



NFIP/CRS UPDATE

July 2013

Congress moves NFIP toward Fiscal Soundness

One year ago this month, Congress passed and the President signed the Biggert-Waters Flood Insurance Reform Act of 2012. The law extended the National Flood Insurance Program for five years, and calls on the Federal Emergency Management Agency (FEMA) and other agencies to make a number of changes to the way in which the National Flood Insurance Program (NFIP) operates. Some of the required changes have occurred already, while others will be implemented in the coming months and over time.

The most important provisions of the legislation are aimed at putting the program on a more solid fiscal foundation and building a catastrophic reserve fund to provide for claims in years with unusually costly flood disasters. The NFIP has been operating with a debt of about \$17 to \$20 billion, beginning with the massive storms of 2004 and 2005. Since then, and because of the borrowing done in those years, which is still being paid back, the program is forced to borrow to pay out flood claims for catastrophic events, including Sandy.

This situation has come about in part because of the way in which the National Flood Insurance Program was structured at its inception in 1968. Communities that joined the program had to adopt minimum standards for new construction, and insurance premiums were set using those minimum levels. But owners of buildings that existed before FEMA mapped the Special Flood Hazard Area (now known as pre-FIRM properties) did not have to meet these standards, nor were their properties subject to risk-based premiums. Instead, they were eligible for subsidized insurance rates that did not reflect their true flood risk. Unlike full-risk premiums, subsidized premiums have been set at a rate that is not sufficient to fund the reserves for anticipated losses and expenses that will occur within the subsidized rate classes.

Now, 45 years later, big storms and seasonal flooding continue to wreak havoc, while the amount of flood damage and the costs of rebuilding are rising. Artificially low rates and deep subsidies are no longer sustainable.

To strengthen the NFIP financially, Section 100205 of the new law requires FEMA to begin charging rates that reflect true flood risk. The vast majority (81%) of NFIP policies will not be affected by the new law, because their premium rates already accurately reflect their flood risk.

Policies for properties within CRS-participating communities will still receive the community-wide CRS discount.

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Changes to the NFIP (cont.)

Rate Changes

Already underway,

- Full-risk rates now are being applied to newly purchased property, to property not previously insured, and to policies that are re-purchased after a lapse.
- Premiums for older (pre-FIRM) non-primary residences in Special Flood Hazard Areas will increase by 25% annually until they reflect the full-risk rate.

Beginning October 2013,

- Premiums for pre-FIRM business properties, severe repetitive loss properties (1–4 residences), and properties on which claims payments exceed fair market value will increase by 25% annually until they reflect the full-risk rate.
- Routine rate revisions will include a 5% assessment to build a catastrophic reserve fund (see below).

Anticipated late in 2014,

- Premiums for properties affected by map changes (see below) will increase by 20% each year to reach full-risk rates.

Who won't be affected:

- Owners of primary residences in SFHAs will keep the subsidized rates until the home is sold; the policy is allowed to lapse; a new policy is purchased; or a string of severe losses is experienced.
- Post-FIRM rates for all zone classes will be unaffected by Section 100205 of the Biggert-Waters Act.

A Reserve Fund

The legislation requires establishment of a reserve fund to pay for future losses. A 5% premium increase on all policies will go toward the reserve fund. Preferred Risk Policies and Group Flood Insurance Policies are exempted from the 5% assessment.

Phase-out of other Discounts

Section 100207 of the new law calls for phasing out discounts, including grandfathering. Grandfathering allows homes that were constructed according to an earlier standard to retain that insurance rating when new maps are issued. Because of the complexity of this issue, FEMA is conducting an analysis before full implementation can take place, scheduled for late 2014. Many discussions are taking place in Congress that may further affect the implementation of this provision.

Premiums also will increase for properties insured by the Preferred Risk Policy (PRP) Eligibility Extension, which had allowed structures mapped into a high-risk area to remain insured at lower PRP rates.

Phase-out of both grandfathering and the Preferred Risk Eligibility Extension will begin in 2014. Rates are anticipated to rise 20% per year over a 5-year period until they reach full risk rates.

The CRS discount rates will not be affected by the Biggert-Waters Act.

Action to Take

Homeowners and business owners are encouraged to learn their flood risk and talk to their insurance agent to determine if their policy will be affected by the new law. Property owners

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Changes to the NFIP (cont.)

who face increased premiums should discuss options such as verifying the accuracy of the rate determination, increasing the deductible, or retrofitting to or rebuilding at a higher elevation.

Communities that are not already in the CRS can consider joining, and obtain a premium discount for their residents. Participating CRS communities can consider increasing their CRS activities to lower premiums even more. Also, grants may be available from FEMA, via the states, to help communities with mitigation, relocating, and rebuilding. Finally, technical advice on building and rebuilding to mitigate future flood damage is always available through the FEMA website, the FEMA Regional Office, the office of the State NFIP Coordinator, and the ISO/CRS Specialist.

Many questions about the effect of the new Act are answered at <http://www.fema.gov/national-flood-insurance-program/flood-insurance-reform-act-2012>. ≡ ≡ ≡

New Online

If you haven't checked the website at www.CRSresources.org lately, now would be a good time to take another look. Besides the new Dam Failure Inundation Guidance (see page 7) and the FMP credit changes (see page 5), several other new items have been added—and more are being introduced all the time. Among the recent additions are

- CRS Credits Crosswalk—a table showing each element and its credit under the previous (2007) *Coordinator's Manual* and the new, 2013 edition (www.CRSresources.org/manual/)
- “Master List of Elements and Credit Points”—a comprehensive list of all the credit elements in the CRS, and the maximum points for each (www.CRSresources.org/manual/)
- “330 CRS Credit for Planning Committees”—a handout explaining the criteria for committees under Activities 330, 370, and 510 (www.CRSresources.org/300)
- “CRS Activity Checklists”—worksheets that include the credit criteria and documentation requirements for all CRS credit activities (www.CRSresources.org/200). ≡ ≡ ≡

Understanding the *Coordinator's Manual* Expiration Date

Some alert users who downloaded the final, implementation version of the 2013 *CRS Coordinator's Manual* from www.CRSresources.org/manual have asked about the Office of Management and Budget “Expiration date” shown on the cover and on other selected pages, such as the community certifications. That date is September 30, 2013, giving an apparently short time frame for the effectiveness of this edition.

The explanation is that FEMA received from OMB what is known as an “emergency approval,” which allows a new, revised document to be implemented until the expiration date that would have applied to the original. In the case of the CRS, OMB approval for the 2007 *Coordinator's Manual* was due to expire on September 30, 2013. So the new *Coordinator's Manual* with emergency approval expires on that date also. The usual three-year cycle of *Coordinator's Manual* revisions and OMB approvals was interrupted as a result of the assessments and revisions undertaken pursuant to the *Strategic Plan for the Community Rating System 2008–2013*.

FEMA has already requested “regular” approval from OMB, which will extend the 2013 *Coordinator's Manual* effectiveness for three more years, to September 30, 2016. The forthcoming new expiration date will not affect the implementation or content of the 2013 *Coordinator's Manual*.

Take FEMA's Flood Awareness Survey

CRS Coordinators are invited to take FEMA's annual Survey on Flood Risk Awareness among U.S. Local Officials. If you are a local official and have not already done so, please follow the link below and take this 15-minute survey by July 31, 2013. Individual responses will be kept confidential and anonymous. <http://j.mp/floodrisksurvey>.

In conjunction with the local officials' survey, FEMA also surveys the general public to gauge hazard awareness and preferences for receiving risk information. The results from both surveys help FEMA track trends, identify opportunities for FEMA and other federal agencies to provide outreach support, and inform states and localities how to engage and support communities in advancing hazard mitigation. Here are some findings from last year's surveys.

Public Officials Obtain and Communicate Flood Risk Information in Multiple Ways

- **Over 70% of officials get information about flood risk from flood maps.** The majority of officials surveyed obtain flood risk information from a combination of flood maps, FEMA's National Flood Insurance Program, and their own experience.
- **Officials communicate flood risk through community meetings and postings to websites.** Holding community meetings/open houses and posting to a community website were the most popular methods officials used to communicate flood risk to their citizens.
- **There are more opportunities for local officials to communicate about flood risk.** Less than one-third of officials stated that they communicate about flood risk to the general public at least annually. About a quarter (28%) stated they communicate about flood risk once every few years, but 16% stated they never communicate about flood risk.
- **Floodplain and emergency managers communicate the most about flood risk.** The majority of officials believe that the public hears most about flood risk from floodplain and emergency managers.

Community Mitigation is a Collaborative Effort

- **Developing a community multi-hazard plan requires collaboration.** A variety of officials helped develop their community's multi-hazard mitigation plan. Of emergency managers, 74% cited involvement; as did 62% of local planners; 59% of other local officials; 57% of city council or planning commission members; and 50% of floodplain managers.
- **Over 70% of officials took action to mitigate their community's flood risk:** Over 80% of those did so through floodplain management ordinances. Zoning, stormwater management, and enforcing building codes were each cited by over 60% of officials.

The Public Wants Flood Risk Information

- **People want to hear about flood risk on the news and through mailings.** Local news (76%) was by far the preferred source of information about overall flood risk at 76% (as opposed to specific flood-related news), with mailings a distant second at almost 30%.
- **People expect to hear about flood risk from their mayor or local media.** The most-cited anticipated sources were the mayor/other local elected officials and the local media.
- **People get information from the local media and insurance agents.** Local media and insurance agents were the most-mentioned information sources for an individual's risk of flooding to his or her property.

FEMA appreciates your input. Questions about the surveys may be directed to Vince Brown at Vincent.Brown@fema.dhs.gov. ≡ ≡ ≡

CRS Recertifications Due Soon

October is the annual recertification deadline for the Community Rating System. In August, ISO/CRS Specialists send each community a detailed list of the activities for which they are receiving CRS credit. Some of the more common trouble spots for communities are

- Annual reports, including those done for a public information program strategy (OPS, Activity 330) and a mitigation or floodplain management plan (Activity 510).
- Under Activity 330 (Outreach Projects), copies of all the projects sent out during the year, including additional projects (OPA), projects done pursuant to a public information program strategy (OPS), and a project to the repetitive loss area (Section 503 of the *Coordinator's Manual*).
- Reports from the local emergency manager on the annual exercise or drill of the emergency response plan, lessons learned from implementing the plan in response to an emergency or disaster, and the updated list of critical facilities affected by flooding (Activity 610).

One more piece of advice: unless the statement on the recertification form (AW-214) form requires you to attach or provide some type of documentation, please do not attach or provide anything. All you need to do is initial that the particular activity is still being maintained. Remember that this year's recertification is based on the 2007 *Coordinator's Manual*.

If you wish to submit your recertification electronically, please feel free to do so via e-mail with attachments or by submitting information on a CD. Just make sure the documents are appropriately marked to correspond with the activities. ≡ ≡ ≡

Changes to the FMP Planning Process

CRS Activity 510, Floodplain Management Planning (FMP), credits an overall local strategy for reducing the adverse impact of the flood hazard. For credit, the strategy must be developed through a 10-step process. Credit criteria for some of those steps are changing in the 2013 *CRS Coordinator's Manual*. The changes, summarized below, are fully explained in a short handout, "Changes to the 10-step Floodplain Management Planning Process" available at www.CRSresources.org/500. There were no significant changes to Steps 6 or 9.

- **Step 1: Organize to prepare the plan**—Credit for having a "professional planner" involved in the planning process has been discontinued. Credit is now earned if the office responsible for community planning is actively involved in the floodplain management planning process. Also, full credit for the planning committee is available only if the committee has expertise in all six mitigation categories specified in the process. Partial credit is provided if some of the categories are not represented.
- **Step 2: Involve the public**—New credit recognizes several methods that encourage public input.
- **Step 3: Coordinate**—The five sub-elements ((b) through (f)) that list specific offices with which to coordinate have been replaced with one element that encourages communities to contact a variety of offices and organizations, with double credit for talking or meeting with them.
- **Step 4: Assess the hazard**—Credit was added to recognize plans that include an assessment of less-frequent flood hazards and other factors that alter the hazard and risk.
- **Step 5: Assess the problem**—Credit was added for assessing the impact of future flooding conditions.
- **Step 7: Review possible activities**—There is a new requirement for discussing the community's capability to fund and implement the activity. New credit criteria recognize plans that discuss whether the community's floodplain management regulations are sufficient for current and future conditions.
- **Step 8: Draft an action plan**—Credit criteria were added that require the plan to include at least one action item for each stated goal.
- **Step 10: Implement, evaluate, and revise**—Credit is now based, in part, on how frequently the planning committee meets each year. ≡ ≡ ≡

DEBBIE'S DISH on CRS Users Groups

Debbie Cahoon Vascik, CFM
Users Groups Liaison

Easy Steps for Preparing a Users Group

You may be sitting at your desk, reading this column, and wondering why you haven't joined a CRS Users Group yet. Or maybe you're asking yourself, "What good is a users group, anyway?" Well, allow me to set the record straight. The purpose of a CRS Users Group is for community officials to share their ideas with one another. Sure, some groups go above and beyond and issue newsletters or create websites, but at its most basic level, a users group is just for people to get together and talk about the CRS. Let's face it—if you've committed your community to being in the CRS program, then you obviously want to get the most out of it.

All those hours spent getting just the right documentation ready for your ISO/CR Specialist and all that time spent educating your elected officials on why the program is the right thing to do for your citizens—they all count toward getting the best rating your community can achieve so you can reduce flood damage to properties and save some money in the wallets of your citizens.

No one is asking you to reinvent the wheel to accomplish those goals. Participating in a CRS Users Group means that everyone with similar interests gets together and shares best practices and pitfalls to avoid in order to achieve the common good for all.

That said, I'm proud to say we've hit another milestone. We now have at least one CRS Users Group in each of the 10 FEMA regions, representing 18 states.

R1 —Rhode Island Users Group	R6 —Northwest Arkansas Users Group —Baton Rouge Users Group —Flood Loss Outreach and Awareness Task Force (FLOAT, Louisiana)
R2 —New York Users Group	—Jefferson Parish Users Group —Oklahoma CRS Workgroup —Floodplain Awareness Success in Texas (FAST)
R3 —Delaware Users Group —Virginia Users Group	R7 —MOKAN Users Group (Missouri, Kansas)
R4 —Georgia Users Group —Southwest Florida Users Group —Miami-Dade County Users Group —Palm Beach County Users Group —Tampa Bay Regional CRS Committee —Volusia County CRS Users Group —Citrus County Floodplain Management Group —Coastal Hazards Outreach Strategy Team (C-HOST, Mississippi)	R8 —Colorado Association of Stormwater and Floodplain Management CRS Committee
R5 —Illinois Users Group	R9 —Arizona CRS Users Group —Southern California Users Group
	R10 —Northwest Regional Floodplain Managers Association (NORFMA) CRS Committee (Alaska, Idaho, Oregon, Washington)

If you don't see your state represented here, or you think your surrounding communities have enough interest to start a CRS Users Group, please contact me at debbie.vascik@yahoo.com. You might be surprised at how little it takes to get a group up and running. And you'll definitely be amazed at how big the return is once you have one in place. ≡ ≡ ≡

Guidance on Dam Failure Inundation Maps

Under the Community Rating System (CRS), a dam failure inundation map is needed in three situations.

- For state dam safety credit (SDS) under Activity 630 (Dams);
- For credit for local warning and response planning elements (DFR, DFW, DFO, DCF) under Activity 630 (Dams); and
- As a prerequisite for a Class 4 or better community.

Some communities have noted that, although a dam failure inundation map has been developed for the dam that affects them (often by the owner or operator of the dam), the community is not authorized to release it or to make it public. Therefore, the community cannot provide a copy to the ISO/CRS Specialist as the needed documentation for one of these three criteria. A new handout explains alternative ways in which a community can fulfill this CRS requirement.

In sum, the options include showing, but not releasing, the map to the ISO/CRS Specialist; obtaining verification of the inundation hazard from the state dam safety office; or generating a map for the community based on already-existing maps prepared for other purposes.

For details on how to make use of one of the alternatives, and the specific credits for which each alternative can be applied, read or download the short handout, “Guidance on Dam Failure Inundation Mapping,” available at www.CRSresources.org/600. ≡ ≡ ≡

CRS now on FloodSmart Website

The Community Rating System has a new web home on FEMA’s FloodSmart website. The CRS section of FloodSmart, accessible at j.mp/floodsmart-crs, is a great place to go for general information on the CRS. The site explains in plain language what the CRS is, how it works, why and how a community can join, and more. The site, especially the new Frequently Asked Questions tab under the “About CRS” page, should be especially useful for those not intimately familiar with the CRS.

The CRS FloodSmart site will eventually link to the extensive collection of CRS documents and tools referenced in the *CRS Coordinator’s Manual*. Until that transition is complete, we recommend using www.CRSresources.org, the temporary website, to find all the handy documents that support CRS communities. ≡ ≡ ≡

Call toll free: 1-888-379-9531 or have us call you

Search FloodSmart.gov

Community Rating System (CRS)

ABOUT CRS

The National Flood Insurance Program's (NFIP's) Community Rating System (CRS) is a voluntary incentive program that recognizes communities for implementing floodplain management practices that exceed the Federal minimum requirements of the NFIP to provide protection from flooding.

In exchange for a community's proactive efforts to reduce flood risk, policyholders can receive reduced flood insurance premiums for buildings in the community. These reduced premiums reflect the reduced flood risk resulting from community efforts toward achieving the three CRS goals:

1. Reduce flood damage to insurable property
2. Strengthen and support the insurance aspects of the NFIP
3. Encourage a comprehensive approach to floodplain management

HOW ARE YOU MAKING YOUR COMMUNITY FLOODSMART?

Training Opportunities

Workshops and Training on the CRS

— **The Community Rating System (E278)** (field-deployed course is L278)

Emergency Management Institute (Emmitsburg, Maryland) April 7–10, 2014;
..... June 23–26, 2014; August 11–14, 2014

This is the all-purpose training course for the CRS. It is taught at both the Emergency Management Institute (see below) and at sites throughout the country at the request of interested communities, groups, or states. It is based on the 2013 *CRS Coordinator's Manual*.

- Attendees of previous E278 CRS courses may want to repeat this course. Therefore, restrictions on repeat attendance have been waived.
- For continuing education credit for Certified Floodplain Managers, the ASFPM will award CECs earned at the E278 CRS course even if the CFM[®] attended the course when it was based on a previous *CRS Coordinator's Manual*.
- No more than two persons per community may attend at one time.

Prerequisite: To enroll in the CRS course, you must be a Certified Floodplain Manager (CFM[®]), or have completed the National Flood Insurance Program course listed below (E273), or be a full-time floodplain manager with more than two years of experience specifically related to floodplain management.

— **HAZUS-MH for Flood (E172)**December 2–5, 2013; April 21–24, 2014

— **Advanced Floodplain Management Concepts (E194)** August 26–29, 2013;
.....August 25–28, 2014

— **Managing Floodplain Development through the NFIP (E273)** September 9–12, 2013;
.....October 21–24, 2013; March 17–20, 2014;
..... May 5–8, 2014; June 16–19, 2014; September 15–18, 2014

E273 is also field deployed periodically. Contact your State NFIP Coordinator for more information (see <http://www.floods.org/index.asp?menuID=274>).

— **Retrofitting Floodprone Residential Buildings (E279)**April 14–17, 2014

— **Advanced Floodplain Management Concepts II (E282)**April 14–17, 2014

— **Advanced Floodplain Management Concepts III (E284)**July 21–24, 2014

— **Residential Coastal Construction (E386)**August 5–8, 2013; August 18–21, 2014

CRS communities can receive CRS credit points after their staff members complete certain training sessions. Under Section 432.o, Regulations administration (RA) of the *Coordinator's Manual*, five points are provided for each member of a community's floodplain permit staff who graduates from courses E194, E273, E278, E282, E284, or E386 (up to 25 points). Graduating from E279 is worth five points under Activity 360 (Flood Protection Assistance).

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Training Opportunities (cont.)

Webinars

“RiskMAP and CRS Synergy for Local Officials” is a recorded, one-hour webinar that introduces FEMA’s Community Rating System and Risk MAP initiative and shows how communities can use both to improve their floodplain management programs. The target audience is local floodplain managers, engineers, and CRS Coordinators. The overview of the two programs is followed with specific ways in which Risk MAP products can help communities obtain credit under the CRS. Some approaches are described that will help communities to take advantage of these programs.

Class materials, including the handouts, the presentation slides, and a summary of the Q & A are available for download at http://www.starr-team.com/starr/Training_Materials/Risk_MAP-CRS_Synergy. The recorded webinar can be accessed at <http://j.mp/starr-recorded-training>.

The CRS offers other webinars and workshops to help communities with their CRS requirements. If you are interested in having a webinar on the new *Coordinator’s Manual*, the FEMA Elevation Certificate, or any other activity, contact your ISO/CRS Specialist.

About the Emergency Management Institute

FEMA’s Emergency Management Institute (EMI), located in Emmitsburg, Maryland, offers training on many topics related to floodplain management, mitigation, and construction, including the basic CRS course (E278). These are oriented to local building, zoning, planning, and engineering officials. Tuition is free for state and local government officials, travel stipends are available, and lodging on campus is free. Free transportation is provided from the airport to the campus and back to the airport. The only out-of-pocket expense is a meal ticket, which is all-you-can-eat breakfast, lunch, and dinner. Go to the EMI website for specific details at http://www.usfa.fema.gov/downloads/pdf/NETC_Welcome_Package.pdf. The application to attend can be found at <http://training.fema.gov/Apply/>. Signed applications should be submitted through the state’s Emergency Management Training Officer. Also see <http://www.training.fema.gov/EMICourses/EMICourse.asp>, or call EMI at 1-800-238-3358 or (301) 447-1035.

Let the CRS Come to You

In the coming year the CRS expects to conduct several sessions of the field-deployed CRS course (L278, the same as the Emergency Management Institute’s E278, but tailored to local conditions). Any state, CRS Users Group, or organization that would like to host a course in its area should contact its FEMA Regional CRS Coordinator about requesting one for 2014. Their contact information is available at www.CRSresources.org/100.

Statement of Purpose

The *NFIP/CRS Update* is a publication of the National Flood Insurance Program’s Community Rating System. It provides local officials and others interested in the CRS with news they can use.

The *NFIP/CRS Update* is produced in alternate months. It is distributed electronically, at no cost, to local and state officials, consultants, and other interested persons. Communities are encouraged to copy and/or circulate the *Update* and to reprint its articles in their own local, state, or regional newsletters. No special permission is needed.

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NFIP/CRS Update
P.O. Box 501016
Indianapolis, IN 46250-1016
(317) 848-2898 fax: (201) 748-1936 NFIPCRS@iso.com