% 0.0% 0.0% 0.0% 0.0%

\* FDA refers to Federal Disaster Assistance made available  
\*\* Florida Hurricane Floyd data 9/13/99-9/18/99  
\*\*\* Data not available at time of publication

## FIELD NOTES

### Highlights from the 2000 National Hurricane Conference

This year's National Hurricane Conference was held in New

Orleans, Louisiana, April 17-21. Main speakers included James Baker, Administrator of the National Oceanic and Atmospheric Administration, and James Lee Witt, Director of FEMA.

The openers were followed by reports on response and recovery experiences during the 1999 hurri-

cane season. Conference workshops covered a wide range of topics from Community Disaster Recovery Planning to Roles of Local Law Enforcement and of Amateur Radio Operators in Hurricane Communications.

Ed Pasterick, Director of FIA's Financial Division, attended sev-  
*continued on page 34*

eral workshops, including the Incentives/Disincentives for Taking Hurricane Mitigation Actions in Homes and Businesses, which was moderated by Michelle Steinberg of the Institute for Business and Home Safety. According to Pasterick, this workshop focused on the ways that insurance motivates and, at times, hinders mitigation. Discussion centered largely on coastal hurricane mitigation and whether the availability of insurance, including flood insurance, actually increases community and public hurricane and flood mitigation efforts.

Several of the general sessions addressed evacuation decisions made at the approach of Hurricane Floyd. Topics included timing of, and criteria for, evacuation orders and the need to avoid giving the public the impression that some evacuation warnings are just “crying wolf.” In addition, speakers examined the difficulties inherent in evacuating areas en masse that rely on a sole route of migration, like the Florida Keys. There also was a discussion by Neil Frank, former head of the National Hurricane Center and now with the Weather Channel, about informing the public about hurricanes and how too much trivial information can obscure the information people most need.

As always, the closing session included a forecast for the coming hurricane season by Dr. William Gray of the Colorado State University. As of April 7, Dr. Gray’s team predicted 11 named storms in the Atlantic Basin in 2000. Seven of these storms will become hurricanes; three will be intense. Although there has been only an average 52 percent probability of one or more major hurricanes per year making landfall along the

entire U.S. coastline during the last century, that probability went up to 60 percent this year.

### **FIA’s Hurricane Preparation Activities**

FIA works year-round to increase awareness of flooding and the steps that can be taken before, during, and after floods to protect property owners against loss. As hurricane season approaches each year, these activities take on a special urgency. FIA adopted a multi-pronged strategy in preparing for the 2000 hurricane season by working with the media, reaching out to stakeholders, updating operational procedures, and conducting training.

In May, one of the Cover America II campaign’s public relations efforts involved a media tour carried via satellite that featured the Federal Insurance Administrator. This tour provided information to television and radio stations about how people can prepare for hurricane season, protect themselves from damage, and prevent future hurricane damage.

Other new public relations efforts include a series of 60-second radio public service announcements (PSAs) called “The ‘Be Flood Alert’ News Minute,” which covers preparing for and recovering from hurricanes. A new television PSA features TV weather forecaster Al Roker, who provides information about preparing for and protecting against floods. These projects were released to media nationwide in June, the start of hurricane season.

FIA is reaching out to State and local officials, agents, adjusters, real estate agents, and the public by stressing the importance of flood insurance and hurricane prepared

ness. Hurricane preparedness information was distributed to State Insurance Commissioners at their June 11 meeting. FIA has provided information to the NFIP’s other stakeholders via the FEMA web site. The information includes safety tips, lessons learned from Hurricane Floyd, results of the recent hurricane conference, and the forecast for the 2000 hurricane season.

The NFIP’s operational procedures were updated, and training was conducted so that adjusters, State and local officials, and others would be prepared for the 2000 hurricane season. Adjuster Workshops were completed in June. Meetings have been held with the State Windpools to update operational procedures for the Single Adjuster Program. An updated Single Adjuster Manual was distributed in June; training on the new procedures was scheduled for agents, adjusters and State and local officials.

Six workshops were conducted in July to educate adjusters and State and local officials about Increased Cost of Compliance (ICC) coverage. As a result of Hurricane Floyd, improvements also are under way in ICC training and education, outreach and marketing, and operational processes. Working with the Florida Emergency Management Agency, FIA planned a satellite telecast of a training event for community officials, agents, lenders, floodplain managers, emergency managers, and other stakeholders in Florida. Information covered in the telecast included flood insurance and mitigation measures; preparation tips; and clean-up, insurance claims, and disaster assistance procedures after a hurricane. ■

# 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 sheet on the back cover for specific information about NFIP events for agents, lenders, and other stakeholders.

STATE	EVENT	CITY	DATE
California	NAFSMA Annual Conference	San Diego	October 23-26
	MBA Annual Conference	San Francisco	October 29-November 1
	NAIC Summer Meeting	San Francisco	June 9-13, 2001
Colorado	Agent & Lender Seminar	Golden	October 11
Florida	Elevation Certificate Workshop	Pensacola	October 4
	Lender Seminar	Pensacola	October 5
	Elevation Certificate Workshop	Tampa	October 17
	Lender Seminar	Tampa	October 18
	NAII Annual Conference	Orlando	October 22-25
	IIAA Annual Conference	Orlando	October 28-November 1
	Elevation Certificate Workshop	Gainesville	November 7
	Lender Seminar	Gainesville	November 8
	Elevation Certificate Workshop	Melbourne	November 14
	Lender Seminar	Melbourne	November 15
	Elevation Certificate Workshop	Tallahassee	December 6
	Lender Seminar	Tallahassee	December 7
	Elevation Certificate Workshop	Coral Gables	December 12
Lender Seminar	Coral Gables	December 13	
Governor's Hurricane Conference	Tampa	May 14-18, 2001	
Georgia	Lender Seminar	Savannah	October 11
	Elevation Certificate Workshop	Savannah	October 12
	Lender Seminar	Valdosta	October 25
	Elevation Certificate Workshop	Valdosta	October 26
Louisiana	NCIL Annual Conference	New Orleans	November 17-19
	RIMS Annual Conference	New Orleans	April 14-19, 2001
Massachusetts	NAIC Winter Meeting	Boston	December 2-6
Minnesota	NFIP Flood Conference	Minneapolis	May 22-25, 2001
Missouri	MO Real Estate Appraisers Conference	Tan Tar A	October 3
New Hampshire	Elevation Certificate Workshop	Lancaster	October 10
New Jersey	Agent Workshop	Iselin	December 6
New York	Agent Workshop	New York City	October 13
North Carolina	Lender Seminar	Fayetteville	November 8
	Elevation Certificate Workshop	Fayetteville	November 9
	Elevation Certificate Workshop	Kill Devil Hills	November 30
	Lender Seminar	Charlotte	December 13
	Elevation Certificate Workshop	Charlotte	December 14
NAIW Annual Conference	Greensboro	June 6-9, 2001	
Rhode Island	Agent Workshop	Warwick	November 30
Virginia	IBHS Annual Meeting	Alexandria	October 17
	Agent Workshop	Manassas	November 8
	Agent Workshop	Richmond	December 14

The following acronyms are used in JUST AROUND THE BEND:

IBHS	Institute for Business and Home Safety	NAIC	National Association of Insurance Commissioners
IIAA	Independent Insurance Agents of America	NAIW	National Association of Insurance Women
MBA	Mortgage Bankers Association	NCIL	National Conference of Insurance Legislators
NAFSMA	National Association of Flood and Stormwater Management Agencies	NFIP	National Flood Insurance Program
NAII	National Association of Independent Insurers	RIMS	Risk and Insurance Management Society

# NFIP

## TELEPHONE NUMBERS

NUMBER	SERVICE
800-638-6620	DIRECT BUSINESS
800-720-1093	AGENT INFORMATION AND LEADS PROGRAM
800-427-4661	GENERAL INFORMATION
800-611-6125	LENDER INFORMATION
800-427-5593	TDD
800-358-9616	FEMA FLOOD MAPS, FLOOD INSURANCE MANUAL
800-480-2520 301-497-6378 FAX	NFIP FORMS AND PUBLIC AWARENESS MATERIALS
800-564-8236	CO-OP ADVERTISING PROGRAM
202-646-FEMA	FEMA FAX— PROGRAM INFORMATION

## REGIONAL OFFICES

### TELEPHONE NUMBERS

REGION	FEMA	NFIP BUREAU AND STATISTICAL AGENT
REGION I CT, MA, ME, NH, RI, VT	617-223-9561	781-848-1908
REGION II NJ, NY CARRIBEAN OFFICE-PR,VI	212-225-7209 787-296-3500***	732-603-3875 281-829-6880**
REGION III DC, DE, MD, PA, VA, WV	215-931-5500	856-489-4003
REGION IV AL, GA, KY, MS, NC, SC, TN FLORIDA	770-220-5400	770-396-9117 813-975-7451*
REGION V IL, IN, MI, MN, OH, WI	312-408-5500	630-577-1407
REGION VI AR, LA, NM, OK, TX	940-898-5127	281-829-6880
REGION VII IA, KS, MO, NE	816-283-7002	913-780-4238
REGION VIII CO, MT, ND, SD, UT, WY	303-235-4830	303-275-3475
REGION IX AZ, CA, GUAM, HI, NV	415-923-7177	916-780-7889
REGION X AK, ID, OR, WA	425-487-4678	425-488-5820

\*NFIP B&SA contact number specifically for the Florida office.

\*\*NFIP B&SA contact number for Region VI - for Puerto Rico and the Virgin Islands.

\*\*\*FEMA contact number for Puerto Rico and the Virgin Islands.

NATIONAL FLOOD  
INSURANCE PROGRAM

# IMPORTANT TELEPHONE NUMBERS FOR AGENTS & LENDERS



"LIFE IS NOT WATERPROOF —  
BE FLOOD ALERT."

AUGUST 2000

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

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