Rising Waters, Mounting Challenge
Flood Prevention, Protection and Assistance

A Legislator's Guide to Flood Insurance

Insurance Legislators Foundation

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Preface and Acknowledgements

The Insurance Legislators Foundation (ILF) has developed *A Legislator's Guide to Flood Insurance* pursuant to an agreement with the Federal Insurance Mitigation Administration (FIMA) of the Federal Emergency Management Agency (FEMA). The purpose of the *Guide* is to provide information to State legislators and staff on the National Flood Insurance Program (NFIP) and ways in which State legislators can improve awareness of flood risks and flood insurance protection; promote sound floodplain management; and assist victims of flooding disasters.

Preparation of the *Guide* followed extensive research by the ILF on flood problems and ways to address them.

The *Guide* shows that floods are frequent and costly all across America. It reports that floods kill, injure, and dislocate people, and in any given year, cause more than five billion dollars in losses and property damage.

The *Guide* describes how the NFIP responds to flood risks. It shows how, despite its name, the NFIP is more a State and local program than a Federal program, one that very much depends on the participation of State and municipal governments, as well as private insurance carriers, for its success.

The NFIP has enjoyed significant success. Over its history, it has provided families and businesses in participating communities in excess of $11.8 billion to compensate for flood losses and help them rebuild. With assistance from FEMA and other Federal agencies, communities have taken significant steps to mitigate flood damage.

The *Guide* notes that more than 19,000 communities in all 50 States and territories currently participate in the NFIP. It also notes, however, that many other communities do not. It shows how those communities can help their residents and the NFIP by joining.

Scores of actual case studies, presented in the *Guide*, demonstrate how State and local governments have worked together to prevent flood damage and how they have educated their citizens and insurance agents on flood risk.

The *Guide* also identifies many of the private industry and government programs that are up and running to help States and communities manage flood risks.

As State legislators, we are key strategic partners with the NFIP. We play a crucial role in developing State policy for insurance, floodplain management and emergency management. We help shape the vision and strategy for promoting sound land use and building practices to

prevent flood damage, protecting our constituents with insurance coverage, and assisting State and local jurisdictions and victims hit by flood disasters. This *Guide* will help us better serve in our role as policymakers. As a result of this *Guide*, consumers and the insurance industry will benefit from improved flood insurance policies.

The ILF acknowledges the professional excellence of the work performed by The Corcoran Network in interviewing, researching and preparing material for this *Guide*, and to Mackin & Company, for its editorial contribution.

I would also like to thank my fellow colleagues who also serve on the Insurance Legislators Foundation Board. They include: Vice President, Rep. Kathleen Keenan (VT), Secretary/ Treasurer, Sen. Steven Geller (FL); and Board Members, Rep. Terry Parke (IL), Sen. Edward Oliver (MN), Assem. Clare Farragher (NJ), Sen. Harvey Tallackson (ND), Rep. Craig Eiland (TX), and Sen. Dale Schultz (WI). Their public policy insight contributed significantly to this *Guide*.

All of us associated with the ILF are grateful to FEMA for providing us with the opportunity to prepare this *Guide*. We are especially grateful for the assistance provided by Edward Connor, Director of the Program Finance and Industry Relations Division of FIMA.

Sen. William J. Larkin, Jr. (NY)
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Introduction and Background

Many key players, programs and policies contribute to flood prevention, protection and assistance efforts in America.

Key Players and Programs

Responsibility for flood-related programs is spread across all levels of government and involves many private sector businesses, including insurance, financial services, construction, real estate and engineering, and State and local governments that assist primarily with floodplain management mitigation efforts. **The Federal Emergency Management Association (FEMA)**, an independent Federal agency, has lead responsibility for coordinating Federal emergency management efforts, which include preparedness, response, recovery and mitigation. Headquartered in Washington, D.C., FEMA maintains ten Regional Offices across the country.

FEMA works closely with other Federal agencies that develop, implement, and support flood-related programs, including the following:

- Department of Defense (U.S. Army Corps of Engineers)
- Department of Energy
- Department of Housing and Urban Development
- Department of Transportation
- Economic Development Administration
- Environmental Protection Agency
- General Services Administration
- National Aeronautics and Space Administration
- National Oceanic and Atmospheric Administration (Department of Commerce)
- National Weather Service
- Natural Resources Conservation Service (USDA)
- U.S. Forest Service (USDA)
- U.S. Small Business Administration

Best known as the Federal agency that responds to disasters, FEMA performs an equally important role through flood insurance, mapping and mitigation activities, carried out by its subsidiary agency, the **Federal Insurance and Mitigation Administration (FIMA).** FIMA administers insurance operations of the **National Flood Insurance Program (NFIP or the Program).** FIMA educates property owners about the risks of flood insurance and provides flood insurance to accelerate recovery, mitigate future losses, and reduce the personal and national costs of flood disasters.

FIMA makes flood insurance available through the NFIP. Congress established the NFIP in 1968, in an effort to mitigate the financial losses associated with flood disasters. The NFIP provides insurance coverage for events that are not covered by traditional homeowners policies.

> FIMA is now the largest single-line property and casualty insurer in the nation, with 4.3 million policies in force covering almost $575 billion in property.

> Homeowners' and fire insurance policies do not cover flooding.

Prior to the NFIP, flood insurance was generally unavailable to the public from private insurance companies, which were unable to write flood insurance policies on an economically feasible basis. By partnering with private insurance companies, FIMA now makes insurance available nationwide to businesses and individuals who would otherwise not enjoy flood insurance protection. State licensed property and casualty insurance agents and brokers sell about 93 percent of flood insurance policies under a **Write Your Own (WYO) Program.** FIMA issues the remaining seven percent of policies directly, through an NFIP Servicing Agent, which maintains and services flood insurance policies through agents.

WYO is a partnership arrangement between FIMA and over 90 private insurance companies, which market and service flood insurance under their own names, and adjust and pay claims. They receive an expense allowance, which for FY2001 was set at 33 percent of the NFIP premiums a company writes.

The NFIP is a self-supporting program; claims and operating expenses are paid from policyholder premiums and fees, not from tax dollars.

The NFIP: Legislative History Highlights

- **1968 – Congress establishes the NFIP with passage of the National Flood Insurance Act of 1968.*** Federally subsidized flood insurance becomes available to property owners in flood-prone areas participating in the NFIP by formally agreeing to manage the future use of their flood-prone areas by minimizing the potential for loss.
- **1973 – The Flood Disaster Protection Act of 1973 broadens and modifies the NFIP.**** Mandatory purchase of flood insurance requirements first become part of the NFIP. The Act requires that properties in identified flood-prone areas have flood insurance as a condition for obtaining Federal or Federally-related financial assistance for insurable properties located in Special Flood Hazard Areas.
- **1977 – The "Eagleton Amendment"** eases the strict 1973 mandatory purchase amendments with respect to the limits on conventional lending in non-participating communities.***
- **1994 – Title V of the Riegle Community Development and Regulatory Improvement Act of 1994** substantially amends prior legislation. The Act tightens mandatory purchase provisions by imposing significant new obligations on lenders and their servicers.****

* Pub. L. 90-448, 42 U.S.C. 4001 *et seq.*
** Pub. L. 93-234, 87 Stat. 975 (1973), 42 U.S.C. 4001 *et seq.*
*** Pub. L. 95-128, Title VII, Sec. 703 (a) October 12, 1977.
**** Pub. L. 103-325, Title V, 108 Stat. 2257-2260 *et. seq.*

The Federal government and local communities administer the NFIP through a unique partnership. The Federal government provides insurance against property losses from flood damages in communities that agree to adopt and enforce floodplain management ordinances that meet the NFIP's minimum standards. Currently, over 19,000 communities participate in the NFIP. FEMA estimates that the Program prevents up to a billion dollars in damage to structures and contents each year in communities that enforce the minimum floodplain management ordinances.*

> Structures built to minimum NFIP standards experience 80 percent less damage than those not built to such standards.

States also play an important role in implementing the NFIP. At the request of FIMA, each Governor has designated an agency to coordinate NFIP activities in his/her State or territory. **NFIP State Coordinating Agencies** assist communities in developing and adopting local floodplain management measures such as codes and ordinances.

FIMA is also responsible for flood hazard mapping and floodplain management/mitigation.

Flood Insurance Rate Maps (FIRMs). FIRMs serve as the basis for local floodplain management measures, insurance purchase requirements, insurance rating and claim information. FEMA produces the flood maps. FIRMS identify flood hazard areas, including those of highest risk having a one percent or greater chance of flooding in any given year. These areas receive the **Special Flood Hazard Area (SFHA)** designation. In such areas, new construction must meet the minimum NFIP standards.

> As a condition of receiving Federally related financial assistance such as a mortgage loan, lenders must require borrowers with properties located in SFHAs to purchase flood insurance.

One of the NFIP's most significant challenges is its map modernization effort. FEMA is mid-point in a seven-year plan to upgrade an aging inventory of approximately 100,000 flood maps, and develop new products and processes to make better flood maps. In 1997, in an effort to increase State and local government responsibility for flood hazard data collection and mapping, FEMA launched the **Cooperating Technical Partners (CTP**) Initiative. FEMA has entered into CTP Agreements with various State, local and regional government agencies to strengthen their mapping knowledge and capability.

Community involvement is an important component of FIMA's effort to make flood mitigation a priority. FIMA's mitigation strategy includes the **Community Rating System (CRS)** and a **Mitigation Planning** initiative.

The **CRS** is a voluntary program that recognizes and encourages local floodplain management activities that exceed the NFIP minimum standards. Under the CRS, residents pay reduced flood insurance premium rates in communities that undertake activities that reduce flood losses, facilitate accurate insurance ratings and promote awareness of flood insurance. The premium discounts provide an incentive for new local flood protection activities.

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* "*Partnership for a Safer Future: 2000 Annual Performance Report,*" FEMA, p. 12 (2001).

Mitigation Planning is another FEMA initiative that employs public-private partnerships to encourage community-based mitigation planning efforts.

FIMA also manages several grant programs that provide funding for State and community mitigation activities designed to lessen the impact and reduce the costs of future flood disasters. The **Community Assistance Program (CAP)** is a financial assistance program that allocates approximately $5 million each year to States and territories to assist communities that participate in the NFIP. The **Flood Mitigation Assistance (FMA) Program** is a State-administered, cost sharing program through which States and communities receive grants for flood mitigation planning, technical assistance and flood mitigation projects. The **Hazard Mitigation Grant Program (HMGP)** has made grants available to State and local governments to implement long-term hazard mitigation measures after a Federal disaster declaration. FEMA typically funds up to 75 percent of the eligible costs of each grant. In 2002, the HMGP was subsumed into the Pre-Disaster Mitigation Grant Program, which is not dependent on a Federal disaster declaration.

While States and localities generally have the capacity to respond to local disasters, a major hurricane or strong earthquake may overwhelm State and local resources. In such circumstances, the State's governor, through FEMA, may ask the President to declare a **Federal Disaster**. If FEMA recommends that the President declare a Federal Disaster, the State then becomes eligible for Federal disaster relief assistance.

> Federal disaster assistance pays for flood damage *only if* a community is declared a "Federal Disaster." The NFIP pays claims regardless of whether the flood damage was caused by a Federal Disaster.

In addition to HMGP, after certain major disasters, FEMA provides assistance to individuals and businesses **(Individual Assistance)** and to States, local governments and certain non-profit organizations **(Public Assistance)**.[*] FEMA also provides temporary housing assistance **(Temporary Housing Assistance)**. In 2002, the Individual Assistance Program and the Temporary Housing Assistance Program were combined into a single program called the Individual and Housing Assistance Program. The primary source of Federal disaster assistance to States is the President's disaster assistance program authorized by the Robert T. Stafford Disaster Relief and Emergency Act **(Stafford Act)**.

In addition to the post-disaster grants and assistance from FEMA, low-interest loans are also available to individuals and businesses from the **U.S. Small Business Administration (SBA).** The SBA loans funds to repair or replace homes, personal property or businesses that sustained damages not covered by insurance. SBA loan proceeds can also be used to mitigate future flood damages to a structure. The loans are similar to second mortgages and must be

[*] Pub. L. 93-288, as amended, 42 U.S.C. 5121 *et seq*.

repaid each month. Flood insurance requires an annual premium and typically is significantly less costly than disaster loans.

Current Developments

Current FEMA initiatives reflect the Agency's effort to respond to key flood policy challenges. The **Repetitive Loss Properties (RLP)** initiative seeks to reduce the almost $200 million paid by the NFIP per year for properties located in floodplains that have been damaged and rebuilt multiple times. FEMA has targeted the 11,000 worst of these properties for mitigation action, such as buyout, relocation or elevation.

> Only about 35% of structures in SFHAs are insured against flood risk.

In recent years, RLP have been the focus of Congressional concern, along with reducing the premium subsidy available to about 30 percent of all policyholders under the NFIP.[*] These property owners pay less than actuarial-based premiums because their buildings were typically constructed before a FIRM was available to guide construction.

In 1999, FEMA launched a major advertising campaign. In addition to rolling out a new brand, **"Be Flood Alert,"** this 5-year national public relations and advertising campaign seeks to increase the general public's awareness of flood insurance and to increase sales.

FEMA has also focused on the "underinsurance" of **Public Buildings**. After Federal Disaster declarations, FEMA spends a significant portion of its Public Assistance disaster funding to repair damaged underinsured or uninsured public buildings. In the case of flood damages, however, FEMA will not provide Public Assistance for any portion of damages that could have been insured under the NFIP.

[*] In 2001, H.R. 1428 and H.R. 1551 were re-introduced in the U.S. House of Representatives to address the Repetitive Loss Properties situation. These bills have come to be known as the "Two Strikes and You're Out of the Taxpayers' Pocket."

Key Abbreviations and Acronyms

To assist the reader, the following is a list of key abbreviations and acronyms that appear frequently throughout the *Guide*:

- **AGRIP** Association of Governmental Risk Insurance Pools
- **ASFPM** Association of State Floodplain Managers
- **CAP** Community Assistance Program
- **CFR** Code of Federal Regulations
- **CRS** Community Rating System
- **CTP** Cooperating Technical Partners
- **EMAC** Emergency Management Assistance Compact
- **FEMA** Federal Emergency Management Agency
- **FHBM** Flood Hazard Boundary Map
- **FIMA** Federal Insurance and Mitigation Administration
- **FIRM** Flood Insurance Rate Map
- **FIS** Flood Insurance Study
- **FISCAA** Flood Insurance Servicing Companies Association of America, Inc.
- **FMA** Flood Mitigation Assistance
- **GSE** Government Sponsored Enterprise
- **HMGP** Hazard Mitigation Grant Program
- **IBHS** Institute for Business & Home Safety
- **ICC** Increased Cost of Compliance
- **IFG** Individual and Family Grant
- **ILF** Insurance Legislators Foundation
- **ISO** Insurance Services Office, Inc.
- **NAI** No Adverse Impact
- **NCOIL** National Conference of Insurance Legislators
- **NEMA** National Emergency Management Association
- **NFIP** National Flood Insurance Program
- **RLP** Repetitive Loss Properties
- **RLTG** Repetitive Loss Target Group
- **SBA** Small Business Administration
- **SFHA** Special Flood Hazard Area
- **SFIP** Standard Flood Insurance Policy
- **USC** United States Code
- **WYO** Write Your Own

CHAPTER 1:

When Floods Happen

The gentle flakes began falling on the Northern Plains in early December, 1996. Each was next to nothing in size and weight. But over that winter they amounted to twice the snowfall of a normal year. The snow was 100 inches in some places. It formed a shining white blanket that stretched across North Dakota and into Minnesota and South Dakota. Above the snow, Arctic winds turned the Red River into ice, blocking its normally northward flow. But in late March, warm mid-Pacific wind sent temperatures soaring to more than 50 degrees Fahrenheit. Then it rained.

The melting snow and rain were too much for the ice dam that had formed to block the river. The rapidly rising water created a muddy lake 25 miles wide. At Fargo, on April 17, the river broke a 100-year flood crest record. The water rushed by at ten feet per second as it passed through Grand Forks, destroying much of downtown. The flooding crested there at 26 feet above flood stage. At its peak, the water flow was 140,000 cubic feet per second. Before it was over, more than 80,000 people in North Dakota, Minnesota and Manitoba had evacuated their homes. There were five flood-related deaths. The flooding caused almost $2 billion of damages in Grand Forks and East Grand Forks.

* * *

The tropical wave that would become Allison in June 2001 began to move westward from the coast of Africa on May 21. It crossed the Atlantic, the Caribbean and into the Pacific, then wandered back over Mexico. On June 3, it moved on quickly from Vera Cruz to the Southeast and into the western Gulf of Mexico, becoming an increasingly organized system of thunderstorms and cyclonic winds. It made landfall at Galveston on June 5, dumping ten inches of rain on Southeast Texas and South Central Louisiana. Much of it fell within 12 hours on June 6. By nightfall on that day, it had flooded homes in Lafayette, Iberia, St. Mary and Vermilion Parishes. Thibodaux went underwater when it got more than 15 inches of rain in 24 hours on June 7. The rains submerged U.S. Highway 90 for 12 hours.

Allison roared on, drenching Jefferson and Orange Counties in Southeast Texas with six to ten inches of rain, closing streets and flooding cars. It flooded parts of Houston, moved south, then shuttled back again over Houston. The Houston area received more than 20 inches in less than 12 hours on June 7 and 8. It submerged part of Interstate 10 and U.S. Highway 59 where only the top of tractor trailer trucks were visible. In all, the Port of Houston received nearly 37 inches from June 6 through 11. Beaumont experienced the same. Back in Louisiana the Comite River crested at 29.1 feet. The Amite River reached its third highest level ever.

Allison then accomplished what few, if any, tropical storms had ever done. It gained a renewed strength over land, thanks partially to what meteorologists call a jet streak and subtropical jet flow that led to low surface pressure. It then spawned tornadoes and flooding in Mississippi and the Florida Panhandle. Tallahassee took nearly ten inches on the night of June 11 and 12.

Refreshed, Allison dumped heavy rains on Alabama and South Carolina where, just east of Columbia, 12 inches fell in 14 hours. In North Carolina, Allison slowed to a crawl. There were 21-inch rainfalls in Bertie, Hertford, Halifax and Martin Counties.

By the time Allison had passed over Virginia, the Middle Atlantic States, New England, and just south of Newfoundland, it had killed 43 people, 22 in Houston and Beaumont alone. It had flooded hundreds of communities. Estimated damage in the Houston area alone totaled $2.14 billion. Allison proved to be the costliest event in NFIP history, with close to $1 billion in losses paid.

* * *

"We're having a flood of Biblical proportion." Barry Gaskins of the Pitt County, North Carolina, Emergency Department, spoke after the pent-up and rising waters of the Tar River breached the sandbags and rushed beyond the region's 500-year flood plain in September 1999.

The villain: a hurricane named Floyd. Floyd had bypassed Florida to make a direct hit on the Carolinas. Days of Floyd-spawned flooding threatened Greenville's supply of drinkable water, and came within just three inches of shutting down the city's electric power.

Before Floyd moved north to ravage Virginia and New Jersey, it had made its mark of death and damage. In North Carolina, Floyd had

- left 37 people dead
- flooded 30,000 homes, some 1,600 beyond repair
- left 47,000 people temporarily without power
- damaged 3,000 roads
- damaged up to 50,000 vehicles
- caused losses estimated at more than $1 billion from cotton and soybean damage and hog and poultry drowning

* * *

Every year in America, floods happen. In 1999 and 2000, floods occurred in every State. Each year, homeowners, government agencies, businesses and non-profit organizations have to cope with flooding disasters. In fact, 80 percent of catastrophes in the United States have been flood-related. More than 20 percent of floods occurred in areas where few expected them.

2001 saw even more devastating flooding. The Mississippi flooded in the spring. Places like Davenport, Prairie du Chien and La Crosse were again the focus of national attention as they tried to cope with flooding.

Not all communities have prepared to address flooding. Many expect that the Federal government will be there to help when a flooding disaster occurs. Maybe yes. Maybe no. FEMA does provide significant disaster assistance after major catastrophes. But FEMA and Federal assistance are available only after a Presidential declaration of a Federal Disaster. Less than 50 percent of flooding incidents become declared Federal Disasters.

Even when a flooding incident is serious enough to trigger a Federal Disaster declaration, Federal assistance comes with limits and strings. Most of the financial assistance to individual property owners and businesses is in the form of low interest loans, which must be repaid. State and local governments generally must provide a 25 percent match to obtain post-disaster assistance, in the form of grants or loans, from the Federal government. That leaves the States with lots to do.

CHAPTER 2

Making Flood Insurance Available

America's policy toward floods has evolved over time. For decades, Federal tax dollars built dams, levees and hydroelectric power systems to harness rising flood waters. But floods returned to devastate communities. Floods caused huge property losses. Floods cost millions in losses and disaster relief payments. To make things worse, flood insurance was next to impossible to buy. Insurance companies were unwilling to risk catastrophic flood losses.

Flood Insurance: A New Approach

In 1968, after repeated cycles of building destruction and rebuilding, and the virtual absence of insurance availability against flood damage for homes and businesses, Congress opted for a new Federal strategy. It created the National Flood Insurance Program (NFIP or the Program).[*] The NFIP enables property owners to buy flood insurance. Its purpose is to:

- identify and map flood-prone areas
- determine hazards and set insurance rates
- encourage communities to adopt and enforce reasonable land-use requirements and building codes to reduce future flood damage
- offer property owners financial protection against flood losses through insurance

Today, the Program is a partnership of Federal, State and local governments that elect to participate, and the private insurance industry. The program draws the participation of thousands of government and private sector organizations. Agreements between local communities and the Federal government govern participation in the Program. Local communities must agree to adopt and enforce minimum floodplain management standards in their high risk, flood-prone areas. In exchange, the Federal government agrees to make flood insurance available throughout the community.

The Federal Insurance and Mitigation Administration (FIMA) manages the entire Program, which includes insurance operations, mitigation and mapping operations. FIMA is part of the Federal Emergency Management Agency (FEMA), an independent Federal agency.

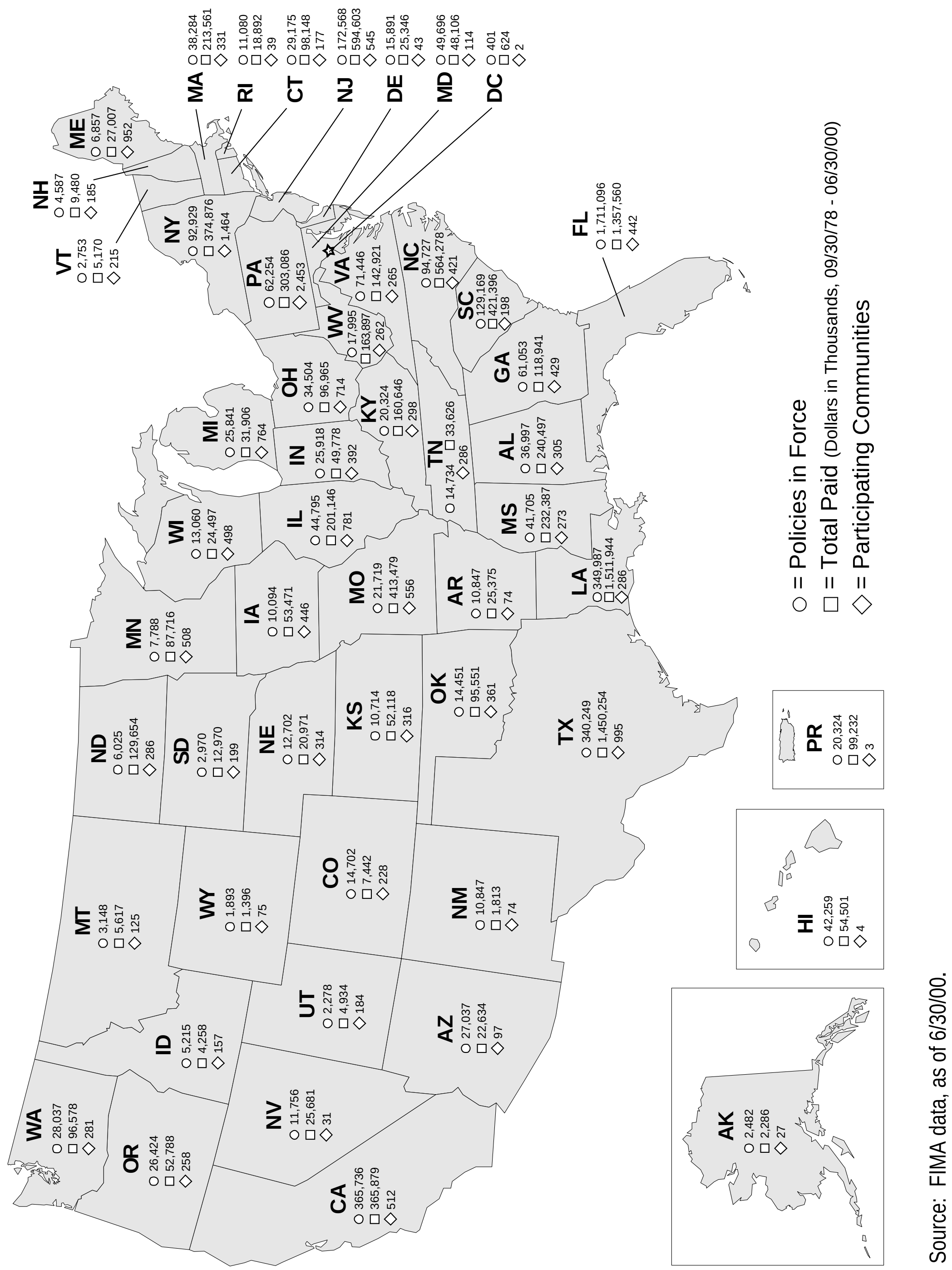
Insurance Operations

FIMA is now the largest single-line property and casualty insurer in the U.S., with 4.3 million policies in force. Those policies cover almost $575 billion in property and generate more than $1.6 billion in annual income. Over 19,000 communities participate.

[*] National Flood Insurance Act of 1968, Pub. L. 90-448, 42 U.S.C. 4001 *et seq*.

Property Owner and Community Participation in the NFIP

Figure 2-1: NFIP Policies in Force, Total Claims Payments, and Participating Communities



See also Appendix 1 of this *Guide*.

Funding. The NFIP is distinct from other Federal programs in two ways. It does not use Federal tax dollars as a primary funding source. It sells flood insurance in partnership with private insurers.

The Federal government fulfills its financial responsibilities for the NFIP through the National Flood Insurance Fund. Policyholder premiums and fees fund insurance operations, including servicing policies and paying losses. Program revenues also support flood mapping and mitigation expenses. In Fiscal Year 2001, FIMA generated over $1.6 billion of revenues, mostly from insurance premiums and a $30 Federal fee on each policy sold.

Table 2-1: NFIP Financial Highlights
As of September 30 Each Year
(Dollar Amounts in Thousands)

	Fiscal Year 1996	Fiscal Year 1997	Fiscal Year 1998	Fiscal Year 1999	Fiscal Year 2000
TOTAL REVENUE (Earned Premium and Federal Policy Fee)	$972,927	$1,090,653	$1,278,950	$1,415,834	$1,475,195
TOTAL EXPENSES (Underwriting, Loss, Administrative, and Other Expenses)	$1,509,345	$1,207,862	$1,279,549	$1,284,031	$887,208
NET INCOME (LOSS)	($536,418)	($117,209)	($599)	$131,803	$587,987

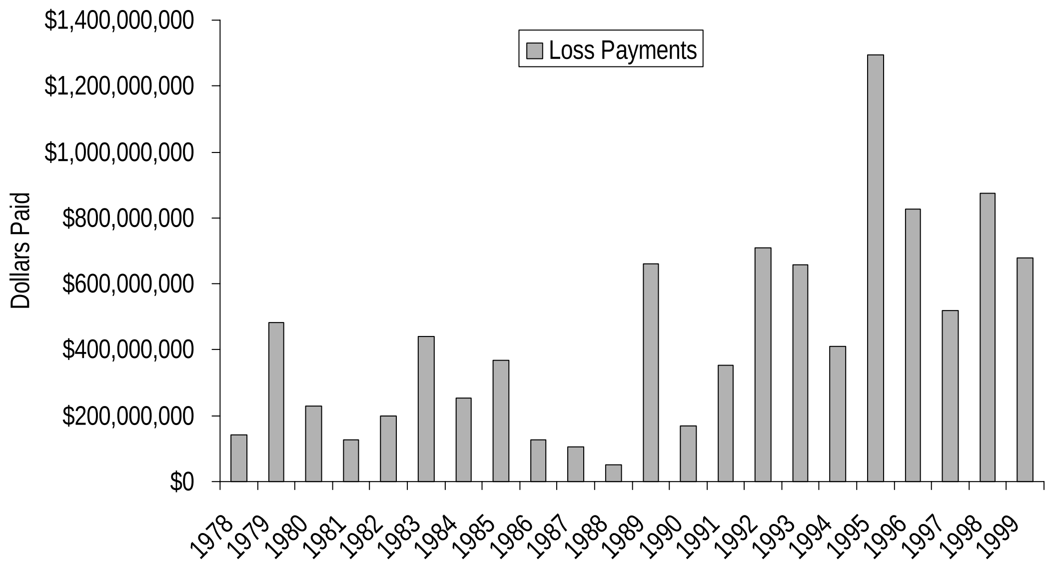
Source: NFIP 2000 Stakeholders Report, FIMA 2001 (hereinafter, the "NFIP Stakeholders Report").

Congress designed the program to be ultimately self-supporting. The NFIP expects to pay $700 million in losses annually, based on the average historical loss year.* In years when losses are less than the historical average, the Program generates a surplus. To pay claims in years when losses are greater than the historical average, FIMA draws upon its surplus. In years when flood losses exceed premiums and surplus, the Fund borrows from the US Treasury and repays the Treasury with interest. The NFIP's outstanding debt, which reached a high of $922 million in 1999, was reduced to zero on June 30, 2001. As a result of Tropical Storm Allison, the NFIP's outstanding debt has climbed back to $600 million.

* NFIP Actuarial Rate Review, FIMA, November 30, 2000, at p.2.

Since 1969, the NFIP has paid a total of about $11.8 billion in losses and loss adjustment expenses. The NFIP paid 93 percent of those losses from funds collected in insurance premiums. Since 1986, all losses have been paid from insurance premiums. Without flood insurance, taxpayers would have paid a large portion of those losses through disaster relief.

Figure 2-2: NFIP Loss Dollars Paid (Historical)



Source: www.fema.gov/nfip/lossdp.htm.

Write Your Own Policies. Initially under the NFIP, flood insurance was available only from insurance companies that were members of the National Flood Insurers Association, in partnership with the original Federal Insurance Administration (FIA). From 1978 to 1982, policies were sold only through insurance agents who dealt directly with the FIA. In 1983, the FIA created a program known as "Write Your Own" (WYO). Today, over 90 private insurance companies write and service over 90 percent of flood insurance policies sold under the Write Your Own program. Write Your Own insurers receive an expense allowance of about 33 percent of the flood insurance premiums earned by their companies. They send premium income in excess of claim payments to the Federal government. FIMA pays all losses, including those that exceed the premiums collected by Write Your Own insurers. FIMA also sets the rates, coverage limitations, eligibility requirements and the rules and regulations governing the Write Your Own program.

The capability for an agent to write coverage directly with FIMA, when they choose to, is provided. This, however, accounts for only about seven percent of the policies written. The premium charged for a Write Your Own flood insurance policy is the same as that charged for a policy bought directly from the NFIP.

Chapter 5 of this *Guide* contains additional information about insurance companies and insurance agents.

Buying Flood Insurance

Overview. Once a community decides to join the NFIP, property owners or renters may choose to buy flood insurance or a lender may require them to buy it. The process is simple. The insurance agent submits the necessary forms and premium to a participating WYO company or directly to the NFIP, and a policy is then issued.

> **Some Key Flood Definitions**
>
> **"Base or 100-year Flood":** a flood having a one percent chance of occurring in any given year in the area of high risk.
>
> "**Base Flood Elevation" or "BFE":** the water surface elevation of the Base Flood at specific locations.
>
> **"Floodplain":** the land that is subject to the risk of a Base Flood.

Elevation Certificates. FEMA uses Elevation Certificates to determine premium rates for new construction and to verify compliance with local floodplain management standards. Elevation Certificates contain information about the elevation of a particular building in relation to the Base Flood Elevation, an estimate of how high water may rise during a flood of the NFIP's regulatory magnitude.

Flood Insurance Rate Maps prepared by FEMA show areas likely to flood after intense or major storms. The Maps also help determine flood elevation.

Licensed engineers, surveyors or appropriate community officials can complete an Elevation Certificate. If the property was constructed in a SFHA after the issuance of a Flood Insurance Rate Map, the agent must obtain an Elevation Certificate to rate and write the policy.

Waiting Periods. There is normally a 30-day waiting period before a flood insurance policy goes into effect. In special circumstances, property owners can obtain a waiver or reduction of the waiting period. There is no waiting period when the initial purchase relates to the making, increasing, extending or renewing of a loan. A one-day waiting period applies to insurance purchased during the 13-month period following revisions or updating of a community's Flood Insurance Rate Map.

Policy Term and Premium. Flood insurance coverage is available only on an annual basis and must therefore be renewed each year. The premium amount depends upon factors such as the amount of coverage purchased, the age and location of the building, building occupancy and design. Premium rates also vary according to the elevation of the building in relation to the Base Flood Elevation. Flood insurance rates and premiums will be lower if property owners elevate above the Base Flood Elevation.

> The average annual premium for flood insurance coverage is about $390.

Premium Discounts. The NFIP uses a "Community Rating System" (CRS) to encourage communities to meet and exceed minimum floodplain management standards. Communities that meet CRS standards become eligible for discounted insurance premiums. The discounts range from five to 45 percent.

The purpose of the CRS is to reduce losses from flooding, facilitate accurate and fair insurance ratings, and promote awareness of flood insurance and degree of flood insurance risk.

Chapter 8 of this *Guide* contains additional information about how communities can qualify for the CRS.

Coverage. Only a flood insurance policy covers flood perils. Homeowners or fire insurance policies do not cover flood damage. The Standard Flood Insurance Policy (SFIP) contains very specific descriptions of what constitutes a flood and when insurance coverage is available. It also includes important rules for special properties like motor homes and basement contents.*

Requirements. Structures that are eligible for flood insurance coverage must have at least two rigid exterior walls and a roof, and be mostly above ground. Special rules apply to manufactured homes and travel trailers, including a requirement that they connect with a permanent foundation.

Table 2-2:
Property Not Insurable Under the NFIP

There are several common misunderstandings regarding flood insurance coverage. These concerns relate mostly to basements, personal property, swimming pools, spas and hot tubs, as well as to other items.

- **Basements:** Flood insurance provides limited coverage in basements. The NFIP defines a basement as any area of a flooded building that is below ground level on all sides. Even if a basement room has windows or is used for living quarters, it is still considered a basement for NFIP purposes if it is sub-grade on all sides. Flood insurance does *not* cover basement improvements, such as finished walls, floors or ceilings, or personal belongings kept in a basement, like furniture, rugs and other contents. It does cover those machinery/equipment items that are essential to operate the building such as water heaters, furnaces and central air systems.
- **Personal Property:** There are special limits on personal property coverage for items such as art, jewelry, furs and rare books. The NFIP will pay no more than $2,500 for any one loss to one or more of these kinds of non-essential personal property.
- **Swimming Pools, Spas and Hot Tubs:** Flood insurance does not cover swimming pools, hot tubs and spas (that are not bathroom hot tubs or spas) and their equipment.
- **Other Items:** Also not covered are gas or liquid storage tanks, animals, recreational vehicles, lawns, trees, shrubs, plants, growing crops, wells, septic tanks and septic systems, aircraft or watercraft, fences, retaining walls, seawalls, bulkheads, wharves, piers, bridges and docks.

Source: SFIP.

Congress has limited premium increases in flood insurance to ten percent a year. Congress also sets limits on the types and amounts of coverage property owners can buy to

- $250,000 on a residential building (including single family, condo unit and multi-family)
- $500,000 on a commercial property, including a small business
- $100,000 on contents for a single family home or multi-unit residential property. The maximum content coverage on a commercial building is $500,000

Congress has limited contents coverage to not more than $100,000 for the belongings of tenant occupants of a rented dwelling.

Table 2-3: Flood Insurance Coverage Available Limits of Liability

BUILDING COVERAGE		
Coverage Category	**Emergency Program**	**Regular Program**
Single Family Dwelling	35,000	250,000
2-4 Family Dwelling	35,000	250,000
Other Residential	100,000	250,000
Non-residential	100,000	500,000

CONTENTS COVERAGE		
Coverage Category	**Emergency Program**	**Regular Program**
Residential	10,000	100,000
Non-residential	100,000	500,000

Source: www.fema.gov/nfip/c_cov.htm.

Increased Cost of Compliance Coverage. In some cases, a State or community may declare a property substantially damaged if the property has been damaged more than 50 percent of its value. Under the NFIP, they are the only ones who may make such a declaration. The declaration may require the property owner to take specific remedial actions, e.g., flood proofing, rebuilding, relocating, elevating or demolishing the building. Under most flood insurance policies, Increased Cost of Compliance coverage is available to cover the costs. The maximum amount a policyholder may collect under this special coverage is $20,000. That

[*] *NFIP Standard Flood Insurance Policies,* FIA, December 2000 (hereinafter, the "SFIP").

amount is in addition to any payments received under the flood insurance policy to repair physical damages to the building. There is a cap on the total combined amount a policyholder can receive for physical structural damages; a policyholder's total recovery cannot exceed the maximum coverage available under the Standard Flood Insurance Policy as referenced above.

Community and State Involvement

Community Participation. Congress recognized that it would be expensive and inefficient to make flood insurance available to property owners who lived in communities that were doing little or nothing to reduce flood risk.

To participate in the Program, a community must agree to manage development in its most flood-prone areas, known as Special Flood Hazard Areas. A community must agree to adopt and enforce floodplain management measures that comply with the NFIP's requirements. Such measures include zoning, subdivision or building codes or ordinances, or special-purpose floodplain ordinances.

Many communities have established building and construction practices that reduce flood losses. The NFIP requirements apply only in Special Flood Hazard Areas. But a community may decide to regulate development in other more moderate flood hazard areas.

Becoming an NFIP Participating Community. Congress made participation in the NFIP voluntary for communities but linked the availability of financial assistance to buildings in SFHAs to such participation. But States can require communities to participate. Some State governments, including Michigan and Texas, require community participation in the Program as part of their statewide floodplain management program.

> FEMA's Community Status Book, at www.fema.gov/fema/csb.htm, also lists, by State, when communities entered the NFIP and their current status. FEMA updates the Community Status Book daily. Information on which communities participate is also available from insurance agents and local planning officials.

Chapter 5 of this *Guide* discusses the important role States can play in the NFIP by encouraging and assisting community participation.

To join the NFIP, a community must adopt a floodplain ordinance and complete a Program application. A FEMA Regional Office reviews and approves applications. Applications are available from the Regional Offices (see the Key Contacts section at the end of this *Guide*).

Participation in the NFIP can occur in two phases, an "emergency" phase and a "regular" phase. Participation also comes with several responsibilities and benefits.

Flood Studies and Maps. FEMA works closely with local officials to conduct Flood Insurance Studies to identify flood-prone areas. These Studies show Base Flood Elevations, and determine flood hazard areas, insurance risk zones and floodplain boundaries. Flood Insurance Studies analyze results from statistical river flow, storm tides, rainfall and floodplain topography to identify flood hazard areas.

Flood Maps. Depending on the status of a community's Flood Insurance Study, FEMA issues either a Flood Hazard Boundary Map (FHBM) or a Flood Insurance Rate Map (FIRM).

Communities use FHBMs if they are participating in the Emergency Phase of the NFIP. FHBMs are preliminary maps. They reflect approximate data and provide only general information about Special Flood Hazard Areas. During the Emergency Phase, Flood Insurance Studies are not yet complete. A limited amount of flood insurance coverage is available during the Emergency Phase at less than actuarial rates. But to obtain even this limited coverage, the community must have adopted floodplain management ordinances.

A detailed FIRM becomes available to the community after FEMA completes the Flood Insurance Study. The community then converts to the Regular Phase of the NFIP. Under the Regular Phase, the community must adopt more comprehensive floodplain management requirements. In exchange, property owners in the community become eligible for higher amounts of insurance coverage, based on actuarial rates.

The State of the Art of Mapping. Accurate flood maps have proven to be essential to floodplain managers, lenders and insurance agents. But as developmental and consequent geological changes occur, FEMA faces demands for new and upgraded flood maps.

> FEMA's Map Service Center is the source for the status of flood mapping for a particular community (see the Key Contacts section at the end of this *Guide*). Information is also available on-line at the Map Service Center's website, at www.msc.fema.gov/msc.

FIRMS have not been completed for all NFIP communities. Only about two percent of the 19,000 communities participating in the NFIP continue in the Emergency Phase. FEMA lacks funding to update Flood Insurance Studies or prepare initial FIRMs for these communities. Generally, however, communities in the Emergency Phase are those with fewer structures at risk, thereby not justifying the expense of completing the more expensive FIRM.

Due to past budget constraints, a huge backlog of FIRMS also need to be modernized, updated and converted to digital format. Many of the FIRMS currently in use are out-of-date. Nearly two-thirds (63 percent) of existing maps are more than ten years old. These FIRMS are missing important information on changes in the community and its watershed. Lack of current flood information negatively affects the community's ability to administer its floodplain management program, the ability for the mandatory purchase of flood insurance to operate in new flood hazard areas and the ability to charge actuarial rates to reflect the risk.

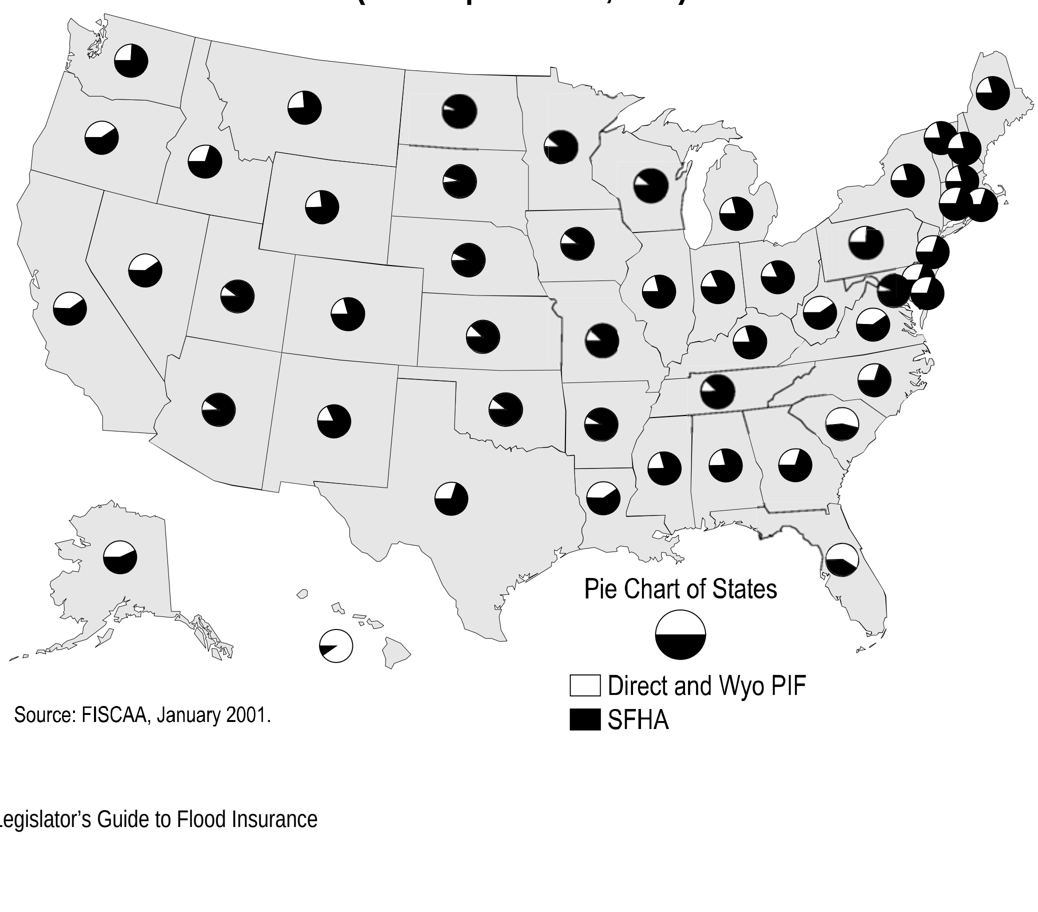
FEMA estimates that from Fiscal Year 2001 through Fiscal Year 2007, the total costs to modernize flood maps will be approximately $800 million. Yet in Fiscal Year 2001, it had only $47.8 million available.

Chapter 7 of this *Guide* contains additional information about how FEMA and States are dealing with the demand for more and improved flood maps.

Special Flood Hazard Areas. Flood Insurance Rate Maps depict several areas of flood hazard, one being the Special Flood Hazard Area. Special Flood Hazard Areas are those areas subject to inundation by a flood having a one percent or greater chance of occurring in any given year. Such a flood, known as the "base" or "100-year flood", is the national standard on which the NFIP bases its floodplain management and insurance requirements.

Structures built in these flood-prone areas are at high risk. FEMA has estimated those structures have a 26 percent risk of flood over a 30-year period, the typical term of most mortgages. In a participating NFIP community, any development in a Special Flood Hazard Area must comply with the NFIP's minimum floodplain requirements in order to reduce the degree of risk to those structures. Despite the risk, few property owners in SFHAs protect themselves with flood insurance. FEMA has estimated that flood insurance covers only about 35 percent of the structures in such areas. As Figure 2-3 below indicates, Florida is the only state where insurance covers a majority of structures located in Special Flood Hazard Areas.

Figure 2-3: Flood Insurance Market Analysis: Direct and WYO Policies in SFHAs (as of September 30, 2000)



Source: FISCAA, January 2001.

Non-Participating Communities. Non-participation can have consequences for residents of communities that elect not to join the Program. Flood insurance is not available to owners of insurable property in communities that do not participate.

In fact Federal law bars Federal officers or agencies from approving any form of financial assistance for acquisition or construction purposes in a Special Flood Hazard Area in non-participating communities. If a Federal Disaster occurs as a result of flooding in a non-participating community, no Federal financial assistance is available for the permanent repair or reconstruction of insurable buildings in that community. However, an impacted, non-participating community can overcome these limitations on disaster assistance if it gains acceptance into the NFIP within six months of a Federal Disaster declaration. Its property owners would, however, be denied the financial protection the insurance coverage offers until after such a disaster, which is too late for that disaster.

Probation or Suspension. If a participating community fails to adopt or enforce adequate floodplain management measures, FEMA can place the community on probation or suspend it from the Program. FEMA imposes probation only after it has attempted to seek cooperation from the community in resolving floodplain management program violations.

Probation carries an additional $50 surcharge on the premium for each policy sold or renewed in the community. In communities suspended from the Program, policyholders can no longer buy or renew flood insurance policies.

State Participation. For purposes of insurance eligibility through the NFIP, each State is considered an NFIP "community." States must either insure State-owned buildings or become self-insuring. Participating states must adopt and enforce floodplain management regulations that meet or exceed NFIP criteria, just as an individual community.

Chapter 5 of this *Guide* discusses the role of States in the NFIP. Chapter 4 contains additional information about insuring public buildings. Chapters 6, 7, 8 and 9 examine steps States and communities are taking to prevent, mitigate, respond to and recover from floods.

Other Key Concepts

Repetitive Loss Properties. In a new initiative the NFIP has begun to deal with properties that have sustained flood damage on multiple occasions. Over the Program's history, 95,000 properties have suffered two or more flood-related losses in a ten-year period. While these so-called Repetitive Loss Properties (RLPs) constitute only about one to two percent of all NFIP policies in force at any given time, they have a major disproportionate impact on the Program. These properties generate roughly 30 percent of the NFIP's losses in an historical average loss year. Since these RLPs pay in premiums only about 38 percent of their impact on the NFIP, their disproportionate losses cause a $500 million premium shortfall annually.

Table 2-4: States With the Most Repetitive Loss Target Group Properties

State	# of Properties	% of Target Group
Louisiana	2,993	29%
Texas	1,237	12%
New Jersey	1,061	10%
North Carolina	650	6%
Florida	602	6%
New York	537	5%

Source: The NFIP Stakeholders Report.

In 2000, FEMA took steps to short-circuit the cycle of flooding and rebuilding associated with RLPs. FEMA targeted 11,000 of the worst of these properties for approved mitigation efforts, including elevation, relocation, buyout and demolition. FEMA maintains these properties on its Repetitive Loss Target Group (RLTG) list.

FEMA has made information on RLPs available to State and local governments for their use in targeting all RLPs for mitigation actions. A central facility now handles the servicing of the RLTG flood insurance policies.

Coastal Barrier Areas. Congress has passed two laws giving special protection to coastal barrier areas: the Coastal Barrier Resources Act of 1982 and the Coastal Barrier Improvement Act of 1990. They combine to protect coastal areas, known as the Coastal Barrier Resources System (CBRS) and Otherwise Protected Areas (OPAs).

The Coastal Barrier Resources System includes nearly 400 communities along the Great Lakes and on the Atlantic and Gulf coasts. Coastal barriers in these communities receive special protection from the Federal government against further development. Except for limited emergencies, there are no Federal funds available for new development in these areas. Prohibited expenditures include a loan, grant, guarantee, insurance payment, rebate, subsidy or any other form of direct or indirect Federal assistance.

Special Flood Insurance Rules. Flood insurance is not available for newly constructed or substantially improved structures in a Coastal Barrier Resource System. However structures that existed prior to the area's designation, and were insured and have remained insured since the law came into effect, remain eligible for coverage. Flood insurance coverage is not renewable if pre-existing structures have sustained substantial damage as a result of fire, flood, hurricane or other cause.

Structures located in Otherwise Protected Areas are also eligible for flood insurance. But applicants must provide written certification that use of the structure is consistent with the reason why the Area enjoys protection.

Federal Disaster Declarations

States and communities may have adequate resources available to respond to localized small-scale disasters. But a severe disaster may exceed their combined response capabilities. In such circumstances, the chief executive officer of the State can ask the President, through FEMA, to declare a Federal Disaster. If the situation merits a Federal Disaster declaration, the State, impacted communities and flood victims become eligible for various forms of Federal disaster assistance.

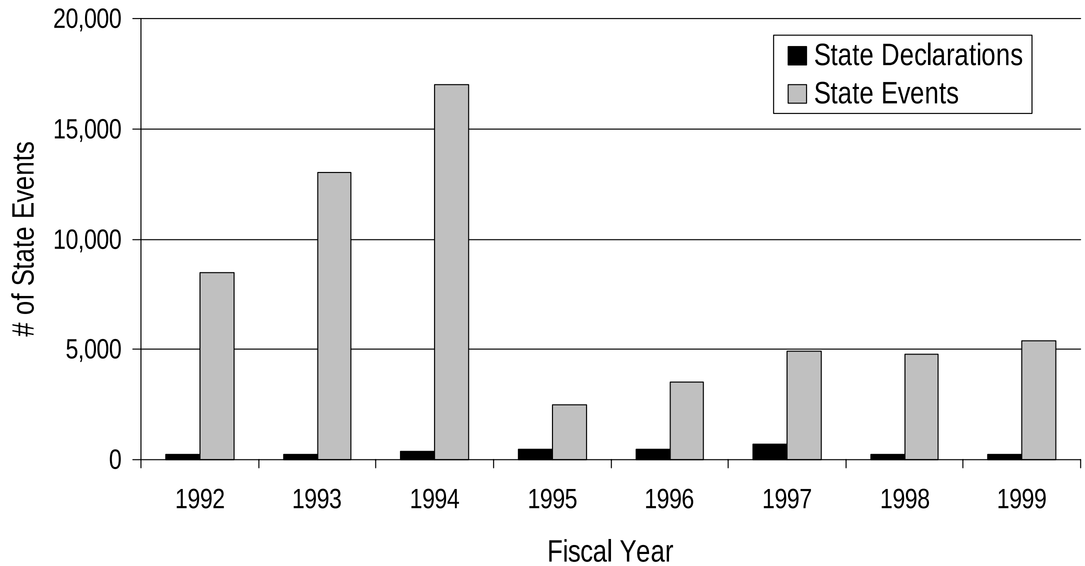
To determine whether a Federal Disaster exists, in cases where a Governor has asked for the designation, a team of Federal, State and local officials makes preliminary estimates of the extent of damages and the State's capacity to respond. Based on their conclusions, FEMA makes a recommendation to the President.

In FY 2000, there were 166 requests for Federal assistance resulting in 103 Federal declarations of disaster, emergency or fire suppression. In most cases, the financial disaster assistance available to individuals is a loan, which must be repaid.

Most disasters are not Federal Disasters. Ninety percent of the disasters that occur in the United States do not result in a Federal Disaster declaration.

As Figure 2-4 on the following page demonstrates, State and local governments handle most emergencies in the areas they serve and never receive any Federal disaster assistance.

Figure 2-4: State Events vs State Declarations (FY92-99)



Source: *NEMA/CSG 2001 Report on State Emergency Management Funding and Structures,* National Emergency Management Association and the Council of State Governments, 2001.

The remaining Chapters of this *Guide* will consider what States can do to get the most out of the NFIP.

CHAPTER 3:

Mandatory Purchase Requirements

The effectiveness of the National Flood Insurance Program depends upon three things: participation, participation, participation. FEMA has worked to encourage participation by homeowners, businesses and communities. But the results have been less than 100 percent successful. Flood insurance covers fewer than 25 percent of eligible buildings.

Federal laws mandate flood insurance coverage for certain properties located in Special Flood Hazard Areas. Federal agencies and lenders have worked to enforce these requirements.

Legislative History. The National Flood Insurance Program has evolved from its strictly voluntary beginnings. The devastating floods in communities along the East coast from Tropical Storm Agnes in the summer of 1972 revealed that too few homeowners and businesses were participating in the Program. Congress responded. It broadened and modified the Program, passing the Flood Disaster Protection Act of 1973 (the "1973 Act") and subsequently the National Flood Insurance Reform Act of 1994 (the "1994 Reform Act").[*]

The 1973 enactment required the purchase of flood insurance as a condition of Federal or Federal-related financial assistance for properties in Special Flood Hazard Areas. The 1973 Act defined "financial assistance" broadly to include any loan, grant, guaranty, insurance, payment, rebate, subsidy, disaster assistance loan or grant, or any other form of direct or indirect Federal assistance used for acquisition of construction of real property, other than general or special revenue sharing or formula grants made to States.[**]

Congress revisited the mandatory purchase law, following multi-billion dollar flood damage in the Midwest during the summer of 1993. The 1994 Reform Act reflected Congressional concern that the 1973 law had not worked as well as intended; a series of storms combined with low reserves and the low level of participation had lowered the Program's reserves. At the time, flood insurance covered only two of the ten million households in Special Flood Hazard Areas. Low participation persisted because:

- Federally-regulated lenders were often lax in complying with the mandatory purchase requirement
- Homeowners who purchased flood insurance at the origination of their mortgages had allowed their policies to lapse
- Some homeowners believed they could not afford flood insurance[***]

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[*] Pub. L. .93-234, 87 Stat. 975 (1973) 42 U.S. C. 4001 *et seq.;* Pub. L. 103-325, Title V, 108 Stat.2257-2260 *et seq.*

[**] 42 U.S.C. §4003(a)(3).

[***] "*Mandatory Purchase of Flood Insurance Guidelines*," FEMA, September, 1999.

The 1994 Reform Act included inducements to buy flood insurance. It added mandatory escrow requirements and mandatory provisions for "forced placement." It clarified that policyholders had to maintain flood insurance for the term of the loan.

Current Law. In participating NFIP communities today, Federal agency lenders, government sponsored enterprises (GSEs) and Federally regulated lenders must comply with the mandatory purchase requirements when they make, guarantee or buy loans secured by property in Special Flood Hazard Areas. They must ensure that the borrower buys and maintains flood insurance for the term of the loan. The law addresses a long list of flood insurance issues.

- **Application:** Current law applies to Federal agency lenders, such as the Small Business Administration; GSEs that buy loans in the secondary markets, including the Federal National Mortgage Association (Fannie Mae), the Federal Mortgage Loan Corporation (Freddie Mac) and the Government National Mortgage Association (Ginnie Mae); and Federally regulated lenders, including private lenders under the jurisdiction of the Federal Reserve System, the Federal Deposit Insurance Corporation, the Comptroller of the Currency, the Office of Thrift Supervision, the National Credit Union Administration, and the Farm Credit Administration. It also applies to loans that are guaranteed or insured by the Federal Housing Administration and the Veterans Administration.

- **Amount:** The amount of flood insurance must cover the lesser of the outstanding principal balance of the loan, or the maximum limit of coverage available for the particular type of insured property under the National Flood Insurance Program.

- **Exceptions:** There are circumstances where borrowers can obtain loans in connection with properties located in Special Flood Hazard Areas without triggering the mandatory purchase requirements.

  Small Loans: Loans of $5,000 or less with a term of under one year do not require flood insurance.

  State-Owned Properties: The law also exempts state-owned properties covered by adequate self-insurance policies (see Chapter 4 of this *Guide* for additional details about State self-insurance programs).

  Property Outside an SFHA: If a lender determines that the property is outside a Special Flood Hazard Area, mandatory flood insurance requirements do not apply. But, depending on the location of the property, the lender may impose its own internal business risk protection, flood insurance requirements or the borrower may voluntarily buy flood insurance.

  Coastal Barrier Resource Systems: Flood insurance is not available for new construction or substantially improved structures in Coastal Barrier Resource System areas. But

Federally regulated lenders may make conventional loans in those areas. Lenders must, however, notify the borrower that in the event of a Federal Disaster declaration, Federal disaster relief assistance will *not* be available for the permanent repair or restoration of their building.

- **Lender Review and Notification.** For virtually every mortgage transaction involving a structure in the United States, the lender must determine if the property securing the mortgage loan is within a Special Flood Hazard Area of a community participating in the NFIP. If it is, the lender *must* require that the purchaser obtain flood insurance as a condition of obtaining the loan. A lender must do several things:

  Determine Property Location: The lender must review the current Flood Insurance Rating Map and complete a Standard Flood Hazard Determination Form.

  Notice to Borrower: The lender must notify the borrower that the loan is conditioned on obtaining flood insurance.

  Force Placement: If the borrower fails to purchase flood insurance within 45 days of the lender's notification, the lender must "force place" the purchase of flood insurance on behalf of the borrower.

  During the Term of the Loan: Lenders complete similar reviews and provide similar notices when selling loans in the secondary loan market and when conducting internal mortgage portfolio reviews.

- **Escrow Requirements.** Federally regulated lenders, their servicers and Federal agency lenders must meet escrow requirements. The escrow requirement applies only in instances where a lender establishes an escrow account for a loan for another purpose. If financial institutions and their servicers require an escrow for taxes, insurance premiums or other purposes, they must also escrow for flood insurance premiums and fees. Following receipt of a notice from FEMA or another flood insurance provider that premiums are due, the lender or servicer must pay the premium from the escrow account.

Lender Compliance

Federal Efforts. Authority for monitoring lender compliance with the mandatory purchase requirements rests primarily with Federal agency lenders, GSEs and Federal lending regulatory agencies listed above. A September 1998 Report of a ten agency Flood Insurance Interagency Task Force (Task Force) examined the enforcement and compliance procedures necessary to carry out the mandatory purchase requirements of the 1994 Reform Act.[*] The Task Force

[*] *"Enforcement and Compliance Procedures Necessary to Carry Out the Provisions of the National Flood Insurance Reform Act,"* Final Report to the U.S. Congress prepared by the Flood Insurance Interagency Task Force (September 1998).

developed a list of enforcement best practices and recommended that the relevant Federal agencies and GSEs consider implementing them or similar measures as part of their own flood insurance enforcement programs. Appendix 2 of this *Guide* contains the Task Force's list of enforcement best practices.

On June 21, 1999, the Board of Governors of the Federal Reserve System levied the first civil monetary penalty imposed by a Federal regulator for a pattern or practice of noncompliance by a lending institution. Banco Popular de Puerto Rico was fined $10,000 for non-compliance. As of November 2001, nine other banks or lending institutions had also been fined by their Federal regulatory agency for noncompliance.

FEMA Commitment to Lender Compliance. FEMA has a variety of internal and external measures in place to improve implementation of the mandatory purchase requirements. Internally, FEMA has worked to improve the routine collection of lender information to support compliance; establish systems to track lapsed flood policies; develop quality control systems; and broaden underwriting reviews to include lender compliance. FEMA has encouraged lenders to comply through outreach to independent groups, such as the National Lenders Insurance Council. Outreach activities include developing compliance guidelines and other training materials; conducting training and continuing education seminars for lenders; and placing articles and advertisements in lending industry trade publications.

Consequences of Non-Compliance. Non-compliance by lenders has had costly consequences for property owners who have mortgaged homes or businesses in Special Flood Hazard Areas. They have paid to repair or rebuild out-of-pocket. Even when the flooding has been serious enough to merit a Federal Disaster declaration, they have been ineligible for Federal disaster assistance.

Uninsured property owners have had to look to State and local governments for relief. Where these property owners have faced prolonged difficulty in recovering from a flood, they have been unable to pay their State and local property taxes. They have not been able to reopen a flooded business, resulting in additional foregone tax revenues. Studies have indicated that almost half (43 percent) of businesses affected by natural disasters never reopen.[*]

State Support of Lender Compliance

While primary responsibility for lender compliance rests with the Federal government, there are ways States can assist Federal efforts to ensure compliance with the mandatory purchase requirements.

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[*] Remarks by Jo Ann Howard, Federal Insurance Administrator, to the National Association of Insurance Commisioners Roundtable Meeting, September 11, 2000.

There are few State programs or requirements that encourage lender compliance with the mandatory purchase requirements. Fostering lender compliance needs to become a priority in more States.

State-Mandated Purchase Requirements

At present, no States' laws mandate the purchase of flood insurance. States do not require that State-chartered banks and credit unions, and insurance and other companies, mandate flood insurance as a condition of making a loan secured by property in Special Flood Hazard Areas.

The Flood Insurance Servicing Companies Association of America supports state-based mandatory purchase requirements to increase the number of properties with flood insurance protection.[*]

[*] Testimony presented by Patty Templeton-Jones, Secretary of FISCAA, on behalf of the FISCAA, at the July 13, 2001 ILF Hearing in Chicago, Illinois.

CHAPTER 4:

Insuring Public Buildings

Overview

Many State and local governments can give a dramatic boost to the NFIP. All they need to do is insure their public buildings against flood losses.

Many public buildings are not insured. Less than 2.3 percent of the flood insurance policies in force cover public property. The decision to do without flood insurance has had costly consequences. Floods from Tropical Storm Allison in 2001 severely damaged government office buildings, roads and utilities in Texas, Louisiana, Mississippi, Georgia and Florida. Public schools in Houston sustained over $225 million in damages.

Why? Part of the problem is access. Flood insurance is not readily available for public buildings from traditional sources like private insurance companies and intergovernmental risk-sharing pools. This is especially true for public buildings located in Special Flood Hazard Areas where intergovernmental risk-sharing pools do not write flood insurance. Another obstacle is adequate funding to pay for flood insurance; most public customers are reluctant to incur the extra expense of buying flood protection.

Only the National Flood Insurance Program makes flood insurance available to public entities with buildings located in SFHAs. They can buy it from a private Write Your Own insurer or through an insurance agent that deals directly with the NFIP.

FEMA has launched two initiatives to increase flood insurance coverage for public buildings. FEMA currently makes public entities ineligible for Federal disaster assistance for any damage that would have been covered by flood insurance. FEMA is now considering whether to deny Federal disaster assistance to public entities that did not have a minimum amount of property insurance coverage in place prior to a Federal Disaster. FEMA is also considering whether to begin allowing intergovernmental risk sharing pools to offer flood insurance directly to their public customers.

Limiting Eligibility for Public Assistance. In February 2000, FEMA published an advanced notice of proposed rulemaking on insurance requirements, procedures and eligibility criteria with respect to public buildings under the Public Assistance program.[*] The Public Assistance program makes grants to States to help pay the costs of rebuilding or repairing essential public

[*] *"FEMA: Disaster Assistance; Insurance Requirements for the Public Assistance Program,"* Federal Register Vol. 65, No. 36, February 23, 2000.

facilities damaged by a Federal Disaster. (Chapter 9 of this *Guide* contains details about the Public Assistance program.)

FEMA launched the initiative in response to the reality that following a Federal Disaster declaration, a significant portion of Federal disaster assistance funds go to repair damaged uninsured or underinsured public buildings. FEMA has proposed a requirement that public entities have adequate property insurance in place at the time of a Federal Disaster in order to receive any Public Assistance.

Under current law, a public entity must purchase flood insurance as a condition for receiving Public Assistance but it (the public entity) can do so *after* the disaster. The amount that flood insurance coverage would have provided reduces the amount of Public Assistance the entity may obtain, up to $500,000 for the building, and $500,000 for its contents, the maximum coverage available under the National Flood Insurance Program.

FEMA's proposed rule would redesign the Public Assistance requirements applicable to other lines of property insurance. It would condition eligibility on there being a minimum amount of property insurance in place before the damaging event. This change is intended to treat other types of property damage the same way that FEMA treats flood-related damages.

Intergovernmental Risk-Sharing Pools. Government associations, such as the National League of Cities, the National Association of Counties, and State and local government entities, as well as large school and transit districts use risk-sharing pools to buy insurance. The Association of Governmental Risk Insurance Pools (AGRIP) estimates that of the approximately 360 risk-sharing pools across the nation, 200 provide property insurance coverage to approximately 30,000 to 40,000 units of local government.[*] While the property insurance coverage available from risk-sharing pools includes damages from flooding, most pools do not provide coverage for public buildings located in Special Flood Hazard Areas. That coverage is generally available only through the National Flood Insurance Program.

Public Buildings in Special Flood Hazard Areas. Public buildings located in Special Flood Hazard Areas face special risks. Flood insurance coverage for these buildings is available only through the National Flood Insurance Program. Intergovernmental risk-sharing pools will not write flood insurance coverage on them.

[*] August 14, 2001 telephone interview with Harold Pumford, Chief Executive Officer of AGRIP.

State Self-Insurance Plans: A Special Category Under the NFIP

Under special circumstances, the National Flood Insurance Program exempts States from the requirement of purchasing and maintaining flood insurance coverage for State-owned structures and their contents located on properties within Special Flood Hazard Areas. *This special exemption is only available to State-owned property and does not apply to property owned by local or other governmental or non-profit entities.*

States need not purchase flood insurance for properties in Special Flood Hazard Areas if the Administrator of FIMA certifies the State's plan of self-insurance as adequate and satisfactory to merit an exemption from the general flood insurance requirement. A State's self-insurance plan can consist of a self-insurance fund, a commercial policy of insurance or reinsurance, an enforceable commitment of funds, or some combination of them.

To obtain an exemption, the Governor or other duly authorized State official must apply to FIMA. The State's application must include sufficient supporting documentation that its self-insurance plan meets or exceeds FIMA's standards, including coverage of the same flood and flood-related hazards covered under the Standard Flood Insurance Policy. FIMA has exempted self-insurance plans in:

- Florida
- Georgia
- Iowa
- Kentucky
- Maine
- New Jersey
- New York
- North Carolina
- Oregon
- Pennsylvania
- South Carolina
- Tennessee
- Vermont

Source: 44 CFR 75.1 through 44 CFR 75.14.

The Program does not record public sector policyholders separately. But it is clear that the number of such policies is quite low. However, the broader category of non-residential policyholders, which includes policies held by businesses, also includes policies held by public entities. In 2001, total non-residential policies were less than 2.3 percent of the 4.3 million NFIP policies in force.

FEMA continues to evaluate its options with respect to public entity building insurance coverage. No matter which option FEMA ultimately selects, obtaining Public Assistance for uninsured or underinsured public buildings is likely to become more difficult in the future. The White House's Fiscal Year 2002 budget proposal included $83 million in savings that FEMA could achieve by requiring that public buildings carry flood insurance.* The budget savings would result from limiting eligibility for Public Assistance to public buildings insured at the time of a disaster. While the provision ultimately did not become a part of the Agency's 2002 budget, it is clear that public building flood insurance will remain one of FEMA's major goals.

FEMA's Public Entity Insurer Pilot. In May 2001, FIMA proposed a rule to initiate a three-year pilot project to permit intergovernmental risk-sharing pools (State Risk Pools), sponsored by the National Association of Counties and AGRIP to sell flood insurance under the Write Your Own effort.** These State Risk Pools would sell flood insurance to public entities for their public buildings. The proposal would subject pilot

* *"A Blueprint for New Beginnings,"* a summary of the President's budget plan (February 2001) and other Federal budget documents, available at www.whitehouse.gov/omb/budget/.

** *"FEMA: National Flood Insurance Program ("NFIP"); Pilot Project-Public Entity Insurers,"* Federal Register Vol. 66, No. 89, May 8, 2001.

participants to eligibility criteria and performance standards comparable to those imposed on the existing Write Your Own insurance companies.

Private buildings and private personal property would remain the exclusive marketing domain of the private insurance companies already participating in the Write Your Own program.

FIMA has modeled the pilot on one of the inherent strengths of the Write Your Own program — ease of access. Under the Write Your Own program, insurance companies that were already writing property insurance coverage for perils such as wind and fire could provide existing customers with flood insurance. Since its inception in 1983, the Write Your Own program has, in fact, more than doubled the National Flood Insurance Program's policy base. FIMA now seeks to explore whether this marketing approach will work with public entity insurers like State Risk Pools. FIMA believes intergovernmental risk-sharing pools have unique risk management expertise and insights into the needs of public customers.

FIMA will begin evaluating the success of the pilot at the end of its second year. Pilot participants will need to meet two goals:

- ❖ writing flood insurance on a large number of public buildings
- ❖ maintaining the same level of performance required of private WYO insurance companies

The pilot project experience will help FIMA determine whether to expand it to other intergovernmental risk-sharing pools, like districts or transit districts.

FIMA expects to launch the pilot in 2002. FEMA may expand the criteria initially proposed for pilot participants to include other intergovernmental risk-sharing pools.

Finding incentives and funding to insure public properties presents challenges to States and communities.

CHAPTER 5:

The Role of States in the NFIP

Overview

The National Flood Insurance Program is as much a State program as it is a Federal program. In fact, without the State there would be no Program.

The States

- serve as key governmental units in the Program
- enact most of the laws that implement national flood policy and authorize local initiative and follow-through
- coordinate NFIP activities
- designate specific State and local agencies to be responsible for flood plain management
- license and regulate insurance professionals and companies that service the Program
- liaison with municipal authorities on flood issues

States Are NFIP Communities. The NFIP works through communities. NFIP regulations define the term "State" broadly to include the 50 states, the District of Columbia, Puerto Rico and the Pacific Trust Territories.[*] Therefore, as is the case with any local community, a State cannot buy or renew flood insurance policies under the NFIP unless it has adopted and enforced floodplain management regulations that meet or exceed the NFIP criteria.[**]

To purchase flood insurance coverage for State-owned properties located in a flood-prone area, a State must comply with the NFIP's floodplain management standards. A State can comply with the floodplain standards of the local communities in which the properties are located, or it can establish and comply with its own State floodplain management regulations. A State must do that in the case of State-owned properties located in communities that are not participating in the Program.

There are strong incentives to comply with the NFIP's requirements. A State that fails to treat State-owned properties in accordance with the NFIP is subject to suspension from the Program.[*] If a State maintains a self-insurance plan, FEMA will not approve such a plan unless the State complies with the NFIP's requirements in its administration of State-owned

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[*] 44 CFR Section 59.1.
[**] 44 CFR Section 60.11.
[***] 44 CFR Section 60.13.

properties. Chapter 4 of this *Guide* contains additional information about State options for insuring State-owned properties against the risk of flooding.

States Provide Enabling Legislation. Local communities derive their powers from State law. Accordingly, they must look to State law for authority to adopt and enforce floodplain management regulations, thereby making the communities eligible to participate in the NFIP.

Floodplain Management Associations

Floodplain management associations offer publications, technical conferences and other services to improve floodplain management practices and policies at the State and local level. There are many Statewide and regional floodplain management associations and two flood management organizations with a national presence and focus.

ASFPM. The Association of State Floodplain Managers (ASFPM) is a national non-profit organization dedicated to reducing flood losses. Founded in 1977, its members are State government professionals responsible for floodplain management, flood hazard mitigation, and flood preparedness and warning and recovery. The Association has fourteen State chapters and over 4,000 members, including State and local government floodplain managers, Federal agency staff, and representatives from private industry, as well as academic, research and related organizations.

The Association has gained national prominence as a leader in floodplain management practice and policy in the U.S. Current activities include a mitigation success stories publication, a "No Adverse Impact" development campaign, and a professional floodplain management certification program.

Mitigation Success Stories. The Association publicizes successful mitigation projects. In 2001, the Association published its third edition of *Mitigation Success Stories*, showcasing examples of national hazard mitigation activities, ranging from buyouts to stormwater facilities upgrades to stream restoration. The stories describe project benefits, costs and funding sources.*

No Adverse Impact. In 2001, the Association launched a national No Adverse Impact campaign. The goal of the campaign is to raise local awareness of the adverse impacts new development has on other properties within a watershed. Local officials have reduced their floodplain risks by following the Association's "do no harm" strategy. That strategy involves making sure that developers who change flooding conditions mitigate the impact on other property owners and communities.

Certification of Floodplain Managers. In 1999, ASFPM launched a national Certified Floodplain Management (CFM) Program and also began accrediting State certification programs. The Certification Program features continuing education and professional development that enhances the knowledge and performance of floodplain managers, and ensures that highly qualified individuals are available to meet disaster challenges. A national flood industry standards exam serves as the basis for the program. It determines the proficiency and NFIP knowledge of floodplain management professionals. The exam covers a broad range of subjects including flood insurance, mapping, flood mitigation, community responsibility, and regulatory standards and administrative procedures. As of June 2001, six States had received national accreditation: Arkansas, Illinois, New Mexico, North Carolina, Oklahoma and Texas. Certified floodplain managers in those States meet the national standards. They have also passed an exam specific to their State's standards and programs. There are approximately 200 nationally certified floodplain managers and approximately 160 nationally accredited State certified floodplain managers.

Floodplain Management Association. The Floodplain Management Association (FMA) serves the professional and continuing education needs of local floodplain managers. Like its national counterpart, the Floodplain Management Association offers conferences, workshops and publications to support improved floodplain management practices at the local level.

* *Mitigation Success Stories* can be downloaded from the Association's website, at www.floods.org; the entire publication is available on CD-ROM from ASFPM (see the Key Contacts section at the end of this *Guide)*.

States enable such participation through various forms of legislation, including State zoning, planning, building code or floodplain management laws. States vary in the degree of autonomy they give local communities in deciding whether to participate in the NFIP. For example, Texas mandates community participation in the NFIP, whereas Minnesota state law mandates NFIP participation by communities subject to recurring flood risk or communities that refuse to enroll in the program after FEMA has prepared a flood map of the community.

States Adopt and Implement Floodplain Management Laws. Apart from satisfying the NFIP's requirements, many States have their own floodplain management laws and regulations, some of which predate the NFIP. Some State laws simply include the NFIP's minimum requirements for floodplain management. Other States have more restrictive regulations and authorize State agencies to assume substantial floodplain management responsibilities. FEMA will recognize State law requirements that are more restrictive than the NFIP's minimum requirements.

Minnesota: A State Floodplain Leader

In 1969, one year after creation of the NFIP, Minnesota adopted a Floodplain Management Act. The Act requires the State's Department of Natural Resources Commisioner to develop minimum statewide standards for floodplain development for adoption into local government zoning ordinances in flood-prone communities. Since the early 1970's, local Minnesota communities have been adopting and enforcing ordinances that meet both the NFIP and Minnesota's similar but stricter standards. As of May 2001, 508 of Minnesota's 850 communities were participating in the NFIP, representing 91% of the State's population.

Unique features of Minnesota's program include the regulation of all improvements to property located in the floodway or flood fringe, State approval of all local floodplain management ordinances, and an additional one-foot of freeboard (the height above the recorded high-water mark of the structure) as the regulatory flood protection elevation.

Source: May 23, 2001 presentation by Mike McTeague, Education Coordinator, Minnesota Department of Commerce, and Tom Lutgen, Minnesota Department of Natural Resources, Floodplain Manager, at the National Flood Conference, Minneapolis, Minnesota.

Chapters 4, 6, 8 and 9 of this *Guide* contain additional information about how States are executing their floodplain management responsibilities.

Chapter 6 of this *Guide* contains additional information about flood mitigation projects the State of Minnesota has funded under its Flood Damage Reduction Grant Program.

States Coordinate NFIP Activities. States play a critical role in coordinating NFIP activities within their States.

In 1969, FEMA asked each State's governor to designate an agency or office to coordinate flood insurance and floodplain management activities within the State.* It was left to each governor to select the specific State agency or office that would become the official State

* For an excellent overview of the NFIP Coordinating Office, see *"State Floodplain Coordination,"* by Peter Finke, in *Watermark* (NFIP Newsletter, Fall 2000/Winter2001) at pages 18 and 21. Mr. Finke served as manager of Ohio's NFIP State Coordinating Office from 1976 to 1994.

Coordinating Agency. Some governors have placed the Coordinating Agency within the State's natural resources agency. Other governors have assigned the function to emergency management, development or community affairs agencies. Regardless of location, State Coordinating Agencies perform similar functions. They must

- when necessary, see to the enactment of legislation enabling counties and municipalities to regulate development within flood-prone areas
- help and assist county and municipal public bodies and agencies in developing, implementing and maintaining local floodplain management regulations
- provide local governments and the general public with NFIP information on the coordination of local activities with Federal and State requirements for managing flood-prone areas
- help communities in disseminating information on minimum elevation requirements for development within flood-prone areas
- help in the delineation of riverine and coastal flood-prone areas
- recommend priorities for Federal floodplain management activities in relation to local needs
- provide notification to FEMA in the event of irreconcilable differences between a community's local floodplain management program and the NFIP's minimum requirements
- establish minimum State floodplain management regulatory standards
- assure coordination and consistency of floodplain management activities with other State, area wide and local planning and enforcement agencies
- help identify and implement flood hazard mitigation recommendations
- participate in floodplain management training opportunities and other flood hazard preparedness programs[*]

To perform effectively, the State Coordinating Agencies must, by definition, work across several disciplines, including land use, mapping and engineering, insurance and emergency management. The multi-disciplinary nature of the Coordinating Agencies benefits local communities, which often look to the States for assistance with floodplain management.

States Liaison with NFIP Communities. States provide various forms of technical and financial assistance to communities participating in the NFIP. Nebraska and North Carolina are working closely with local communities to expand and modernize the floodplain maps for the most flood-prone communities. Florida and Rhode Island state officials have collaborated

[*] 44 CFR Section 60.25.

with industry organizations to increase local awareness of flood risks and improve mitigation solutions.

As a condition of participating in the NFIP, local communities must furnish their State Coordinating Agency with copies of an NFIP Biennial Report required by FEMA.* Communities may submit their local floodplain management regulations to their State Coordinating Agency for advice and concurrence. But such submissions are not mandatory.

States License and Regulate Insurance Professionals. States regulate insurance companies, insurance agents, claim adjusters, real estate brokers and agents. Many States include flood insurance courses in their continuing education programs for agents.

States Increase Agent and Public Awareness. Some States, including Kansas, North Carolina and Virginia, require that these professionals receive adequate training and education in flood insurance. Minnesota and New Jersey work to increase agent and consumer awareness of flood insurance. States use a variety of communications tools and resources to get the message out about flood insurance.

Quick Guides: State Resources for Floodplain Management Education

To facilitate their State/community liaison efforts, the States of Illinois and Missouri each developed a new tool, the *"Quick Guide"*. State officials can use this illustrated guide to educate local officials about key floodplain management concepts and how they apply at the community level. Practical topics include: "Safe Uses of The Flood-plain"; "What About After Damages?"; and "Think Carefully about Variances".

Source: *"Quick Guide: Floodplain Management in Illinois,"* Illinois Department of Natural Resources, Office of Water Resources (2001).

On occasion major disasters like El Nino and Tropical Storm Allison focus attention on the need for flood insurance education. As a result of these and other weather-related catastrophes, more States and the insurance industry are moving to improve professional training and increase public awareness.

Few States treat flood insurance as a distinct and separate topic on either their initial licensing exams or in their continuing education curriculums. Virginia, Kansas and North Carolina are notable positive exceptions.

Virginia has included specific flood insurance questions on licensing exams for new agents.**

Kansas has encouraged emphasis on flood insurance in both its initial licensing and continuing education curriculum. The State's Insurance Department has collaborated with the National Flood Insurance Program to provide flood insurance training for agents. Agents have received

* 44 CFR Section 60.2.

** June 20, 2001 letter from Deputy Commissioner Mary M. Bannister, Property and Casualty Division, Bureau of Insurance, Commonwealth of Virginia State Corporation Commission, to then ILF President Rep. Terry Parke.

continuing education credit for attending workshops and seminars that address flood insurance. The Kansas Insurance Department has used its quarterly newsletter to encourage companies to remind their agents to take a flood insurance course.[*]

North Carolina has notified agents to take a flood insurance course as part of their annual continuing education and waives the continuing education fees if they attend National Flood Insurance Program courses.[**]

States are using press releases, consumer guidebooks, policyholder notices, brochures and websites to get the message out about the need for and availability of flood insurance. Appendix 3 of this *Guide* contains samples of these State communications.

In 2000, the Minnesota Department of Commerce collaborated with the insurance industry to conduct public outreach forums across the State, designed to champion disaster preparedness and spread the word about the NFIP.

In 1999, Kansas initiated a variety of outreach activities to educate agents and consumers about flood insurance. The Kansas Insurance Department began working with the NFIP on an education campaign directed at agents and consumers. The program responded to a drop in flood insurance sales following record sales in the months following the 1993 floods. The Department

- ❖ developed flood specific insurance consumer education brochures, which provided instruction on how to buy flood insurance, identified insurance companies that sold the coverage, and educated consumers on storm preparation
- ❖ issued press releases
- ❖ assisted consumers at disaster sites in communicating with their insurance companies
- ❖ established a direct link to the NFIP's website on the Department's own website
- ❖ used the Kansas Homeowners and Renters Insurance Shoppers Guide to notify consumers that the standard homeowners' policy does not cover flood losses[***]

New Jersey, Virginia and North Carolina require that policyholders receive notices about flood insurance.

Since 1997, the New Jersey Banking and Insurance Commissioner has required that all fire and casualty insurers, including the New Jersey Insurance Underwriting Association, inform

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[*] August 2, 200l letter from Commissioner Kathleen Sebelius, Commissioner of Insurance, State of Kansas, to ILF Board of Directors.
[**] "*North Carolina's Department of Insurance Commended,"* FEMA news advisory, January 18, 2001, at www.fema.gov.
[***] August 2, 200l letter from Commissioner Kathleen Sebelius, Commissioner of Insurance, State of Kansas, to ILF Board of Directors.

New Jersey residents in writing that their homeowners policies do not cover flood losses. Insurers must do so at the time of the initial sale and at each renewal.*

In 2000, the Department strengthened the notice by requiring insurers to tell homeowners in participating communities to buy national flood insurance coverage, and to consider separate coverage for content, structure and property. Failure to comply can bring a fine of $2,500 for the first violation and up to $5,000 for each succeeding violation.

In 2001, the Department notified insurers of the National Flood Insurance Program's advertising campaign, intended to help raise consumer awareness. The campaign includes a co-op advertising program. Insurance companies and agents can save up to 50 percent in flood insurance advertising expenses when they use pre-approved newspaper, magazine, yellow pages, television or radio advertisements. The Department facilitated insurance agents and companies' participation in this "first come, first serve" reimbursement program. It distributed the advertising approval application as well as the co-op advertising guidelines.

* Sources: Bulletins No. 00-14 and 01-07, New Jersey Department of Banking and Insurance, Karen L. Suter, Commissioner.

CHAPTER 6:

Funding and Support

Most State-declared emergencies never receive a Federal Disaster declaration. Only 24 percent of all State gubernatorial emergencies received the declaration in 1999.* (See Figure 2-4 of this *Guide*.)

States must use their own resources to address flooding disasters. States have begun doing that in increasingly large amounts. Between 1992 and 1999, total State spending on comprehensive emergency management increased 140 percent, reaching $1.9 billion in 1999.

State Resources

States have used three general sources of funds to pay for their flood programs:

- direct appropriations of general State monies
- proceeds from borrowings, e.g., bond issues
- special fees and surcharges dedicated to flood prevention, mitigation or disaster assistance programs

State appropriations. Arkansas, Iowa and Nebraska maintain permanent disaster funds or assistance programs, funded annually or as necessary during the fiscal year. Minnesota, Louisiana and New York appropriate funds for temporary programs and purposes after specific disaster incidents. Here are some specifics.**

> **Arkansas** has established both permanent Public Assistance and Individual Assistance Funds. The Public Assistance Fund receives $2 million annually. For Federal Disasters, the fund pays a portion of the State's cost share. For State-declared emergencies, the fund pays up to 45 percent of the costs of restoring public facilities. The Individual Assistance Fund receives $1 million annually; it pays for individual and family grants as well as temporary housing when Federal assistance is unavailable.
>
> **Iowa** has enacted a contingency fund for public assistance. Each year it makes $1 million available to local governments who can apply for zero interest loans to pay for up to 75 percent of project costs for damages caused by State-declared disasters.

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* "*NEMA/CSG2001 Report on State Emergency Management Funding and Structures*," NEMA/CSG (2001) (hereinafter, the "NEMA Report").

** Id.

Nebraska has established the Governor's Emergency Fund for Public Assistance. The Legislature appropriates the funding on a biannual basis, typically $1 million per year. Local governments pay a deductible based on their tax base, after which funds are provided on a 50 percent State/50 percent local cost sharing basis.

New York departments and agencies have programs that assist in disaster recovery. The State legislature has enacted temporary programs to help individuals and businesses after specific incidents.

In 2001, the National Emergency Management Association and the Council of State Governments released a report on State spending on emergency management programs.[*] The report showed how States have invested in disaster preparedness, mitigation, response and recovery. The report also detailed how States have shifted from post-disaster activities to those that reduce the effects of disasters before they occur.

Trends in State Emergency Management Spending.[**] During the '90s, the increase in the number and severity of weather disasters combined with domestic terrorism, school shootings, and Y2K preparedness to cause many States to focus on emergency management. As spending on general emergency management has increased, so has the share of those dollars dedicated to preparedness and mitigation. Preparedness accounted for the largest portion of total State spending (39 percent), followed by mitigation at 26 percent.

The trends have been striking. More than 81 percent of States' total mitigation spending in 1999 went towards pre-disaster mitigation activities (*i.e.,* activities conducted without connection to a particular event), with just 19 percent of such funds being tied to recovery efforts following a particular disaster. Preparedness activities, including the development of operations plans, staff training, and emergency response simulation exercises, have also grown in importance. The almost $754.6 million spent by States on preparedness in 1999 represented a 61 percent increase above the 1997 level, and a 71.4 percent increase overall since 1992, the year of Hurricane Andrew.

Emergency management programs must compete for funding with education, economic development, health care and spending priorities. To address these competing spending priorities, some States, including Florida, Louisiana, New Jersey and Virginia, have begun using creative funding sources and mechanisms.

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[*] Id. The NEMA Report examines FY99 state spending as well as historical and trend data from FY 92 through FY99. 43 States responded to the survey; figures quoted in the report and herein are for responding States only.
[**] Id.

How States Fund Disasters

Every State has one or more mechanisms to fund public and individual disaster assistance programs.

Appendix 4 of this *Guide* provides additional details about the specific funding mechanisms each State is using.

State programs vary in eligibility, local match requirements and scope and type (public or individual) of assistance. Highlighted below are some State programs with novel funding arrangements.

State Funding Mechanisms*

Thirty-One States	**appropriate for specific incidents after each major disaster occurs**
Twenty-Three States	**have a separate disaster fund and keep adequate money available at all times**
Two States	**fund disaster relief from specified sources such as a tax on insurance policies or percentage of tax receipts**
Eight States	**have more than one fund, each created to address a specific kind of disaster**

* *Note: Some States reported multiple funding mechanisms.*

Public Assistance Programs

Most States maintain a state fund to help communities when disasters strike. These so-called "emergency," "contingency" or "disaster" funds make grants or loans to communities to help pay for debris removal, road and bridge repair, building damage, overtime, contracts and supplies. States also have developed alternative funding sources.

- ❖ **Florida** has an Emergency Management Preparedness and Assistance (EMPA) trust fund. It offers grants to help improve county-based capabilities. Competitive grants are also available for special projects conducted by State and local agencies and non-profits. Surcharges on Florida homeowners' ($2 per year) and business owners' ($4 per year) insurance premiums support the EMPA. Insurance companies collect and remit the proceeds to the State.
- ❖ **Louisiana** has a transportation trust fund. It makes $10 million available annually for flood control projects. A 16-cent tax on fuel supports the trust fund.
- ❖ **New Jersey** makes available $15 to $25 million annually to fund shore protection projects. It uses a portion of real estate transfer taxes.
- ❖ **Virginia** maintains a Flood Prevention and Protection Assistance Fund. A one percent surcharge on flood insurance sales helps support the Fund. State financial assistance to counties and cities ranges from 50 to 75 percent of the total eligible costs of uninsured disaster-related expenses, such as debris removal.

State Borrowings

States and local bond proceeds have funded flood prevention and mitigation capital projects.

Types of Bonds. Typically States have issued long-term debt obligations to pay for their major capital projects over terms of 20 to 30 years. Some highlights of recent State and local borrowings follow.

Minnesota established its Flood Damage Reduction (FDR) Grant Assistance Program in 1987. Since its inception the State has distributed nearly $61 million in grant monies to local governments for flood damage reduction projects. The State has estimated that these projects have prevented over one-half billion dollars in damages.

FDR has proven a cost-effective, flexible financing tool. It has provided technical and financial assistance to local governments for projects that have reduced the flood damages in floodplain areas. Under the program, cost-share grants of up to 50 percent are available for eligible flood mitigation projects, which have included:

- Structural acquisition in the 100-year floodplain
- Levees, ring dikes and flood walls
- Flood warning systems
- Feasibility studies
- Public education workshops
- Flood insurance studies
- Floodplain mapping
- Comprehensive watershed plans
- Flood storage easements
- Floodplain/river restorations
- State cost-share on Federal projects

Minnesota's Department of Natural Resources has made small grants for projects with a total cost of $300,000, and a State share of less than $150,000, directly from funds appropriated by the Minnesota Legislature. DNR prioritizes large grant applications for projects with costs greater than $300,000 or less, and a State share greater than $150,000. It then presents them to the Governor and the State Legislature for consideration in a general obligation capital bonding bill.

Minnesota has used FDR grants to leverage financial and technical assistance from other agencies, like FEMA and the U.S. Army Corps of Engineers.

The FDR program has proven to be extremely cost effective. For example, in Oslo, Minnesota, a flood control project built using $100,000 in local funding prevented estimated damages totaling almost $16 million in 1996 and 1997 alone.

Local Partners. Local communities and special purpose districts have brought local resources to support flood prevention and mitigation. The examples below demonstrate how communities across the country have worked with Federal and State partners to protect local residents and property owners.

Grand Forks, North Dakota: Building Future Protection with Flood Bonds. In April 1997, the Red River flooded Grand Forks, North Dakota. The ensuing fires destroyed most downtown buildings. Damages were $1.5 billion.

To avoid a repeat, the U.S. Army Corps of Engineers has begun building a 14-mile $350 million dike system. Construction began in 2001 with completion expected in three to six years. The Federal share: $176 million. Other project participants and funding sources include the State governments of North Dakota and Minnesota and the City of East Grand Fork, Minnesota, which is on the other side of the Red River.

Grand Forks chose to meet its $76 million share of the project by selling several bond issues, backed by sales and use taxes, special assessments and general revenues. In 1999, it sold $12 million in bonds backed by sales and use taxes. In 2000, Grand Forks issued another $9 million in bonds backed by special assessment revenues.

Clark County, Nevada: You Never Know When It's Going to Rain. In June 1999, Clark County, Nevada received two inches of rain in an hour over an entire valley. In the southern Nevada region where concrete-like soil conditions make the area vulnerable to flash floods, the storm motivated local officials to focus on the vulnerability of the hardest hit areas.

In 2000, the County's Regional Flood Control District identified a need for four new flash flood avoidance projects, but it lacked the $20 million in funds needed for the projects. The District had just issued $150 million in bonds two years earlier. In order to maintain a self-imposed debt service coverage ratio, the District opted to fund all new projects on a "pay-as-you-go basis."

To meet the funding shortage, in October 2000, the Clark County Commissioners approved a $20 million, sales tax-backed flood bond issue with an unusual maturity of two years. The bond issue will enable the Flood District to complete the projects six months to two years earlier than if the County had waited for the Flood District to raise the funds.

Federal Funding Sources

Overview. FEMA and other Federal agencies manage several programs that provide financial assistance to State and local governments for flood-related programs. FIMA has several financial assistance programs that States have used to support their flood mitigation activities. Federal agencies, including the U.S. Army Corps of Engineers and the U.S. Department of Housing and Urban Development, have financial assistance programs which can help.

FEMA:

FEMA's Flood Mitigation Assistance (FMA) Program provides state and local governments with grants to help pay for reducing the risk of flood damage to properties insured under the National Flood Insurance Program. Eligible activities include elevation, acquisition, demolition and relocation of insured structures.

In 2001, FEMA awarded 88 such grants totaling $20 million.

The FEMA Community Assistance Program (CAP) directly supports the flood loss reduction objectives of the NFIP. Each year it has allocated approximately $5 million to States and territories to assist in providing technical assistance, training and workshops, to encourage participation in the Program and to communicate mitigation strategies.

The FEMA Hazard Mitigation Grant Program (HMGP) provides grants to State and local governments after a Federal Disaster declaration. Chapter 9 of this *Guide* contains additional information about this post-disaster grant program.

The Mitigation Directorate has also funded flood hazard data collection and mapping. Since 1997, FEMA has worked with States and local governments to advance its critical map modernization effort.

U.S. Army Corps of Engineers:

The U.S. Army Corps of Engineers (the Corps) has conducted feasibility studies and built flood damage reduction projects. The Corps' major projects have required specific authorization and funding from Congress. The Corps' smaller projects have only required Corps authorization. During the 1990s, the Corps oversaw the investment of $20 billion in flood damage reduction projects. The Corps operates 368 reservoirs for flood damage reduction and has built close to 10,500 miles of levees and floodwalls, seven times the length of the Great Wall of China. Even with all this protection, however, the average annual flood damage has increased.

The Corps has several other programs to assist States with their flood prevention and protection efforts. The Corps has

- ❖ determined hazards
- ❖ offered States guidance and assistance with meeting the NFIP standards
- ❖ helped State and local governments prepare comprehensive plans for the development, use and conservation of water and related land resources, including flood damage reduction, floodplain management, dam safety and dam failures
- ❖ provided data and technical guidance on flood proofing, floodplain regulations, flood warning, emergency preparedness and evacuation planning
- ❖ provided services to State, regional and local governments, Native American tribes and other non-Federal public agencies
- ❖ promoted the development and use of proper flood proofing techniques throughout the US
- ❖ disseminated flood proofing information to State, tribal and local officials, as well as to the general public
- ❖ collaborated with States on workshops and seminars on non-structural floodplain management measures, such as flood proofing
- ❖ conducted workshops, seminars and short courses to educate officials on flood proofing

Each year, individual States and tribes determine their planning assistance needs and request Corps studies. The Corps then accommodates as many studies as possible within the funding allotment.

Congress has funded the Corps' planning assistance program every year. The Federal government has limited to $300,000 annually allotments for each State or tribe. But typically the funds allotted are much less. Individual studies generally cost $25,000 to $75,000, and are cost shared on a 50/50 Federal/non-Federal basis.

U.S. Department of Housing and Urban Development (HUD):

Under the Community Development Block Grant (CDBG) Program, States and communities set their own CDBG funding priorities. Many communities have used CDBG funds for purposes of flood proofing buildings to provide low-income residents with safe and sanitary housing.

All funding, State, Federal and private, is subject to many constraints and circumstances. But as the succeeding Chapters will show, money spent to address floods can produce great savings.

CHAPTER 7:

Mapping the Floodplains

To fight floods effectively, it pays to know where they are most likely to occur and where they will cause the most damage. FEMA's Flood Hazard Mapping Program has produced approximately 100,000 map panels covering 17,500 mapped communities. But with development pressures and changes in flood risks, FEMA now faces major challenges in updating old maps, supplying missing information and converting existing maps to digital format. Recent efforts in digitizing will increase the accuracy of maps and make them more easily accessible to communities and other users.

Table 7-1: Age of FIRMs

16%	less than 5 years old
21%	5-10 years old
30%	10-15 years old
33%	greater than 15 years old
Condition of FIRM Panels for NFIP Communities	
20,500	outdated or inadequate flood data
60,800	adequate flood data/needs to be converted to digital
13,700	unmapped communities

Source: FEMA Mitigation Directorate, NFIP Flood Insurance Conference, Minneapolis, MN, May 2001.

FEMA's Map Modernization Initiative. In 1997, FEMA began a seven-year plan to eliminate the backlog of outdated Flood Information Rating Maps (FIRMs). FEMA has estimated that it will take an additional $800 million to complete the effort. FEMA's FY 2001 budget authorized only $48.7 million for map modernization.

FIRMs are a key resource for both the public and private sector. State and local officials have used FIRMs for floodplain management, mitigation, risk assessment, disaster preparedness and response and recovery. Local officials have used FIRMs to regulate new construction in Special Flood Hazard Areas. Flood insurance premiums charged to policyholders vary according to the location of their property on a FIRM. Many mortgage lenders use FIRMs to determine if a property is in a high risk flood area.

Cooperating Technical Partners ("CTP") Initiative. In the same year FEMA launched an initiative to work with State and local governments to increase the production of improved flood maps.

In 2000, FEMA entered into 62 CTP agreements with State, regional and local government agencies. CTP agreements with the the Nebraska Department of Natural Resources and the State of North Carolina have served as models for other States seeking to improve the number and quality of FIRMs available in their State.

Nebraska's Map Modernization Effort: Leveraging Federal Resources and State Strengths to Aid NFIP Communities

Nebraska's commitment to mapping predates the NFIP. The 1967 Nebraska Floodplain Regulation Act marked the State's early entry into flood mapping and floodplain management. 1983 legislation strengthened the State's early dedication to mapping. It targeted Nebraska's most flood-prone areas, its major river basins.

By 1996, the State's Department of Natural Resources had mapped close to half the State's counties. At the same time, however, new communities that had joined the NFIP could not participate fully due to the lack of maps. As a result, only limited insurance coverage was available to property owners in those communities.

Recognizing that FEMA lacked the resources to complete the flood insurance studies and mapping needed in Nebraska, the State proposed its own initiative. It collaborated with the Federal government, other State agencies and local community officials. It secured a FEMA commitment to incorporate the State's floodplain mapping product as it became available. In 2000, the Department signed Mapping Activity Statements that enabled the State to complete mapping of five key counties in 2001. The State will complete mapping an additional eight counties in 2002.

FEMA provided the State with $73,000 pursuant to a Cooperative Agreement. The State's in-kind commitment included three employees who served on the Nebraska Cooperating Technical State Team.

By participating in the CTP, Nebraska accelerated mapping priority counties across the State. The Nebraska CTS team included local officials. By collaborating with local officials, State officials were uniquely positioned to educate them about the NFIP and to correct local misconceptions about the Program.

Source: July 19, 2001 telephone interview with Brian Dunnigan, P.E., Head of Floodplain Management, Nebraska Department of Natural Resources; and Dunnigan presentation at the annual conference of the ASFPM, Charlotte, NC, June 4, 2001.

North Carolina: A Firm State Commitment to Map Modernization

North Carolina faces extreme hazards and consequences from hurricanes and flooding. Since 1989, there have been 14 Federal Disasters in the State. Hurricane Floyd struck the State in September of 1999. Damages reached $3.5 billion.

Floyd revealed serious flood hazard data and map limitations: approximately 55 percent of North Carolina's FIRMs were at least 10 years old, and approximately 75 percent were at least five years old. Problem: with the present available funding levels and timetable, it would take one hundred years to map the entire State.

In September 2000, one year after Hurricane Floyd, North Carolina took an unprecedented step. It assumed primary responsibility for the FIRMs for all of its communities participating in the NFIP. The State decided to conduct flood hazard analyses and produce updated, digital FIRMs pursuant to a Cooperative Technical Partners Agreement with FEMA. FEMA has designated North Carolina as the first Cooperating Technical State.

North Carolina's statewide map updating initiative is a unique State-Federal partnership where FEMA and 20 other Federal department and agencies agreed to provide the State with funding, data and technical assistance. The North Carolina Office of State Budget, Planning and Management coordinates the program with key State agencies. Work began in 2000 and will continue through 2005.

Funding. The total estimated cost is $65 million. The State initially appropriated $23 million for Phase 1 of the Program: a $36 million effort to collect data and map the six eastern river basins most severely impacted by Hurricane Floyd: White Oak, Neuse, Lumber, Tar-Pimlico, Cape Fear and Pasquotank. FEMA has provided an additional $6 million for the project as well as in-kind mapping, engineering and program management assistance. The State is now securing additional monies from FEMA and other Federal and State agencies to complete the Program.

Technology. North Carolina is using state-of-the art information technology to analyze, maintain and archive the maps and associated flood hazard data. The State will use high resolution topographic data to develop accurate digital elevation models (DEMs). The States will then use the DEMS to develop up-to-date, accurate hazard data and floodplain mapping. With that data, the State will produce digital Flood Insurance Rate Map coverage across the State. The new mapping system will distribute mapping data and associated reports to the public via the Internet.

Benefits. The North Carolina project has already yielded several benefits. The updated data will

- provide current, accurate information for North Carolina communities and property owners to make sound siting and design decisions when they rebuild or renovate after a flood
- reduce dramatically long-term flood losses in the State
- alert those at risk of flooding of the need to buy flood insurance
- make it faster and cheaper to update FIRMs
- allow users more precise flood risk determinations
- allow use of FIRMS with Geographic Information Systems (GIS) for analysis and planning
- allow online access to all maps 24 hours a day
- prove useful in-site design, stormwater management, transportation planning and design, and spill response

The US Geological Survey assigned a 3.5 to 1 benefit/cost ratio to the North Carolina project.

Contact North Carolina: additional details on the State's floodplain mapping program are available at www.ncfloodmaps.com.

Source: www.ncfloodmaps.com; "CTS Statewide Mapping… North Carolina's Pioneering Efforts," presentation by John Dorman, North Carolina Floodplain Mapping Program and Office of State Budget, presentation at the annual conference of the ASFPM, Charlotte, NC, June 5, 2001.

CHAPTER 7:

Mapping the Floodplains

To fight floods effectively, it pays to know where they are most likely to occur and where they will cause the most damage. FEMA's Flood Hazard Mapping Program has produced approximately 100,000 map panels covering 17,500 mapped communities. But with development pressures and changes in flood risks, FEMA now faces major challenges in updating old maps, supplying missing information and converting existing maps to digital format. Recent efforts in digitizing will increase the accuracy of maps and make them more easily accessible to communities and other users.

Table 7-1: Age of FIRMs

16%	less than 5 years old
21%	5-10 years old
30%	10-15 years old
33%	greater than 15 years old

Condition of FIRM Panels for NFIP Communities

20,500	outdated or inadequate flood data
60,800	adequate flood data/needs to be converted to digital
13,700	unmapped communities

Source: FEMA Mitigation Directorate, NFIP Flood Insurance Conference, Minneapolis, MN, May 2001.

FEMA's Map Modernization Initiative. In 1997, FEMA began a seven-year plan to eliminate the backlog of outdated Flood Information Rating Maps (FIRMs). FEMA has estimated that it will take an additional $800 million to complete the effort. FEMA's FY 2001 budget authorized only $48.7 million for map modernization.

FIRMs are a key resource for both the public and private sector. State and local officials have used FIRMs for floodplain management, mitigation, risk assessment, disaster preparedness and response and recovery. Local officials have used FIRMs to regulate new construction in Special Flood Hazard Areas. Flood insurance premiums charged to policyholders vary according to the location of their property on a FIRM. Many mortgage lenders use FIRMs to determine if a property is in a high risk flood area.

Cooperating Technical Partners ("CTP") Initiative. In the same year FEMA launched an initiative to work with State and local governments to increase the production of improved flood maps.

In 2000, FEMA entered into 62 CTP agreements with State, regional and local government agencies. CTP agreements with the the Nebraska Department of Natural Resources and the State of North Carolina have served as models for other States seeking to improve the number and quality of FIRMs available in their State.

Nebraska's Map Modernization Effort: Leveraging Federal Resources and State Strengths to Aid NFIP Communities

Nebraska's commitment to mapping predates the NFIP. The 1967 Nebraska Floodplain Regulation Act marked the State's early entry into flood mapping and floodplain management. 1983 legislation strengthened the State's early dedication to mapping. It targeted Nebraska's most flood-prone areas, its major river basins.

By 1996, the State's Department of Natural Resources had mapped close to half the State's counties. At the same time, however, new communities that had joined the NFIP could not participate fully due to the lack of maps. As a result, only limited insurance coverage was available to property owners in those communities.

Recognizing that FEMA lacked the resources to complete the flood insurance studies and mapping needed in Nebraska, the State proposed its own initiative. It collaborated with the Federal government, other State agencies and local community officials. It secured a FEMA commitment to incorporate the State's floodplain mapping product as it became available. In 2000, the Department signed Mapping Activity Statements that enabled the State to complete mapping of five key counties in 2001. The State will complete mapping an additional eight counties in 2002.

FEMA provided the State with $73,000 pursuant to a Cooperative Agreement. The State's in-kind commitment included three employees who served on the Nebraska Cooperating Technical State Team.

By participating in the CTP, Nebraska accelerated mapping priority counties across the State. The Nebraska CTS team included local officials. By collaborating with local officials, State officials were uniquely positioned to educate them about the NFIP and to correct local misconceptions about the Program.

Source: July 19, 2001 telephone interview with Brian Dunnigan, P.E., Head of Floodplain Management, Nebraska Department of Natural Resources; and Dunnigan presentation at the annual conference of the ASFPM, Charlotte, NC, June 4, 2001.

North Carolina: A Firm State Commitment to Map Modernization

North Carolina faces extreme hazards and consequences from hurricanes and flooding. Since 1989, there have been 14 Federal Disasters in the State. Hurricane Floyd struck the State in September of 1999. Damages reached $3.5 billion.

Floyd revealed serious flood hazard data and map limitations: approximately 55 percent of North Carolina's FIRMs were at least 10 years old, and approximately 75 percent were at least five years old. Problem: with the present available funding levels and timetable, it would take one hundred years to map the entire State.

In September 2000, one year after Hurricane Floyd, North Carolina took an unprecedented step. It assumed primary responsibility for the FIRMs for all of its communities participating in the NFIP. The State decided to conduct flood hazard analyses and produce updated, digital FIRMs pursuant to a Cooperative Technical Partners Agreement with FEMA. FEMA has designated North Carolina as the first Cooperating Technical State.

North Carolina's statewide map updating initiative is a unique State-Federal partnership where FEMA and 20 other Federal department and agencies agreed to provide the State with funding, data and technical assistance. The North Carolina Office of State Budget, Planning and Management coordinates the program with key State agencies. Work began in 2000 and will continue through 2005.

Funding. The total estimated cost is $65 million. The State initially appropriated $23 million for Phase 1 of the Program: a $36 million effort to collect data and map the six eastern river basins most severely impacted by Hurricane Floyd: White Oak, Neuse, Lumber, Tar-Pimlico, Cape Fear and Pasquotank. FEMA has provided an additional $6 million for the project as well as in-kind mapping, engineering and program management assistance. The State is now securing additional monies from FEMA and other Federal and State agencies to complete the Program.

Technology. North Carolina is using state-of-the art information technology to analyze, maintain and archive the maps and associated flood hazard data. The State will use high resolution topographic data to develop accurate digital elevation models (DEMs). The States will then use the DEMS to develop up-to-date, accurate hazard data and floodplain mapping. With that data, the State will produce digital Flood Insurance Rate Map coverage across the State. The new mapping system will distribute mapping data and associated reports to the public via the Internet.

Benefits. The North Carolina project has already yielded several benefits. The updated data will

- provide current, accurate information for North Carolina communities and property owners to make sound siting and design decisions when they rebuild or renovate after a flood
- reduce dramatically long-term flood losses in the State
- alert those at risk of flooding of the need to buy flood insurance
- make it faster and cheaper to update FIRMs
- allow users more precise flood risk determinations
- allow use of FIRMS with Geographic Information Systems (GIS) for analysis and planning
- allow online access to all maps 24 hours a day
- prove useful in-site design, stormwater management, transportation planning and design, and spill response

The US Geological Survey assigned a 3.5 to 1 benefit/cost ratio to the North Carolina project.

Contact North Carolina: additional details on the State's floodplain mapping program are available at www.ncfloodmaps.com.

Source: www.ncfloodmaps.com; "CTS Statewide Mapping… North Carolina's Pioneering Efforts," presentation by John Dorman, North Carolina Floodplain Mapping Program and Office of State Budget, presentation at the annual conference of the ASFPM, Charlotte, NC, June 5, 2001.

CHAPTER 8:

Building Disaster-Resistant Communities

Flood prevention dollars represent a sound investment of State funds.

FEMA estimates that every dollar spent on damage prevention saves two in repairs. In Peoria in 1985, a 24-foot flood caused $1.2 million in losses. Ten years later, following $4.7 million in loss prevention measures, a 27-foot flood caused very little damage and resulted in almost 90 percent fewer flood insurance claims. The measures saved taxpayers millions of dollars in relief costs and the benefits are continuing.

In Rocky Mount and Wilson, North Carolina, open space floodplain preservation efforts prior to Hurricane Floyd prevented an estimated $9.7 million in damage. In North Miami, Florida, residents now save an estimated $42 in flood insurance premiums every year. To achieve those savings, single family property owners pay a utility fee that amounts to less than seven cents a day.

In Tulsa, efforts to reduce flood risks have produced a 35 percent discount on flood insurance for property owners.

States, communities, and property owners have used incentive programs and public-private partnerships to achieve those savings. The results: lower insurance premiums and better preparedness for the floods of the future.

Reducing Flood Risk Through Community Activities

The Community Rating System.[*] Reduced flood insurance premiums are available under a Community Rating System (CRS), a part of the NFIP. The CRS program reduces premiums to reflect what a community has done beyond the Program's minimum floodplain management requirements.

CRS Classification. A community receives a CRS classification based upon its credit points. Credit points are based on how well an activity

- ❖ reduces flood losses
- ❖ facilitates accurate insurance ratings
- ❖ promotes the awareness of flood insurance

[*] For an excellent overview of the CRS, see the third *"Biennial Report to Congress,"* FEMA, October 2000 (hereinafter, the *"2000 Biennial Report").*

There are ten CRS classes. Class 1 requires the most credit points and gives the largest premium reduction of 45 percent. Class 10 receives no premium reduction. Most CRS communities are either in Class 9 or 8, earning premium reductions of five to ten percent.

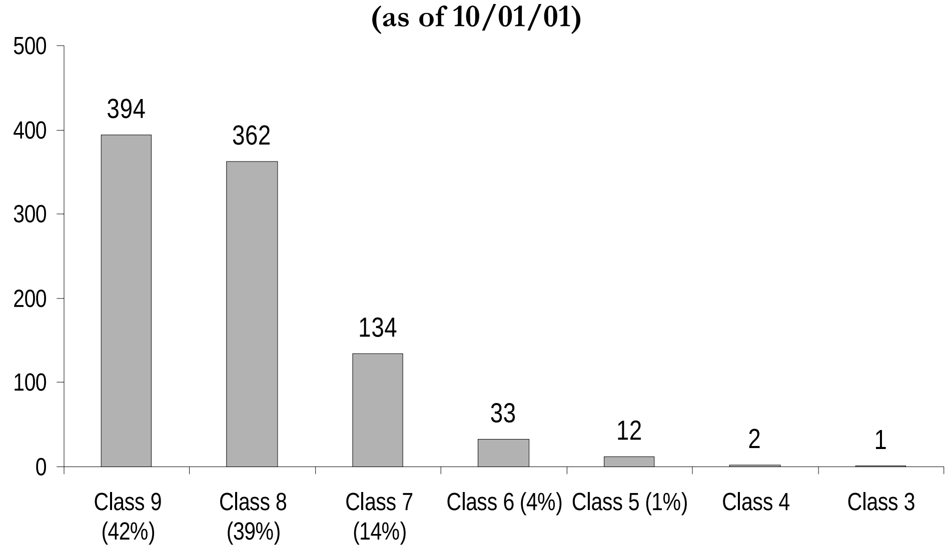
Activities Credited by the CRS include 18 "creditable" floodplain management activities in four categories:

- *Public Information*: programs that advise people on flood hazard, insurance and ways to reduce flood damage
- M*apping and Regulations*: programs that provide increased protection for new development, including those that map areas not shown on the Flood Information Rating Map, preserve open space, enforce higher regulatory standards and manage stormwater
- *Flood Damage Reduction*: programs for areas where existing development is at risk, including those that comprehensively manage floodplains, relocate or retrofit flood-prone structures and maintain drainage systems
- *Flood Preparedness*: programs that improve flood warning systems, levee safety and dam safety

The *CRS Coordinator's Manual* contains additional details about CRS creditable activities and credit points.*

Participating Communities. As of October 1, 2001, 938 communities participated in the CRS program. Figure 8-1 below shows their distribution by CRS class. One-half of all CRS communities are Class 8 or better.

Figure 8-1: CRS Communities by Class (as of 10/01/01)



Source: *2000 Biennial Report*.

* *"CRS Coordinator's Manual,"* FEMA, 1999.

While these 926 communities constitute only five percent of the 19,000 communities participating in the National Flood Insurance Program, they represent a significant portion of the nation's flood risk because over 66 percent of the Program's policy base is located in CRS communities.

The six best-rated CRS communities in the nation are Tulsa, Oklahoma; Thurston and Pierce Counties, Washington; Kemah, Texas; Juno Beach and Sanibel, Florida. On October 1, 2000, Tulsa became the first community to earn a Class 3 rating (35 percent premium discount). The other five communities have earned a Class 5 (25 percent premium discount).

Peoria: A CRS Mitigation Success Story

After severe floods in 1979, 1982, and 1985, Peoria County and the cities of Peoria and Peoria Heights embarked on a major floodplain acquisition and relocation program. The objective was to reduce future flooding losses by acquiring and removing repetitive loss properties. According to FEMA's records, these three communities had 250 repetitive loss properties, the third largest concentration in Illinois. By the time of a 1995 flood, the communities had removed 150 of them.

Beginning in 1982, the Cities, County and Park District acquired, relocated and demolished dozens of structures and restored an open floodplain along a 25-mile reach of the Illinois River. The communities used a combination of FEMA grants and State monies to acquire and demolish these highly flood-prone properties. Funding sources included $2.2 million from FEMA's (now obsolete) Section 1362 program, $1.3 million in Hazard Mitigation Grant Program funding, $383,000 in Flood Mitigation Assistance Program funding, and $1.5 million in matching state funds from the Illinois Department of Natural Resources. The benefits of the County and cities' efforts were clear in the aftermath of the 1995 flood. As the chart below shows, the communities greatly reduced their flood losses. The floods in 1979, 1982 and 1985 had all brought a Federal Disaster Declaration. The 1995 flood did not even warrant one.

Year	Flood Crest	NFIP Claims
1979	28.7 feet	$ 2,071,988
1982	27.4 feet	$ 2,114,970
1985	24.3 feet	$ 1,271,219
1995	25.7 feet	$ 158,076

Although the 1995 flood crested 1.4 feet higher than the 1985 flood, very little damage occurred, and flood insurance claims were reduced by almost 90 percent. Community residents received the additional benefit of reduced flood insurance premium rates. As a result of its floodplain management activities, Peoria County reduced its CRS class rating from Class 9 to Class 8, thereby reducing policyholders' flood insurance premiums by ten percent.

Source: *2000 Biennial Report*.

Post-Floyd: Preserving Floodplain as Parkland Averts Flood Damage in North Carolina

CRS has recognized open space preservation as perhaps the best way to prevent flood damage. The system provides credit to a community if a portion of its floodplain is currently undeveloped and, through ownership or deed restrictions, the community can demonstrate that the area will remain free of buildings and landfill.

A FEMA study estimated that the average damage prevented by Rocky Mount's preserving as open space 86.4 acres in three city parks, located in the flood fringe areas of the Tar River, was close to $4.1 million, or $47,500 per acre. In Wilson, the open space preserved in 50.5 acres in two city parks prevented an estimated $5.6 million in damage, or over $111,000 per acre.

Source: *"Evaluation of CRS Credited Activities During Hurricane Floyd,"* prepared for FEMA by the Hazard Mitigation Technical Assistance Partnership, Inc., under contract to URS Greiner Woodward Clyde Federal Services, September 25, 2000.

What's a CRS Classification Worth? NFIP Policyholders in North Miami, Florida Benefit from CRS Activities

Residents of North Miami, Florida, now pay a monthly stormwater utility fee of $2.10 per single-family home, or roughly $25 annually. The fees provide a revenue source to fund the City's CRS activities, which have earned North Miami a CRS Class 7 rating for an average savings of over $42 in annual premium reduction to NFIP policyholders. NFIP policyholders "make money" as a result of the City's CRS activities.

Source: *2000 Biennial Report*.

Tulsa: Leading the Nation in Reducing Flood Risks

Tulsa's property owners enjoy the lowest flood insurance rates in the nation. The City's 35 percent rate discount translates into annual savings of close to $200,000 in premiums for the City's 2,408 flood insurance policyholders.

Tulsa earned its Class 3 rating in several ways. It acquired nearly 1,000 flood-prone properties and preserved more than a quarter of its floodplain as open space. It adopted strong building codes.

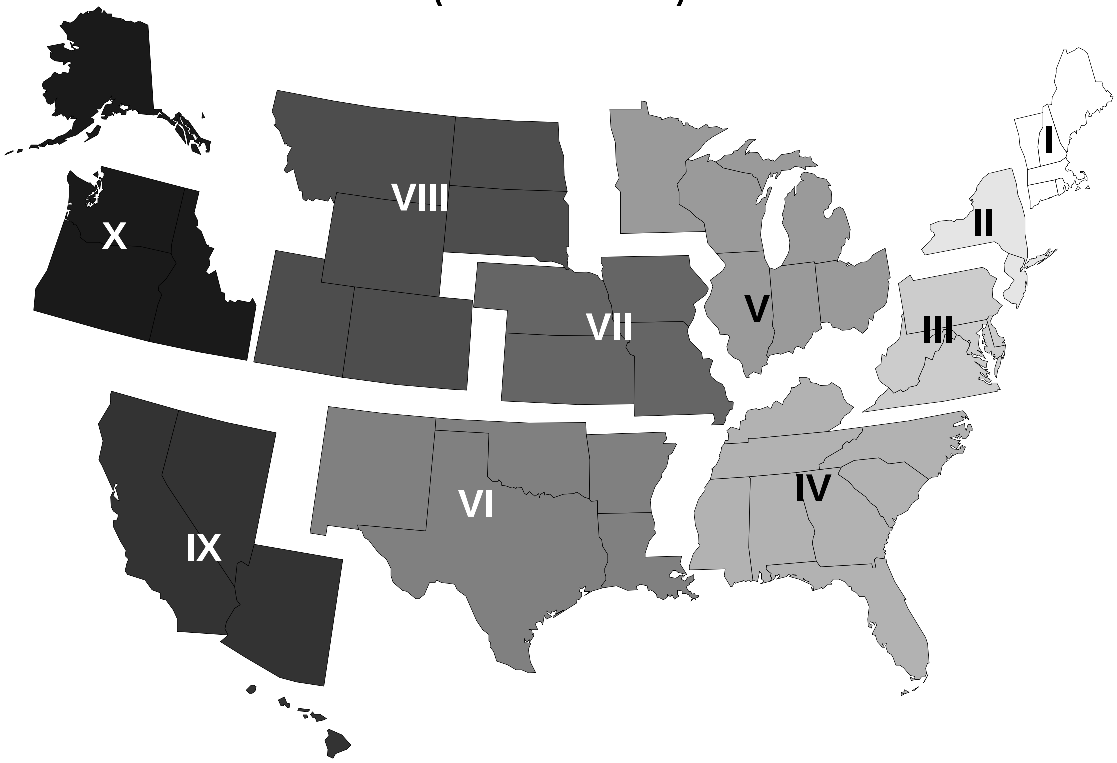
The community's floodplain management efforts came after a devastating 1984 Memorial Day flash flood. More than a foot of rain flooded 6,800 homes, killed 14 people and injured 288, and caused $180 million in damages. The floods swamped debris-clogged creeks and channels, clogged and collapsed sewers and pump stations.

The solution came in 1986 when the City established a drainage utility fee to fund floodplain stormwater maintenance. Since 1986, Tulsans have alloted more than $100 million for now completed flood control projects. Projects include channel modifications and the construction of stormwater storage basins.

Source: *"FEMA Honors Tulsa, Oklahoma as Nation's Leading Floodplain Management Community,"* FEMA news advisory, October 1, 2000; *From Rooftop to River: Tulsa's Approach to Floodplain and Stormwater Management,"* City of Tulsa Public Works Department and Stormwater Drainage Advisory Board, 1994.

CRS Participation by State. Community participation in the CRS crisscrosses the U.S. (see Figure 8-2 on the following page). Participation is particularly high in Florida, which has more flood insurance policies than any other state and a high level of awareness of its exposure to flooding. Relatively high participation rates in Florida, North Carolina, California, New Jersey and Colorado are also due to active State programs that help promote the CRS.

Figure 8-2: CRS Participation by FEMA Region and State
(as of October 2000)



Region I

CT	7
ME	17
MA	12
NH	1
RI	3
VT	3
	43

Region II

NJ	42
NY	26
	68

Region III

DE	7
MD	6
PA	14
VA	17
WV	--
	44

Region IV

AL	10
FL	203
GA	22
KY	15
MS	17
NC	73
SC	28
TN	6
	374

Region V

IL	27
IN	14
MI	8
MN	3
OH	12
WI	10
	74

Region VI

AR	12
LA	34
NM	9
OK	11
TX	37
	103

Region VII

IA	2
KS	5
MO	3
NE	2
	12

Region VIII

CO	41
MT	11
ND	1
SD	1
UT	8
WY	3
	65

Region IX

AZ	24
CA	50
HI	1
NV	7
	82

Region X

AK	3
ID	19
OR	16
WA	23
	61

Source: *2000 Biennial Report*.

The *CRS State Profile*, a new FEMA product, lists each State's participating CRS communities, their scores on creditable activities and their flood insurance premium savings. The State Profiles also compare individual community scores with the national average.

Community participation in the CRS is voluntary. There are no fees to apply. Any community that is in full compliance with the rules and regulations of the NFIP may apply for a CRS classification better than Class 10. To apply, a community must submit a completed application to its FEMA Regional Office. The application should include appropriate documentation of a community's floodplain management activities.

The Insurance Services Office, Inc. (ISO), a statistics gathering organization servicing the insurance industry, conducts a field visit to verify the community's activities and review performance. ISO also processes community CRS applications and provides technical assistance. FEMA then assigns a community's CRS classification and notifies the community, the State, insurance companies and other appropriate parties.

Recertification. Each year the community must recertify. Recertification includes progress reports for certain activities. Reverification takes place every few years. It consists of another verification visit to the community. A community may also add credited activities each year to improve its CRS classification.

How States Can Help Communities. While most of the activities are undertaken by local governments, communities can receive credit for activities implemented at the State, county or regional level. State mandates or State or regional agencies implement ten to 20 percent of the credited activities. States can also support community participation by providing technical assistance. In addition, States can encourage local communities to join the CRS. States can also help participating communities engage in additional activities that will improve their CRS class. Colorado, Illinois, Mississippi and Michigan have worked with FEMA and ISO to run workshops to raise community awareness of, and involvement in, the CRS program.

Additional Information. A *CRS Coordinator's Manual* contains the criteria for CRS classification, application procedures, and the credit points and calculations used to determine and verify a community's CRS classification. The CRS application, the *CRS Coordinator's Manual* and various other CRS materials are available online, at www.fema.gov/nfip/crs.htm and from an NFIP or FEMA Regional Office (see the Key Contacts section at the end of this *Guide*).

FEMA and States also offer CRS training and workshops for local officials For example, FEMA's Emergency Management Institute offers a free, weeklong CRS course. FEMA Regional Offices have information about this course, State workshops and other CRS training opportunities.

CRS and Building Code Standards. Communities can earn CRS credits in other ways. Strong building codes and code enforcement play an important role.

The CRS uses the Building Code Effectiveness Grading Schedule (BCEGS) to evaluate the adequacy of community building codes. The CRS encourages better building conditions by linking a community's CRS class to its building code grade. The better its BCEGS class, the more CRS credit points a community can earn.

The Insurance Services Office also administers the Building Code Effectiveness Grading Schedule.

Building Disaster-Resistant Communities. Communities can also increase their disaster preparedness by participating in Mitigation Planning initiatives. This program operates on three principles:

- ❖ decisions should be local decisions
- ❖ private sector participation is vital
- ❖ effective prevention requires long-term efforts and investments

Local businesses and non-profit organizations are key partners in this effort.

Local Business Partners Are Key to Mitigation Planning

In 2000, almost 2,600 local businesses participated in Mitigation Planning initiatives. They included Chambers of Commerce, construction and home repair businesses, real estate associations, insurance and financial institutions, engineering and technical consulting firms, local media, and healthcare and non-profit organizations.

How Does A Disaster-Resistant Community Look? It Looks a Lot Like Tulsa, Oklahoma

In addition to flood mitigation, Tulsa has taken up the challenge of building a proactive, disaster-resistant community. The City launched a "Tulsa Partners" program to engage individuals, businesses, civic groups and educational institutions in its disaster-resistance efforts. Today, there are over 350 partners participating in this community-based effort.

Former FEMA Director James Lee Witt praised Tulsa's flood mitigation achievements. "Tulsa epitomizes the type of natural hazard management that we are trying to foster and provides an example to the nation of what a community can do to protect its residents from becoming disaster victims," Witt said.

Current disaster-resistance activities in Tulsa include developing safe rooms; retrofitting daycare centers; and developing a countywide geographic information system to automate disaster-related information.

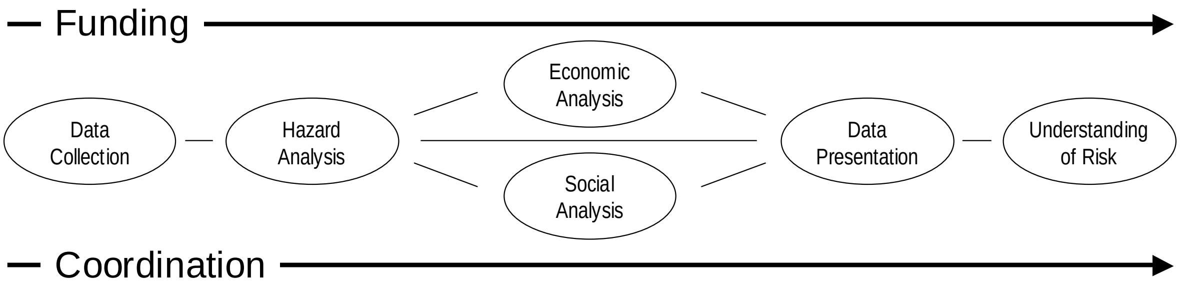
Source: *"FEMA Honors Tulsa, Oklahoma as Nation's Leading Floodplain Management Community,"* FEMA new advisory, October 1, 2000; "*Tulsa Partners/Project Impact,"* at www.TulsaPartners.org.

State Efforts to Reduce Disaster Risks

Disaster Preparedness Plans. States can independently adopt measures that support disaster resistance. A recent Rhode Island undertaking provides a model.

The Showcase State Initiative: Disaster Preparedness in Rhode Island. In 1999, Rhode Island participated in the Institute for Business & Home Safety (IBHS) Showcase State Initiative.* Figure 8-3 below illustrates the steps the State took to develop a disaster risk assessment, beginning with data collection and ending with a better understanding of risk.

Figure 8-3: Rhode Island Strategy for Developing a Statewide Hazard Identification and Risk Assessment



Source: *Rhode Island Showcase State Report.*

The State's risk assessment included collecting information on:

- ❖ State resources and infrastructure owned or managed by State agencies (e.g., major roadways, bridges and dams)
- ❖ Statewide lifelines (e.g., electricity, gas and telecommunications)
- ❖ Critical facilities (e.g., hospitals) and protective measures that affect the State's ability to recover (e.g., hurricane barriers)

The assessment also incorporated key items such as the hidden costs and disproportionate impact of hazard events on vulnerable populations, environmental impacts such as erosion, and the costs of business interruption.

Rhode Island and its local governments now use the information and mapping to improve their response and recovery planning. The insurance industry and financial markets can also use the findings for better loss prevention and risk evaluation.

* Source: *"Showcase State for Natural Disaster Resistance and Resilience: Rhode Island's First Year Progress Report,"* IBHS, January 2000 (hereinafter, the "*Rhode Island Showcase State Report*").

Building Codes and Land Use Planning. Good building codes and enforcement mitigate flood damage. FEMA estimates that structures built to NFIP standards suffer 80 percent less damage than other structures. Proper construction generates estimated annual savings of more than $1 billion in flood damage nationwide.

> **Enforcement of Building Codes Matters**
>
> According to *Best's Review*, an insurance industry publication, experts estimated that strict building code enforcement could have reduced losses from Hurricane Andrew by 30 to 40 percent. An additional post-Andrew study by the Factory Mutual Insurance Group reached an even more dramatic conclusion. It found that damage to the majority of buildings inspected after the hurricane could have been reduced by 55 percent if building codes had been enforced.

Some States have required communities to adopt more stringent building requirements than the National Flood Insurance Program requires. They can also help communities implement local approaches.

Increasing Public Awareness of Flood Insurance. Several States have promoted the purchase of flood insurance. North Carolina provides an example.

In February of 1999, North Carolina's Department of Insurance ordered the insurance industry to advise its policyholders in writing that standard homeowners insurance did not cover flood damages. In the aftermath of Hurricane Floyd in 1999, the State Insurance Department

- waived continuing education fees for NFIP courses for insurance agents
- issued a bulletin requesting that all property and casualty insurance companies, the North Carolina Underwriting Association, and the North Carolina Joint Underwriting Association notify all policyholders without flood coverage of its availability
- issued a notice to all North Carolina agents, encouraging them to take the flood insurance course as part of their annual continuing education credit and reminding them of their responsibility to inform their policyholders that a standard homeowners policy did not include flood coverage
- issued press releases on upcoming spring flood and hurricane seasons, encouraging homeowners to purchase flood insurance
- developed a press release entitled "Don't Be Fooled About Flood Insurance," with the Federal Insurance Mitigation Administration's assistance
- made available to consumers who visited the Department's offices in Raleigh, Asheville and New Bern, and to all Chambers of Commerce in the State, flood insurance marketing materials from FEMA
- added a question and answer section on flood insurance to the Department's website[*]

[*] "*North Carolina's Department of Insurance Commended,"* FEMA news advisory, January 18, 2001, at www.fema.gov.

Case Study

Rhode Island: Promoting Statewide Disaster Preparedness.

On December 18, 1998, Governor Lincoln Almond signed an Executive Order designating Rhode Island the nation's first Showcase State for natural disaster resistance and resilience. Led by the Rhode Island Emergency Management Agency (RIEMA), the State embarked upon an unprecedented public-private partnership with the Institute for Business & Home Safety (IBHS). Other key partners included the Rhode Island Sea Grant and the University of Rhode Island/Coastal Resources Center, FEMA Region 1, Rhode Island local governments and the business community.

The Challenge. Like most States, Rhode Island had to justify the need for disaster preparedness beyond the status quo.

At the same time, Rhode Island's situation was risk-intensive. A few statistics tell the story:

- Rhode Island is one of the nation's most densely populated states: two-thirds of the population live along the State's 420 miles of coastline
- The hurricanes of 1938 and 1954 killed 281 people and cost over $1 billion (in today's dollars) in property damage; Hurricane Bob in 1991 cost more than $115 million in property damage
- Each year, the State faces a one percent chance of losing $600 to $800 million due to hurricane damage to structures and about a five percent chance of $70 to $100 million in losses

Rhode Island's Showcase 14-Step Plan to Create a Disaster-Ready State

The State set out to do the following.

- Identify state agencies and private sector entities responsible and accountable for implementing actions in each of the areas listed below. Develop a five-year strategic plan and a first-year action plan, with the help of executives with authority and accountability in specific areas.
- Complete a statewide hazard analysis and risk assessment and provide assistance to municipalities to identify their natural hazard risks.
- Develop partnerships with businesses to provide a public-private link for coordinated mitigation, preparedness, response and recovery. The State advised that the partnerships should include critical businesses involved in recovery from natural hazard events (e.g., utilities, communications, food suppliers, medical facilities) and those businesses that would impact the local and state economy.
- Promote and support enforcement of the latest version of the model building code as adopted by the state of Rhode Island and implemented without local amendments.
- Agree to address relevant hazards and the risks they pose in any state-level land use decisions, including plans for state-owned property development. The state also encouraged adoption of local land use plans that incorporate hazards into decision-making.
- Maintain a state emergency response plan and develop a state post-disaster recovery plan. The State provided technical assistance to municipalities for development of local recovery plans.
- Encourage communities to participate in the NFIP and the CRS and improve the present rating of those communities that currently participate. The State provided technical assistance for the preparation of CRS applications.
- Encourage communities to develop their Fire Suppression Rating System grade. The State coordinated an Incident Command System and mutual aid agreements as appropriate.
- Develop programs to increase public awareness of the importance of mitigating the damage caused by natural hazards, through a coordinated effort with multiple stakeholders.
- Support the incorporation of natural hazard reduction programs into school curricula.
- Support the IBHS in the non-structural retrofit of non-profit childcare centers.
- Develop and conduct mitigation training for building, design, and construction professionals.
- Develop public sector incentives to implement mitigation measures in collaboration with private sector financial incentives. The State recommended that public sector incentives include tax incentives and regulatory streamlining or acceleration of the permit process for those who implement mitigation activities.
- Encourage the development of disaster resistant communities within the State through collaboration with FEMA's Project Impact initiative.

Source: "*Executive Order 98-1, State of Rhode Island and Providence Plantations,*" Lincoln Almond, Governor, December 18, 1998, a copy of which is included in the *Rhode Island Showcase State Report*.

Governor Almond designed the Executive Order to meet Rhode Island's challenge.

The Executive Order identified 14 initial areas where the public and private partners would work to demonstrate the benefits of helping Rhode Island communities prepare for and minimize the impact of natural disasters.

Progress and Future Plans. Rhode Island's Emergency Management Agency assembled and led a 30-member Showcase Steering Committee. Committee members included representatives of various State agencies, insurance and other businesses. The Committee met in 1999 to develop a strategic plan. In January 2000, IBHS issued a comprehensive first year progress report.[*] The report examined the challenges, progress and future plans in each of the following six areas:

- ❖ Development of a statewide hazard identification and risk assessment
- ❖ Increased community-level disaster response and recovery capabilities
- ❖ Participation of the private sector in the Showcase State initiative
- ❖ Creation of a public outreach campaign beginning with the nonstructural retrofit of child care centers
- ❖ Incorporation of natural hazards effects and loss reduction techniques in the local comprehensive planning process and in the state building code
- ❖ Adaptation of the 14 Showcase State elements by Rhode Island's three Project Impact communities: Pawtucket, Providence and Warwick

Rhode Island's Showcase State Initiative has won national recognition through FEMA's Project Impact Awards.

States interested in improving flood protection within their borders have several models to follow.

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[*] The Rhode Island Emergency Management Agency cooperated in preparing the Report. Members of the Steering Committee also contributed to the Report.

CHAPTER 9:
When Disaster Strikes: Relief and Recovery

Federal Disaster and Other Assistance

There are times when a State and some of its local governments need help in responding to a major flooding catastrophe. That's when a Governor may ask the President to declare a Federal Disaster.

How Does a State Obtain a Federal Disaster Declaration?

The Robert T. Stafford Disaster Relief and Emergency Assistance Act (Stafford Act) authorizes the President to provide disaster assistance to State and local governments, certain non-profit organizations and individuals following a Federal Disaster declaration.* The Stafford Act describes the declaration process, the types and scope of assistance, and the eligibility requirements.

What Constitutes a "Major Disaster" under the Stafford Act?

The Stafford Act provides that a Federal Disaster declaration can include "any natural Catastrophe (including any hurricane, tornado, storm, high water, wind-driven water, tidal wave, tsunami, earthquake, volcanic eruption, landslide, mudslide, snowstorm, or drought) or, regardless of cause, any fire, flood, or explosion in any part of the United States, which in the determination of the President causes damage of sufficient severity and magnitude to warrant disaster assistance under this Act to supplement the efforts and available resources of states, local governments, and disaster relief organizations in alleviating the damage, loss, hardship or suffering caused thereby."

Source: 42 U.S.C. §5122.

The Declaration Process.** Only a Governor of a State can request that the President declare a Federal Disaster.*** The key steps in the declaration process are as follows:

- A team of Federal, State and local officials must conduct a Preliminary Damage Assessment to estimate whether the extent of damages warrants a declaration
- The Governor must make the request, based on a finding that damages are of such severity and magnitude that effective response is beyond the capabilities of State and affected local

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* 42 U.S.C. § 5121 *et seq.*

** See the National Governors Association Center for Best Practices. *A Governor's Guide to Emergency Management-Volume One: Natural Disasters.* Washington, D.C.: National Governors Association, 2001. The *Governor's Guide* contains detailed information about the declaration process and the steps to be taken by Governors and State emergency management officials.

*** For purposes of the Stafford Act, "Governor" is defined as the chief executive of any State, and "State" is defined as any State of the United States, the District of Columbia, Puerto Rico, the Virgin Islands, Guam, American Samoa, the Trust Territory of the Pacific Islands, the Commonwealth of the North Mariana Islands, the Federated States of Micronesia, or the Republic of the Marshall Islands. 44 CFR Section 206.2 (12) and (22).

governments, and that supplementary Federal assistance is necessary. The Governor must make the request through the FEMA Regional office. The request should include:

- Information on the nature and amount of resources the State and its local governments have and will use to alleviate the emergency
- Certification that State and local governments will assume all applicable non-Federal share of costs required by the Stafford Act
- Estimates of the types and amounts of Federal disaster assistance required
- Designation of a Governor's Authorized Representative and the State Coordination Officer to coordinate response and recovery operations for the Governor[*]

There are several steps at the Federal level. They include:

- designation of an appropriate Federal official as the Federal coordinating officer
- evaluation of the request by a FEMA Regional Director
- a recommendation by the FEMA Regional Director to the Director of FEMA
- a recommendation by the Director of FEMA on a course of action to the President
- declaration of Federal Disaster by the President

When the President declares a Federal Disaster, disaster assistance become available to State and local governments, Indian tribes, non-profit organizations, businesses and homeowners.

Types of Federal Disaster Assistance. The Stafford Act defines the types and scope of Federal disaster assistance. It sets the conditions for obtaining that assistance. A Presidential Executive Order delegates primary responsibility for administering disaster relief programs to the Director of FEMA.

There are three major programs of assistance:

- ❖ individual assistance
- ❖ public assistance
- ❖ hazard mitigation assistance

Not all assistance programs come into play for every disaster. Disaster conditions serve as the basis for the activation of a specific program.

Set forth below is an overview of each assistance program, including how constituents and communities can apply. The relationships between these assistance programs and flood insurance are critical.

[*] Id.

Individual Assistance

Different forms of Individual Assistance are available to homeowners, renters and businesses that have sustained damages or losses. Individual Assistance includes the following programs:

- **Temporary Housing Assistance.** FEMA grants and other help can go to pay for home repairs, rents, mortgages, lodging reimbursement and referral. The grant programs pay expenses not covered by insurance. Disaster housing assistance is only available to legal U.S. residents displaced by the disaster.
- **Low-Interest Disaster Loans.** The U.S. Small Business Administration loans can pay to repair or replace homes, personal property or businesses that sustained damages not covered by insurance. Loan applicants must agree to purchase and maintain flood insurance. If the applicants do not qualify or if the loan amount is insufficient to meet their disaster needs, applicants may also seek help from the Individual and Family Grant (IFG) Program.
- **Individual and Family Grants.** The IFG Program provides funds for disaster victims that insurance or other disaster assistance do not meet. States administer this grant program on a cost-shared basis. FEMA pays 75 percent of the grant amount. The States pay the remaining 25 percent. The average grant ranges from $2,000 to $4,000. In 2001, the maximum grant amount each individual or family could receive was $14,800.[*]

Individual and Family grants can pay for housing, personal property, medical, dental, funeral, transportation and required flood insurance premiums.

In early 2002, Temporary Housing Assistance and IFG grants were combined into the Individual and Housing Assistance Program.

Other forms of post-disaster assistance for individuals include unemployment assistance, legal services, crisis counseling services and special tax considerations.

Flood Insurance Considerations. If the Federal Disaster grant recipient lives in a Special Flood Hazard Area, the State can use part of a grant to buy a three-year group flood insurance policy, at no cost to the recipient. To qualify for future Federal disaster assistance, grant recipients must purchase and maintain flood insurance on buildings.

[*] IFG grants are slated for major change in May 2002.

What About Disaster Victims With Flood Insurance?

Flood insurance provides individual property owners with a way to recover on their own from flood damage. Flood insurance claim payments require no Federal Disaster declaration.

Once a policyholder has suffered property damage from a flood, the flood insurance claims process is as follows:

- The policyholder must contact the insurance company or agent who wrote the flood insurance policy immediately to report the flood loss and file the claim.
- A claims adjuster is assigned to the case.
- Within 60 days of the loss, the policyholder also must file a “proof of loss” on a form generally obtained from the assigned claims adjuster.
- The policyholder uses the proof of loss to substantiate the insurance claim, including a sworn statement of the policyholder’s valuation of claimed damages.
- The claim payment must go directly to the policyholder. The claim payment must never exceed the value of the covered loss, less the deductible, up to the amount of insurance purchased.

West Virginia 2001 Summer Flooding Brings Devastation to Residents of 24 Counties

On three separate occasions during the summer of 2001, heavy rain caused flash floods and mudslides across West Virginia. On June 3, 2001, the President declared 22 counties Federal Disaster areas. The President added two more counties by August. Residents of several areas evacuated. By July 29, over 20 communities were under water.

Over the three-month recurrent flooding, individuals and businesses filed over 11,000 disaster assistance applications. By August 2001, $33.7 million in Federal and State-paid or approved disaster recovery assistance had included:

- $2.9 million in Individual and Family Grants for 693 families
- $6.5 million in Small Business Administration low-interest loans
- $18.7 million for disaster housing assistance grants
- $6,920 in disaster unemployment assistance claims

In addition, FEMA and the State’s Office of Emergency Services had opened eight Disaster Recovery Centers, served over 400,000 meals, and provided 80 travel trailers and 20 mobile homes for temporary housing.

Source: *"West Virginia Assistance Tops $33.7 Million,"* August 3, 2001, FEMA news advisory, at www.fema.gov; *“Floods in West Virginia Cause Two Deaths,”* New York Times, July 30, 2001.

Applying for Individual Assistance. FEMA, the Small Business Administration and other Federal and voluntary agencies administer the different individual assistance programs, under FEMA’s overall coordination. A single application applies to all forms of individual assistance. In each case, the disaster victim must register with FEMA for assistance and to establish eligibility. FEMA takes applications by telephone at 1-800-462-9029 or TTY 1-800-462-7585 for the hearing or speech impaired.

Public Assistance

Public Assistance is available to public entities to repair, restore, reconstruct or replace public infrastructure damaged or destroyed by disasters. Project categories include debris removal, emergency protective measures, road systems and bridges, water control facilities, public buildings, public utilities and park and recreational facilities.

States administer the Public Assistance program on a cost-shared basis; the Federal government pays 75 percent of the grant amount. State and local governments pay the balance.

Kentucky's 2000 winter storm flooding and Texas' post-Tropical Storm Allison flooding illustrate how States use Individual and Public Assistance grants to aid recovery.

Kentucky Uses Federal Aid To Recover From Flooding Damage

In February of 2000, drenching rains inundated portions of 16 Northeast Kentucky counties. Eighteen months later, the Commonwealth's Division of Emergency Management evaluated the different forms of Federal Disaster assistance that helped the State recover after a Federal Disaster declaration.

FEMA provided $4.5 million of the $6.9 million total Federal aid. Ten counties were eligible for $942,660 in disaster housing assistance. An average grant of $3,071 assisted 307 flood victims with emergency home repairs or rent.

The same ten counties were eligible for $754,522 in Individual and Family Grant assistance. An average grant of $4,745 assisted 159 families with essential personal items and permanent repairs to flood-damaged dwellings.

Thirteen counties were eligible for the Public Assistance program, which made available over $2.8 million to 30 local governments, public agencies and non-profit organizations. Those funds helped to remove debris, shore up damaged facilities and meet emergency costs such as overtime pay to workers. Small Business Administration (SBA) low-interest loans enhanced FEMA assistance. Ninety-four SBA loans went to homeowners, renters and businesses. The loans totaled almost $2.5 million.

Source: *"Over $6.9 million in Federal Disaster Aid Spent in 16 Northeast Kentucky Counties,"* February 16, 2001, FEMA news advisory, at www.fema.gov.

Texas Uses Federal Aid to Recover From Tropical Storm Allison

In the two months following Tropical Storm Allison, more than 100,000 people applied for Federal and State disaster help, including: housing assistance, Individual and Family grants, and Small Business Administration low-interest loans, totaling close to $500 million. More than 40,000 residents of the 31 counties included in the Federal Disaster declaration visited Disaster Recovery Centers. Over 1,300 Federal, State and local workers staffed recovery operations which involved

- filing of 23,428 NFIP claims
- approval of individual and family grants totaling $154.6 million for nearly 30,000 households
- approval of public assistance totaling $6.2 million for Houston for debris cleanup, and damages of an estimated $225 million to schools in the immediate Houston area
- payment of disaster unemployment assistance, totaling $258,000 paid to 1,316 applicants
- providing of FEMA crisis counseling grants totaling $600,000 to the Texas Department of Mental Health and Mental Retardation

Source: *"Nearly $500 Million In Assistance Provided To Flood Victims: More than 100,000 Applications Received,"* August 1, 2001, FEMA news advisory, at www.fema.gov.

Applying for Public Assistance. States administer the Public Assistance program for FEMA. Public entities eligible for Public Assistance grants include States, local governments, Indian tribes or authorized tribal organizations, and certain non-profit organizations that provide essential services of a governmental nature to the general public (e.g., medical, utility or educational facilities). Here are the steps in the grant application process**.**

- As soon as practical after a Federal Disaster declaration, the State (assisted by FEMA) briefs applicants on available assistance and eligibility requirements.
- Within 30 days after an area is designated as eligible for assistance, applicants must inform the State of their intent to apply for assistance.
- Applicants must then prepare Project Worksheets describing their damage and estimated costs. Applicants formulate large projects (for Fiscal Year 2000, that threshold was $50,600) and receive reimbursements based on estimated costs. Federal assistance is available, however, if the applicant cannot complete the Project Worksheet.
- FEMA reviews and approves projects.
- FEMA allocates funds to the State which then funds applicants and oversees project completion.

Flood Insurance Considerations. In a Special Flood Hazard Area, the maximum amount that flood insurance coverage would have provided, had the building been insured, reduces the amount of the Public Assistance grant in the same amount. For buildings located outside a Special Flood Hazard Area, FEMA reduces the amount of Public Assistance by any insurance proceeds.

STATE ALERT: Underinsuring Public Buildings Could Jeopardize Future Federal Disaster Assistance

State and local governments cannot assume the continued availability of Federal funds to repair public buildings damaged by disasters. Chapter 4 of this *Guide* examined several FEMA proposals that would reduce or eliminate Public Assistance for underinsured or uninsured public buildings. FEMA's FY 2002 budget also proposed achieving savings of $83 million by requiring that public buildings carry disaster insurance.

While FEMA has yet to eliminate Public Assistance entirely for underinsured public buildings, the topic is likely to continue to be a priority budget item.

Source: *"A Blueprint for New Beginnings,"* a summary of the President's budget plan (February 2001) and other Federal budget documents, available at www.whitehouse.gov/omb/budget/.

Hazard Mitigation Assistance

FEMA's Hazard Mitigation Grant Program has helped State and local governments implement long-term mitigation measures following a Federal Disaster declaration. Eligible mitigation measures include acquisition, demolition or relocation of structures located in high hazard areas, elevation of flood-prone structures, and seismic and wind retrofitting of existing structures.

FEMA provides up to 75 percent of the cost of eligible projects, with the State or community providing a 25 percent match. The limit on Hazard Mitigation Grant funding a State can receive is 15 percent of the Federal share of the total estimated Individual and Public Assistance grants for a given Federal Disaster; States that meet higher mitigation planning criteria may qualify for 20 percent funding.

In 2002, the Hazard Mitigation Grant Program was replaced by the Pre-Disaster Mitigation Grant Program.

The following examples illustrate how States and communities across the nation have used Hazard Mitigation Grants to fund essential mitigation measures. In some cases, communities take steps in anticipation of a major disaster. In others States take advantage of post-disaster conditions.

Avoiding Flood Disaster By Earthquake Retrofitting

On February 28, 2001, an earthquake measuring 6.8 on the Richter scale struck the Puget Sound region. The City of Mercer Island was ready.

In January of 1999, the City had applied to the State of Washington Emergency Management Division for a Hazard Mitigation Grant. The City received funding for seismic retrofitting of a pump station and two steel reservoir tanks. Situated on a hill above the City, the tanks held eight million gallons of water, four million each. While the Island shook violently as the earthquake hit, the tanks absorbed the shock. They sustained minimal to no damage, performing in accord with the retrofit design.

The timely mitigation cost $1.3 million. It saved close to $9 million in potential damage. Retrofitting of the tanks eliminated danger to lives and property, and protected essential Island infrastructure. “If the tanks had collapsed during the earthquake, twelve homes, schools, and a church and several public buildings situated directly beneath the reservoir would have been flooded,” said FEMA Mitigation Specialist Diane Earl. “It would have been a scene straight out of a disaster movie, where one natural calamity follows another. The deluge would have covered an I-90 Bridge, the main transportation corridor. The Island would have lost its primary water supply.”

Source: *”Earthquake Retrofitting Helps Protect Island Community From Disaster,”* March 22, 2001, FEMA news advisory, at www.fema.gov.

Tropical Storm Allison Accelerates Texas Buyout Efforts

FEMA, Texas’ Office of Emergency Management, Harris County and local officials have responded to the devastation caused by Tropical Storm Allison with mitigation projects designed to reduce losses from future disasters. Harris County and the City of Friendswood received Hazard Mitigation Grant funding for acquisition and relocation projects, allowing residents to move permanently out of harm’s way, on a voluntary basis.

But homeowners cannot apply to FEMA for a buyout. State and local governments work together to identify areas where buyouts make the most sense. They apply to FEMA for the funds to acquire the properties. They then remove the structures and maintain the land as open space.

Harris County Buyout Project. Two months after Allison, FEMA, the State of Texas and Harris County agreed to undertake a $7.6 million home buyout project. The storm had substantially damaged 128 homes located in a Special Flood Hazard Area.

The buyout funds will go to acquire and demolish the homes. FEMA is providing 75 percent ($5.6 million) with Hazard Mitigation Grant funding. Harris County is providing the remaining 25 percent. The Texas Department of Public Safety’s Division of Emergency Management will disburse the Hazard Mitigation Grant to the County.

Source: *“FEMA Approves $5.6 Million for Harris County Home Buyouts,”* August 1, 2001, FEMA news advisory, at www.fema.gov.

Friendswood, Texas Buyout Project. Friendswood, Texas, is also benefiting from an accelerated buyout funded by a Hazard Mitigation Grant. The community will receive $19.6 million from FEMA to acquire and remove 200 homes flooded by Tropical Storm Allison. Of these targeted properties, 182 had received substantial damage in the flooding, and 122 had been flooded in the past.

“A lot of good work has been done by officials in the Harris County Flood Control District and Texas emergency managers to fast track this program and get resolution to residents as quickly as possible,” said FEMA Director Joe M. Allbaugh. “Helping people move out of harm’s way is an important way to help a community reduce losses from future disasters.”

Source: *”FEMA Announces Accelerated Buyout Program for Flooded Texas Communities,”* July 19, 2001, FEMA news advisory, at www.fema.gov.

Post-Hurricane Steps Taken by North Carolina to Reduce Future Flooding Risks

Following the devastation caused by Hurricane Fran in 1996, North Carolina took steps to permanently move residents out of flood-prone areas. According to Eric Tolbert, North Carolina's Director of Emergency Management, government programs following Hurricane Fran prevented $9.2 million in damage during Hurricane Floyd (September 1999), because residents took buyouts rather than rebuild. "We can now document it is reducing risk," Tolbert said at a briefing on the 6-month anniversary of Hurricane Floyd's flooding. Tolbert observed," As more property is purchased, more savings will be seen."

Source: *"FEMA Urges Floyd Victims to Move,"* Associated Press, March 7, 2000.

Applying for Hazard Mitigation Assistance. Here are the steps in the Hazard Mitigation Grant Program application process that States administer for FEMA.

- ❖ Eligible applicants include States, local governments, Indian tribes or authorized tribal organizations and certain non-profit organizations. The State defines a selection process and project criteria.
- ❖ FEMA reviews projects for cost effectiveness, environmental acceptability and consistency with the overall mitigation strategy of the State and local government.
- ❖ The State must develop or update a mitigation plan and provide technical assistance to applicants within 180 days after a disaster.
- ❖ The State then ranks and prioritizes projects.
- ❖ The State selects and forwards project proposals to FEMA for approval.
- ❖ FEMA reviews and approves projects.
- ❖ FEMA transfers funds for approved projects to the State, which sends funds to applicants and oversees project completion.

Flood Insurance Considerations. Sites located in a Special Flood Hazard Area are not eligible for Hazard Mitigation Grants for acquisition, elevation or construction purposes. Communities that do not participate in the National Flood Insurance Program are also not eligible for Hazard Mitigation Grants.

An Increased Role for Flood Insurance

The Federal government continues to explore policy options that place greater responsibility on States to fund their own disaster recovery efforts. FEMA's 2002 budget request recommended saving $83 million by reducing the Hazard Mitigation Grant Program (HMGP) cost share from 75/25 to 50/50.

Source: *"A Blueprint for New Beginnings,"* a summary of the President's budget plan (February 2001) and other Federal budget documents, available at www.whitehouse.gov/omb/budget/.

Other Sources of Post-Disaster Assistance

There are other resources available to States to supplement their disaster response and recovery capabilities. States have interstate compacts which allow them to share their emergency resources and expertise with each other. In addition to interstate assistance, private and non-profit organizations have worked with States to strengthen their ability to address flooding disasters.

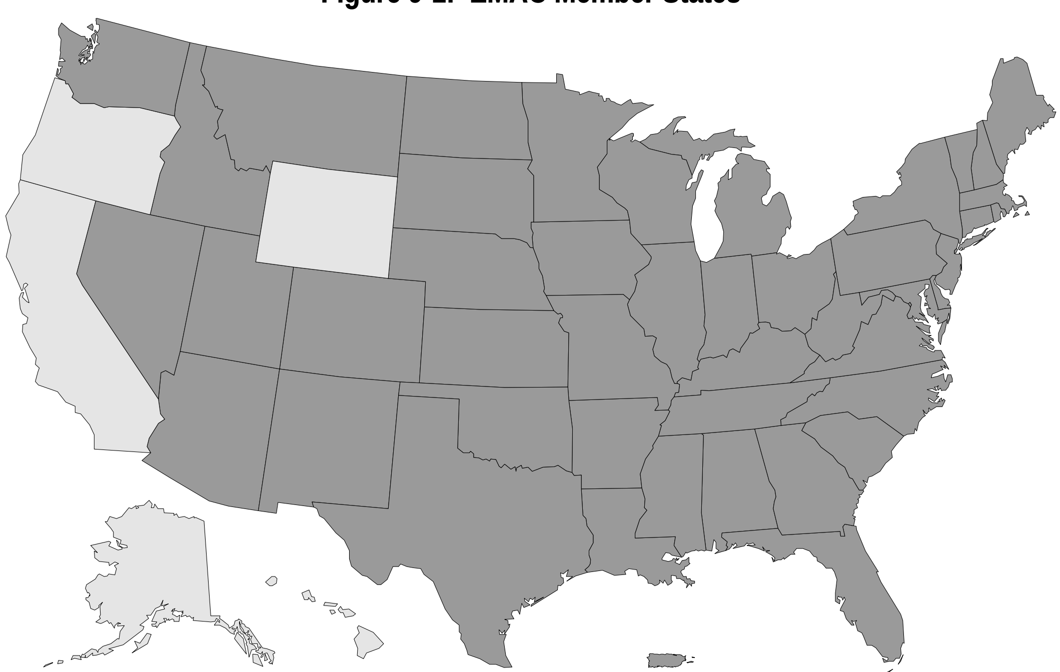
State Compacts. One way in which States have enhanced their disaster relief capabilities is to borrow emergency personnel and equipment from other States. The Emergency Management Assistance Compact (EMAC) enables member States to agree to operating procedures for requesting and providing assistance from each other. By establishing a legal framework for interstate mutual aid, EMAC has eliminated States' concerns about the liability and expenses associated with interstate aid.

EMAC History. Florida Governor Lawton Chiles proposed the first Southern Regional Emergency Management Compact in 1992. It became the Emergency Management Assistance Compact in 1995. In 1996, Congress approved the Compact, thereby allowing participation by all States. Since then, 45 States and two territories have ratified the Compact.

The Compact came about after Florida and FEMA's experience with Hurricane Andrew. That single disaster caused close to $30 billion in damages and strained the response abilities of both FEMA and the State of Florida.

Over the years, the Compact has gained wide acceptance and, in addition to FEMA, received endorsements from the National Guard Bureau, the National Governors Association, and the Midwestern Legislative Conference.

Figure 9-1: EMAC Member States



Source: www.nemaweb.org/EMAC/.

Benefits. The benefits of State membership in the Compact include:

> The Compact does not require States to assist other States in responding to disasters. If States choose to provide assistance, the Compact ensures that they will receive reimbursement.

- **Supplement or Replace Federal Disaster Assistance.** The Compact allows individual States to do more than they could do on their own.

  There are times when disasters exceed State and local capabilities and require outside assistance. The assistance may come from Federal agencies. But not all flooding disasters are eligible for Federal disaster assistance. Even when the situation merits Federal assistance, Compact assistance may be more readily available or cheaper. Out-of-State aid can fill shortfalls in State resources, supplement Federal assistance when available, or replace it in less severe flooding situations.

- **Simple and Flexible Procedures.** The Compact has provided simple and flexible procedures for States. Under the Compact, States are legally responsible for reimbursing all out-of-State costs and assume tort liability for out-of-State workers.

- **No Adverse Effect on Federal Disaster Assistance.** Accepting interstate aid pursuant to the Compact does not reduce a State's eligibility for Federal Disaster assistance. FEMA's position is that the requesting State's ability to secure interstate resources will not be a factor in its review of a request for a Federal Disaster declaration.

FEMA Position on Interstate Aid

In a letter to the National Emergency Management Association dated February 1996, then FEMA Director James Lee Witt wrote: "FEMA has no intention of creating barriers to discourage mutual aid agreements in the states. NEMA should rest assured that mutual aid agreements, whether formal compacts or informal arrangements between states, will have no impact on the consideration of requests for presidential disaster declarations. In making an assessment of whether or not state and local capabilities have been exceeded, the review by FEMA will be made of the requesting state's capabilities. The requesting state's ability to secure resources from other states will not be a factor in the review of disaster declaration requests. FEMA will not calculate the capabilities of other states in our reviews."

Source: *"Will EMAC Aid Reduce Federal Disaster Assistance?"* See Frequently Asked Questions About EMAC, at www.nemaweb.org/EMAC/, quoting a letter to NEMA from then FEMA Director James L. Witt, dated February 1996.

Becoming a Member of the Emergency Management Assistance Compact. The Compact is a legal mechanism and not an organization. There are no membership fees or dues for States to join. The only requirement is that the State's legislature vote to adopt the Compact language. Subsequent to enactment, the State's Governor assigns a State emergency management official to formulate the interstate mutual aid plans and procedures necessary to implement the Compact.

The National Emergency Management Association provides administrative support for Compact initiatives. The Association also provides information on the Compact, including best practices, training and an example of model State legislation. See the Key Contacts section at the end of this *Guide*.

Private and Non-Profit Partners In Disaster Recovery

States have entered into creative collaborations with private businesses, insurance companies and non-profit organizations to strengthen their ability to respond to and recover from flooding disasters.

Industry Initiatives. The Disaster Recovery & Prevention Alliance and the Institute for Business & Home Safety (Institute) are two organizations that have worked with public and private sector partners to reduce disaster losses. Chapter 8 of this *Guide* described the Institute's national initiatives to make natural disaster safety a core public value. Its Showcase State Initiative brings together insurance industry, government, business and community leaders committed to reducing their State's vulnerability to disasters. The States of Oregon and Rhode Island have participated in the Showcase State Initiative.

Corporate Philanthropy. Corporate philanthropy has been another source of funding for disaster relief efforts. Cargill is an example of a company that has made responding to natural disasters a significant part of its corporate charitable giving.

A global company, Cargill markets, processes and distributes agricultural, food, financial and industrial products and services in 60 countries. Recognizing the frequency with which natural disasters beset areas of the world where Cargill does business, the Company recently put in place a systematic plan to respond to the emergency needs of affected employees, customers and communities worldwide.

Cargill has provided immediate disaster relief through a Company partnership established in 1999 with the American Red Cross. The Cargill Natural Disaster Relief Program has provided emergency assistance to victims of natural disasters in communities where Cargill does business. Cargill also matches employee contributions to American Red Cross relief efforts, and maintains a Cargill Cares website to accept employees' donations online.

In June 2001, Cargill and its employees supported the relief efforts in communities affected by flooding in the Gulf Coast region of Texas and Louisiana. "We are very grateful to Cargill for its generous donation and for the company's ongoing support through its Cargill Cares program," said Armando Chardeit, Vice President for major gifts at the American Red Cross. "This contribution demonstrates Cargill's commitment to its employees and the communities where they live and work."

Cargill's local business units have also supported long-term efforts to rebuild after natural disasters that cause significant damage. Businesses have partnered with regional and national non-profit organizations and received matching grants from Cargill's Partnership Fund and International Partnership Fund.[*]

[*] See *"Cargill Cares,"* at www.cargill.com/commun.index.htm

CHAPTER 10:

Public Policy Questions for Legislators

This overview of the National Flood Insurance Program points to several issues that State legislators could choose to address.

Those issues relate to participation, education, enforcement, mitigation, coordination, and commitment.

Participation

Should States encourage and, if necessary, require flood-prone communities to join and participate? How?

Should States simply require property owners in those communities to buy coverage? Should States mandate that state-regulated lenders make mortgages conditional on the purchase of adequate flood insurance? Should States provide financial incentives, e.g., making flood insurance premiums deductible on state income taxes? Should States memorialize Congress to do the same with regard to Federal income taxes?

Should States authorize studies to determine if wider participation would sufficiently spread flood insurance risks so that the cost would be less to each policyholder?

Should States study the feasibility of extending the program to cover other natural disaster risks, e.g., hurricane and earthquake, as means of broadening the risk pools, increasing participation and possibly lowering premium costs?

Education

Should States do more to educate property owners regarding the need for flood insurance?

How can States generate information on flood insurance beyond what they are currently doing?

How can States apply their licensing and overall regulatory authority, where needed, to further educate agents relative to flood insurance?

Enforcement

Should States require better building codes and building code enforcement? What incentives can States offer municipalities to enforce strong building codes?

Mitigation

How can States prioritize the need to fund worthwhile flood programs, e.g., insurance coverage, disaster preparedness, improved mapping, code enforcement and repetitive loss standards?

Coordination

How can States and the Congress or FEMA take steps to better coordinate the myriad of flood-related programs and agencies? Perhaps through the designation of a lead agency within FEMA? How can States better coordinate their flood-related efforts through lead agencies and/or liaison with FEMA? Would a multi-state agency or interstate compact prove useful in this regard?

Commitment

How can States strengthen their commitment to flood insurance protection? Specifically, should States follow the lead of States like Nebraska and North Carolina that have worked with FEMA to update and improve the accuracy of their flood maps?

Similarly, should States follow the example of New Jersey, Louisiana and Virginia in funding basic mitigation programs? Should States follow the examples of Kansas, North Carolina and Virginia to ensure that flood insurance professionals receive adequate training and continuing education on flood insurance? Should States follow the examples of Minnesota and New Jersey in working to increase insurance agent and consumer awareness regarding flood insurance?

Should States follow the example of Rhode Island in collaborating with the private sector to make disaster preparedness a priority?

Should States dedicate a more significant portion of their resources to flood insurance programs, most specifically to increase property owner and community participation?

A 19-Point Legislators' Checklist

The following is a checklist of what State legislators can do to make their State's flood program more effective.

- ❖ Conduct a statewide flood hazard analysis and risk assessment and assist State agencies and local communities in assessing their risks
- ❖ Assess the State's mitigation, preparedness, response and recovery programs, highlighting strengths and addressing weakness
- ❖ Assess whether State agencies have adequate legal authority to establish regulations that support floodplain management, and assess the effectiveness of those State regulations that are in place
- ❖ Identify key Federal, State and local agencies and private sector entities responsible and accountable for implementing action
- ❖ Develop a strategic plan for the State for mitigation, preparedness, response and recovery
- ❖ Maintain a State emergency response plan
- ❖ Develop public-private partnerships with businesses for coordinated efforts
- ❖ Encourage communities to participate in the National Flood Insurance Program and Community Rating System and improve ratings for those who participate
- ❖ Encourage development of disaster-resistant communities in collaboration with FEMA's Mitigation Planning initiative
- ❖ Develop programs with multiple stakeholders, including banking and consumer protection departments, to increase public awareness of flood hazard risk and mitigation
- ❖ Make all State programs "Flood Alert," e.g., low income housing, etc.
- ❖ Encourage education of agents on flood insurance matters, including continuing education and licensing requirements
- ❖ Encourage retrofitting and insuring of public buildings
- ❖ Encourage and assist constituents in purchasing flood insurance
- ❖ Provide public and private sector incentives to implement mitigation measures, including tax incentives and regulatory streamlining of the permit process
- ❖ Evaluate the need for adopting a statewide building code

- Upgrade, promote and enforce building codes
- Support and encourage participation of NFIP professionals in outreach and training activities conducted by the NFIP, professional associations and State and local government agencies
- Work with the NFIP to explore possible methods to update floodplain mapping

For a specific example of what one State has done, see Rhode Island's Showcase 14-Step Plan in Chapter 8 of this Guide.

APPENDICES

Appendix 1: NFIP Policy Statistics Countrywide: Policies in Force and Insurance in Force, by State (as of December 31, 2000):

State	Policies In-Force	Insurance In-Force ($100)
Alaska	2,482	3,190,769
Alabama	37,023	41,833,271
Arkansas	13,563	9,611,400
American Samoa	7	5,882
Arizona	27,177	35,838,098
California	346,849	520,955,039
Colorado	14,661	19,931,929
Connecticut	29,405	42,569,781
District of Columbia	350	365,926
Delaware	16,372	22,697,296
Florida	1,740,072	2,329,996,936
Georgia	63,210	95,167,004
Guam	199	247,581
Hawaii	40,365	49,413,414
Iowa	9,970	8,245,128
Idaho	5,204	8,018,911
Illinois	44,358	43,739,473
Indiana	25,579	21,444,656
Kansas	10,602	9,043,560
Kentucky	20,082	15,995,962
Louisiana	353,811	403,927,581
Massachusetts	38,439	52,626,805
Maryland	48,942	53,772,067
Maine	6,986	8,190,491
Michigan	25,650	25,096,115
Minnesota	7,976	8,517,945
Missouri	21,898	21,067,318
Mississippi	41,644	40,871,555
Montana	3,152	3,166,265
North Carolina	101,640	139,494,422
North Dakota	5,972	6,971,282
Nebraska	12,803	10,892,961
New Hampshire	4,657	5,261,688
New Jersey	175,523	239,296,637

State	Policies In-Force	Insurance In-Force ($100)
New Mexico	11,791	11,847,278
Nevada	11,881	18,390,586
New York	93,232	134,145,749
Ohio	34,329	29,508,522
Oklahoma	14,594	12,900,618
Oregon	26,030	36,776,539
Pennsylvania	62,259	65,095,484
Puerto Rico	47,864	30,087,960
Rhode Island	11,142	15,282,551
South Carolina	134,608	209,521,679
South Dakota	2,962	2,922,856
Tennessee	14,567	16,665,977
Trust Terr of Pacific	1	730
Texas	349,036	474,770,095
Utah	2,291	3,124,747
Virginia	76,472	104,487,065
Virgin Islands	2,335	2,535,595
Vermont	2,725	2,747,604
Washington	27,775	36,133,687
Wisconsin	12,845	11,967,902
West Virginia	18,142	12,392,572
Wyoming	1,914	2,418,086
Unknown	7	5,645
TOTAL	4,255,425	5,531,194,675

Source: www.fema.gov/nfip/10110012.htm.

Appendix 2: Enforcement Best Practices for Implementing Flood Insurance Mandatory Purchase Requirements

As part of its review of the flood insurance enforcement procedures, the Flood Insurance Interagency Task Force identified specific enforcement practices that the Federal agencies and GSEs can consider incorporating into their own enforcement program to the extent of their statutory responsibilities under the 1994 Reform Act and/or their risk management needs.

- ❖ Create increased awareness of the requirements of the 1973 Act and 1994 Reform Act among staff, customers, and other stakeholders through internal and external publications and communications.
- ❖ Provide training on the requirements of the 1973 Act and the 1994 Reform Act to underwriting/origination staff, servicing staff, quality control staff, compliance officers, auditors, examiners, and others that are involved in carrying out or enforcing requirements for flood insurance.
- ❖ Develop written flood insurance enforcement procedures that contain clear objectives to ensure that reviews and examinations thoroughly and consistently evaluate compliance.
- ❖ Develop checklists, worksheets, or decision trees and integrate them into flood insurance compliance procedures to guide examiners and others engaged in enforcing flood insurance compliance.
- ❖ Review/examine loan servicing functions, in addition to origination functions, to ensure that changes to flood maps and community status are monitored and acted on.
- ❖ Conduct reviews of randomly sampled loans as part of an examination, portfolio review, or quality control check to test for evidence of insurance; coverage amounts; accuracy of loan coding; and requirements for notices, escrows, and forced placement.
- ❖ For randomly sampled loans, independently obtain flood zone determinations to verify, among other things, the accuracy of the determinations done at the time the loan was made, increased, extended or renewed.
- ❖ Clearly communicate procedures and remedies for addressing non-compliance or situations where it is determined there exists a pattern or practice of committing violations.

Source: *Enforcement and Compliance Procedures Necessary to Carry Out the Provisions of the National Flood Insurance Reform Act*. Final Report to the U.S. Congress. Flood Insurance Interagency Task Force (September 1998).

Appendix 3: Samples of State Flood Insurance-Related Communications: Florida, Massachusetts, and North Carolina

Florida Department of Community Affairs, Division of Emergency Management Website Information: "What Actions Should You Take to Be Prepared? Have Flood Insurance."

The National Flood Insurance Program, is a pre-disaster flood mitigation and insurance protection program designed to reduce the escalating cost of disasters. The National Flood Insurance Program makes federally backed flood insurance available to residents and business owners.

The State of Florida has over 15 million residents and 80 percent of them live or conduct business along or near its coastline. A significant portion of the remaining residents and business live or conduct commerce near many of the state's historical rivers and other inland floodplains. These residents and business are concerned about protecting their lives and property from future flooding. This is evidenced by the fact that 95 percent of all Florida communities participate in the National Flood Insurance Program. As of March 2001, there are over 1,729,200 flood insurance policies in Florida which represents roughly 41% of total policies in effect nationwide. These policies represent $234 Billion of insurance coverage, which is the first line of recovery after a flood disaster.

In Florida, the Governor has designated the Department of Community Affairs as the state coordinating agency for the National Flood Insurance Program. The State Assistance Office for the National Flood Insurance Program in partnership with the Federal Emergency Management Agency Region IV staff, conducts coordination activities, and provides technical assistance on pre and post-disaster flood mitigation related activities to National Flood Insurance Program participating communities. This coordination primarily relates to construction and development activities and serve a vital intergovernmental link between and among local communities, state and regional agencies, as well as federal agencies, especially the Federal Emergency Management Agency. Additionally, the provision of timely and accurate technical assistance to residents and building trade specialists (architects, builders, contractors and developers, engineers, realtors, surveyors, and others) is vital to the implementation of compliant flood loss reduction techniques and strategies required by various agencies. This technical assistance consists of on-site reviews, workshops and seminars, providing answers to questions, as well as sharing appropriate federal and state publications as requested. This office also serves as the state's repository for Flood Insurance Rate Maps. As such, this office maintains a file of all receded or supersede Flood Insurance Rate Maps which are used to assist insurance agents in properly rating structures based upon dates of construction.

The implementation of pre-disaster mitigation incentives, such as the Community Rating System Program and the Flood Mitigation Assistance Program, serve Florida's residents and businesses that continue to experience high growth and development. Florida local communities constitute the largest number of participants in the Community Rating System, which provides a comprehensive approach to flood mitigation. In fact, this high level of Community Rating System participation supports the implementation of the Flood Mitigation Assistance program, which is targeted toward the reduction of repetitive flood loss structures, and requires a Flood Mitigation Plan often prepared by Community Rating System participating communities.

For additional information on the State Assistance Office for the National Flood Insurance Program, please contact:

Charles H. Speights, Planning Manager
(850)413-9959

Other links:

Federal Emergency Management Agency National Flood Insurance Program
Locating a National Flood Insurance Program provider in your area
Federal Emergency Management Agency Elevation Certificate
Federal Emergency Management Agency's Flood Insurance Library
Flood Hazard Mapping
Federal Emergency Management Agency Mitigation Library
National Flood Insurance Program Technical Bulletins

National Flood Insurance Program Workshops and Seminars
Sponsored by the State Assistance Office for the NFIP

For Insurance Agents and Lenders:
Cover America II - A New Direction
2000 National Flood Conference
General NFIP Information

Publications available:

Community Status Report

Receded or supersede Flood Insurance Rate Maps

Video Lending Library

Association of State Floodplain Managers

www.floridadisaster.org

Division of Emergency Management
2555 Shumard Oak Boulevard
Tallahassee, Florida 32399-2100
850.413.9900

Source: http://www.floridadisaster.org/bpr/EMTOOLS/Severe/floods.htm.

Massachusetts Division of Insurance, Consumer Service Website Information: The National Flood Insurance Program

Most homeowner policies do not provide coverage for damages resulting from flooding. If you live in a flood-prone area, you should consider and may be required by your lending institution to purchase a flood insurance policy. The National Flood Insurance Program makes federally-backed flood insurance available to property owners in more than 330 Massachusetts communities that have agreed to adopt and enforce floodplain management ordinances. If you wish to purchase flood insurance, you may do so by contacting your insurance agent or the National Flood Insurance Program toll-free at (888) CALL-FLOOD. To learn more about flood insurance, the Division of Insurance has provided this link to the National Flood Insurance Program.

Source: www.state.ma.us/doi/Consumer/css_homeowners_nfi.html.

North Carolina Department of Insurance Brochure: "What To Do in the Event of a Disaster"

WHAT TO DO IN THE EVENT OF DISASTER

Jim Long, Insurance Commissioner

North Carolina Department of Insurance

A Message from Insurance Commissioner Jim Long

We all want to remain safe and secure, but no one is ever completely safe from disasters like hurricanes, floods and fires. You need to know what to do in the event of a disaster and what steps to take before a disaster ever strikes to assure that loss will be minimized.

Your North Carolina Department of Insurance has designed this brochure to provide you with the information you need to financially protect you, your family and your property in the event of a disaster.

If you have additional questions or need clarification on this or other insurance matters, please call your insurance agent or our consumer services division for assistance at 1-800-546-5664.

Jim Long

Insurance Coverages

Homeowners

Property owners should consider whether to insure their property for the replacement cost or actual cash value. Replacement cost is the amount it would take to rebuild your home or repair damages with materials of similar kind and quality *without* deducting for *depreciation*.

Depreciation is the decrease in home or property value since the time it was built or purchased due to age or wear. Actual cash value is the amount it would take to repair damage to your home *after depreciation*.

Most standard homeowners policies cover the contents of your home on an actual cash value basis. Many insurers offer an option for you to insure your property at replacement cost. The premium may be slightly higher for this coverage, however, you may want to consider the option.

Make sure you have appropriate insurance to cover your needs and keep your insurance policies accessible and secure. It is also a good idea to take photographs of the contents of your dwelling to have a visual record of the personal property your policy covers.

Renters

Renters should consider purchasing coverage for their personal property through renters' insurance. Without it, in the event of a disaster, they could have no place to turn to recoup their losses. Renters' insurance covers only the contents of the rented shelter.

College Students

College students can often purchase dorm room insurance as well. Before sending your son or daughter to college, check your homeowners policy to determine whether or not dormitory coverage is needed, as some family homeowners' policies will cover losses from dorm rooms, but not all do.

Flood Insurance

Residents of many flood prone areas are eligible for special flood protection provided by the federal government under the Flood Insurance Program.

To find out if your property is eligible for this insurance, call your county government. Your agent can purchase this coverage for you if you are eligible or you may call 1-800-638-6620 (National Flood Insurance Program).

Outer Banks Dwellers

Those who live or own property along the North Carolina Outer Banks are eligible to purchase protection under the BEACH Plan. It offers coverage for fire, lightning, theft, wind and hail.

Similar coverage can be purchased for those living anywhere but the Outer Banks under the FAIR Plan.

These two plans ensure that property owners can get insurance coverage. If you would like more information on these plans, call 1-800-662-7048 (The FAIR and BEACH Plans) or ask your insurance agent.

If you need additional information,
please contact the
Consumer Services Office:

North Carolina Department of Insurance
430 North Salisbury Street
PO Box 26387
Raleigh, NC 27611

1-800-546-5664 • 919-733-2032

Before the Storm

- Review your homeowners policy with your agent. Most standard homeowners policies do not cover flood damage and, in some coastal areas, windstorm coverage is also excluded from the standard policy.
- Some residents may qualify for flood insurance through the National Flood Insurance Program, 1-800-638-6620.
- Outer Banks property owners are eligible to purchase protection under a program called the Beach Plan. The Plan offers coverage for fire, lightning, theft, wind and hail. For more information on the Beach Plan call 1-800-662-7048.
- Tenants should consider purchasing coverage for their personal property through renters insurance.
- Make a list of your belongings and record them on film through still photos or videotape. Include a close-up shot of the day's newspaper. Keep your inventory list along with purchase receipts, pictures and your insurance policy in a safe-deposit box or other safe place away from your home.

QUICK REFERENCE GUIDE
Are You Covered?

1. Fire and Extended Coverage Policies, Homeowners Policies and Farmowners Policies cover fire and lightning, wind or hail, but NOT flood or rising water damage.
2. Flood Policies cover flood and rising water damage only. They do not cover fire, lightning, wind or hail damage.
3. Manufactured Homeowners Policies cover fire, lightning, wind, hail, flood or rising water.

After the Storm

- Contact your insurance agent as quickly as possible and ask for instructions on what to do until your adjuster arrives. Be sure to follow the company's instructions when making your claim. Insurance companies are required to handle claims promptly and fairly.
- Begin preparing an inventory of personal property damaged or destroyed and take pictures of the damaged property.
- Protect your property from further damage. Your reasonable expenses to protect your property are part of the loss and will be reimbursed by your insurance company. KEEP YOUR RECEIPTS!
- **Do not** have permanent repairs made until your insurance company has inspected the property and you have reached an agreement on the cost of repairs. The company has a legal right to inspect the property in its damaged condition and may refuse to pay you for any damage repaired before it has been inspected.
- If necessary, rent temporary shelter. If your home is uninhabitable because of ***physical damage***, most homeowners' policies will pay additional living expenses while your property is being repaired. Lack of power or water is not considered physical damage and, therefore, additional living expenses will not be covered. Before renting temporary shelter, check with your insurance company or agent to determine what expenses will be reimbursed. KEEP YOUR RECEIPTS.
- When your insurance company representative arrives, be courteous. Don't take your frustrations out on the adjuster. He or she is there to help you and more progress can be made if you start off on the right foot.
- If you think that the estimate of the insurance company is too low, you may wish to obtain an estimate from your own contractor. A contractor may charge a fee for this service; but usually if he or she does the repair work, the fee will be credited to your bill.
- If you have questions or problems concerning your insurance coverage, contact the Consumer Services Division of the NC Department of Insurance toll-free at 1-800-546-5664 or (919) 733-2032.

Coverage Concerns

- Damage to your home from fallen trees is covered under most homeowners' policies. Most companies will pay to have trees removed from the damaged structure, such as your home, garage or fence, but will not pay to remove the tree from your yard.
- Most homeowners' policies cover damages to appliances that result from a power surge when power is restored to your home. Some electronic components may not be covered.
- Most homeowners' policies cover food which spoils due to power loss *only if* the individual feeder line to your home is down, *not* in instances of widespread power failure. However, you can be covered in the event of widespread power failure if you purchased a "Refrigerated Property Coverage" endorsement. This endorsement allows up to $500 in coverage, with a $100 deductible.
- Storm-related injuries to others on your property are covered by most homeowners' policies under your medical payments coverages.
- Damage to your parked vehicle from a fallen tree is covered under your comprehensive automobile insurance.
- Most automobile insurance companies will hold drivers at fault for single car accidents that occur as a result of weather conditions. One insurance point is assigned for accidents resulting in property damage only of $1,500 or less. Two insurance points are assigned for accidents resulting in property damage in excess of $1,500 but less than $2,500. Three insurance points are assigned for accidents resulting in property damage of $2,500 or more. *Insurance points are separate and have no bearing on DMV points.*
- Call the Consumer Services Division of the Department of Insurance toll free at 1-800-546-5664 or 919-733-2032 if you have additional coverage questions or concerns.

Important Numbers

The following are phone numbers which may be useful in the event of an emergency:

State Agencies

Department of Insurance	1-800-546-5664
	or 1-919-733-2032
Beach Plan	1-800-662-7048
Legal Services of NC	1-919-828-4647
Human Resources Careline (Information and Referrels)	1-800-662-7030
Governor's Office Citizen Affairs	1-800-662-7952
NC Revenue (Individual)	1-919-733-4684
(Corporate)	1-919-733-3166
Attorney General (Consumer Protection)	1-919-716-6000
NC Department of Agriculture	1-919-733-7125
Employment Security Commission	1-919-733-3098

Federal Agencies

Federal Emergency Managment Agency	1-800-462-9029
Speech/Hearing Impaired Line	1-800-462-7585
National Flood Insurance Program	1-800-638-6620
Internal Revenue Service	1-800-829-1040
Veteran's Administration	1-202-745-8502
Small Business Administration	1-202-606-4000
Social Security Administration	1-800-772-1213
Farmers Home Administration	1-202-626-8710

Public Adjusters

North Carolinians are also advised to be on alert for unlicensed public insurance adjusters who may try to do business illegally in our state. If you are approached by a public adjuster, ask to see a registration number and a letter from the NC Department of Insurance authorizing them to do business in North Carolina.

Do not do business with adjusters who request money from you in advance.

If you wish to report such illegal actions or want to confirm that a public adjuster is licensed, please call the Agent Services Division of the Department of Insurance at (919) 733-7487.

Appendix 4: State Funding Mechanisms For Disasters

	Legislative Appropriation	Separate Fund	Trust Fund	Multiple Funds	Other
Alabama	■				
Alaska	■	■		■	
Arizona		■			
Arkansas	■	■	■		
California	■				
Colorado	■	■		■	
Connecticut	■				
Delaware	■				■
Florida	■		■	■	
Georgia	■				■
Hawaii		■			
Idaho	■	■			
Illinois		■			
Indiana					■
Iowa				■	
Kansas	■				
Kentucky	■				
Louisiana	■				
Maine	■				
Maryland	■	■			
Massachusetts	■				
Michigan	■				
Minnesota	■				
Mississippi		■			
Missouri	■				
Montana		■			
Nebraska		■			
Nevada	■			■	
New Hampshire	■	■			■
New Jersey	■	■			
New Mexico	■				
New York	■				
North Carolina	■				■
North Dakota	■			■	■
Ohio		■			
Oklahoma					■
Oregon	■				■
Pennsylvania	■	■			
Rhode Island					■
South Carolina	■				
South Dakota		■			■
Tennessee		■			
Texas		■		■	
Utah	■	■			■
Vermont		■			
Virginia	■				
Washington		■			
West Virginia		■			
Wisconsin				■	
Wyoming		■			
Total	31	23	2	8	11

Legislative appropriation: Funds are appropriated by the legislature for specific incidents after each major disaster occurs.

Separate fund: A separate disaster fund exists and funds are appropriated as needed to maintain adequate funding is available at all times.

Disaster trust fund: A disaster trust fund exists in which revenues from specified sources are deposited and used as needed for a specific purpose. Examples include tax on insurance policies or a certain percentage of tax receipts.

Other: More than one fund exists and money is obligated from each fund depending upon the type of disaster or situation that has occurred.

Source: *National Emergency Management Association* (February 2002).

Selected References

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- National Emergency Management Association and Council of State Governments. *NEMA/CSG 2001 Report on State Emergency Management Funding and Structures*. Lexington, KY: NEMA/CSG, 2001.
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- National Lenders Insurance Council. *Flood Guide for Lenders and Servicers.* NLIC, 1998.

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Fred Sharrocks	Mapping Support Branch Chief	202-646-2796
Craig Wingo	Engineering Science & Tech. Division Director	202-646-3026
Chris Doyle	Program Management & Special Studies Branch Chief	202-646-3035
Ugo Morelli	Building Sciences & Tech. Branch Acting Branch Chief	202-646-2810
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Source: FIMA.

❖ REGIONAL OFFICES: FEMA AND NFIP BUREAU AND STATISTICAL AGENTS

Location	FEMA	NFIP B&S Agent
Region I: (CT, MA, ME, NH, RI, VT)	Mitigation Division J.W. McCormack Post Office and Courthouse Building Boston, MA 02109-4595 (617) 223-9561	140 Wood Road, Suite 200 Braintree, MA 02184 (781) 848-1908
Region II: (NJ, NY)	Mitigation Division 26 Federal Plaza New York, NY 10278-0002 (212) 225-7200	33 Wood Avenue S. Suite 600 Iselin, NJ 08830 (732) 603-3875
Carribean Office: (PR, VI)	Mailing address: FEMA Carribean Div. PO Box 70105 San Juan, PR 00936-0105 (787) 729-7624 Physical address: New San Juan Office Bldg 159 Chardon Ave Sixth Floor Hato Rey, PR 00918	
Region III: (DC, DE, MD, PA, VA, WV)	Mitigation Division Liberty Square Building Second Floor 105 S. Seventh St. Philadelphia, PA 19106-4404 (215) 931-5750	1930 E. Marlton Pike Suite T-13 Cherry Hill, NJ 08003-4219 (856) 489-4003
Region IV: (AL, FL, GA, KY, MS, NC, SC, TN)	Mitigation Division Koger Center- Rutgers Building 3003 Chamblee-Tucker Rd. Room 270 Atlanta, GA 30341 (770) 220-5400	1532 Dunwoody Village Parkway Suite 200 Dunwoody, GA 30338 (770) 396-9117 **Tampa Office:** 8875 Hidden River Pkwy Suite 300 Tampa, FL 33637 (813) 975-7451

Location	FEMA	NFIP B&S Agent
Region V: (IL, IN, MI, MN, OH, WI)	Mitigation Division 536 S. Clark St Sixth Floor Chicago, IL 60605 (3120 408-5532	1111 E. Warrenville Rd. Suite 209 Naperville, IL 60563 (630) 577-1407
Region VI: (AR, LA, NM, OK, TX)	Mitigation Division Federal Regional Center 800 North Loop 288 Denton, TX 76201-3698 (940) 898-5127	15835 Park Ten Place Suite 108 Houston, TX 77084 (281) 829-6880
Region VII: (IA, KS, MO, NE)	Mitigation Division Suite 900 2323 Grand Blvd. Kansas City, MO 64108-2670 (816) 283-7002	601 N. Mur-Len Rd. Suite 13-B Olathe, KS 66062-5445 (913) 780-4268
Region VIII: (CO, MT, ND, SD, UT, WV)	Mitigation Division Building 710 Denver Federal Center PO Box 25267 Denver, CO 80225-0267 (303) 235-4830	2801 Youngfield Street Suite 300 Golden, CO 80401 (303) 275-3475
Region IX: (AZ, CA, HI, NV, Guam, American Samoa, Mariana Islands)	Mitigation Division Presidio of San Francisco Building 105 San Francisco, CA 94129-1250 (415) 923-7175	1532 Eureka Rd. Suite 103 Roseville, CA 95661 (916) 780-7889
Region X: (AK, ID,OR, WA)	Mitigation Division Federal Regional Center 130 228th St, S.W. Bothell, WA 98021-9796 (425) 487-4678	19125 Northcreek Pkwy Suite 108 Bothell, WA 98011 (425) 488-5820, ext. 4437

Source: www.fema.gov/nfip/reg.htm.

❖ NFIP ASSISTANCE DIRECTORY

Number	Location	Service
800-638-6620	NFIP Servicing Agent	Direct business
301-731-5300	NFIP Bureau & Statistical Agent	Lender training
800-720-1093	NFIP Telephone Response Center	Agent information and leads
800-427-4661	NFIP Telephone Response Center	General information
800-611-6125	NFIP Telephone Response Center	Lender information
800-427-5593	NFIP Telephone Response Center	TDD
800-358-9616 FAX 800-358-9620	FEMA Map Service Center	Order flood maps, Community Status Book
877-336-2627 (877-FEMA-MAP)	FEMA Flood Hazard Map Hotline	Information on flood maps and procedures to revise/ correct FIRMs
800-564-8236	NFIP Co-op Advertising Program	Eligibility information
800-480-2520	FEMA Publications Center	Publications and forms
www.fema.gov/NFIP	FEMA/NFIP Website	Public information

Source: www.fema.gov/NFIP.

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Association of State Floodplain Managers
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Emergency Management Assistance Compact
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Floodplain Management Association
www.floodplain.org

Institute for Business & Home Safety
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Insurance Services Office, Inc.
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