Slater All Lines Insurance School

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NFIP Basic Flood Insurance Course

Required Course Under the Flood Insurance Reform Act of 2004

Continuing Education - 3 Credit Hours
Course # 620208

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Basic Flood Insurance Course

Section I - Introduction

Across the United States, flooding is the number 1 natural disaster, according to the Federal Emergency Management Agency. Flooding is generally defined as a temporary inundation of normally dry land, such as when a levee breaks, a river overflows its banks, or water from springtime snow melts.

Heavy rains from late October through May mark the rainy season in the Northwestern U.S., bringing the majority of yearly rainfall to the region from intense storms over the Pacific Ocean. Western Washington and Northwest Oregon usually experience flooding each year during the rainy season. Rains cause riverbanks to overflow and levees to be breached, resulting in millions of dollars in damages. The situation is similar all over the United States, at different times of the year.

A homeowner's policy typically does not cover damage due to flooding or what is known as "rising water." For that type of coverage, you need a separate flood policy, which is provided by the federal government's National Flood Insurance Program (NFIP) and is purchased through a local insurance agent. The distinction between the two types of coverages is that homeowner's insurance covers water falling from the sky; flood insurance covers water rising from the ground.

Many people may not think of flood insurance during the summer months. It is important to protect your property from flood damage all year round. Winter flooding is a common and widespread natural hazard in the Northwest and threatens residents with thousands of dollars' worth of damage to homes and businesses every year. Only flood insurance offers financial protection from flooding all year long.

Definitions Related to Flood Insurance

Act - The National Flood Insurance Act of 1968 and any amendments to it.

Actual Cash Value (ACV) - The cost to replace an insured item of property at the time of loss, less the value of physical depreciation.

Appurtenant Structure--A detached garage servicing a 1-4 family dwelling.

Base Flood - The flood having a 1% chance of being equaled or exceeded in any given year.

Base Flood Elevation (BFE) - The elevation shown on the Flood Insurance Rate Map (FIRM) for Zones AE, AH, A1-A30, AR, AR/A, AR/AE, AR/A1-A30, AR/AH, AR/AO, V1-V30, and VE that indicates the water surface elevation resulting from a flood that has a 1% chance of equaling or exceeding that level in any given year.

Basement - Any area of the building, including any sunken room or sunken portion of a room, having its floor below ground level (subgrade) on all sides.

Breakaway wall - A wall that is not part of the structural support of the building and is intended through its design and construction to collapse under specific lateral loading forces, without causing damage to the elevated portion of the building or supporting foundation system.

Community - A political entity that has the authority to adopt and enforce floodplain ordinances for the area under its jurisdiction. In most cases, a community is an incorporated city, town, township, borough, village, or an unincorporated area of a county or parish. However, some states have statutory authorities that vary from this description.

Community Rating System (CRS) - A program developed by the FEMA Mitigation Division to provide incentives for those communities in the National Flood Insurance Program that have gone beyond the minimum floodplain management requirements to develop extra measures to provide protection from flooding.

Condominium - That form of ownership of real property in which each unit owner has an undivided interest in common elements.

Elevated Building - A building that has no basement and has its lowest elevated floor raised above the ground level by foundation walls, shear walls, posts, piers, pilings, or columns. Solid foundation perimeter walls are not an acceptable means of elevating buildings in V and VE zones.

Elevation Certificate - A certificate that verifies the elevation data of a structure on a given property relative to the ground level. The Elevation Certificate is used by local communities and builders to ensure compliance with local floodplain management ordinances and is also used by insurance agents and companies in the rating of flood insurance policies.

Emergency Program - The initial phase of a community's participation in the National Flood Insurance Program. During this phase, only limited amounts of insurance are available under the Act.

Enclosure - That portion of an elevated building below the lowest elevated floor that is either partially or fully shut-in by rigid walls.

Federal Emergency Management Agency (FEMA) - The federal agency within the Department of Homeland Security that is tasked with responding to, planning for, recovering from, and mitigating against man-made and natural disasters.

Federal Policy Fee - A flat charge that the policyholder must pay on each new or renewal policy to defray certain administrative expenses incurred in carrying out the National Flood Insurance Program.

Flood - A general and temporary condition of partial or complete inundation of two or more acres of normally dry land area or of two or more properties (at least one of which is the policyholder's property) from one of the following:

- Overflow of inland or tidal waters
- Unusual and rapid accumulation or runoff of surface waters from any source
- Mudflow
- Collapse or subsidence of land along the shore of a lake or similar body of water as a result of erosion or undermining caused by waves or currents of water exceeding anticipated cyclical levels that result in a flood as defined above

Flood Disaster Protection Act (FDPA) of 1973 - Made the purchase of flood insurance mandatory for the protection of property located in Special Flood Hazard Areas.

Flood Hazard Boundary Map (FHBM) - Official map of a community issued by the Federal Insurance Administrator, where the boundaries of the flood, mudflow, and related erosion areas having special hazards have been designated.

Flood Insurance Rate Map (FIRM) - Official map of a community on which the Mitigation Division Administrator has delineated both the special hazard areas and the risk premium zones applicable to the community.

Flood Zone (Zone) - A geographical area shown on a Flood Hazard Boundary Map or a Flood Insurance Rate Map that reflects the severity or type of flooding in the area.

Floodplain - Any land area susceptible to being inundated by floodwaters from any source.

Floodplain Management - The operation of an overall program of corrective and preventive measures for reducing flood damage, including but not limited to, emergency preparedness plans, flood control works, and floodplain management regulations.

Grandfathering - An exemption based on circumstances previously existing. Under the NFIP, buildings located in Emergency Program communities and Pre-Flood Insurance Rate Map buildings in the Regular Program are eligible for subsidized flood insurance rates. Post-Flood Insurance Rate Map buildings in the Regular Program built in compliance with the floodplain management regulations in effect at the start of construction will continue to have favorable rate treatment even though higher base flood elevations or more restrictive, greater risk zone designations result from Flood Insurance Rate Map revisions.

Group Flood Insurance Policy (GFIP) - Issued by the NFIP Direct Program in response to a presidential disaster declaration. Disaster assistance applicants, in exchange for a modest premium, receive a minimum amount of building and/or contents coverage for a 3-year policy period. An applicant may cancel the group policy at any time and secure a regular Standard Flood Insurance Policy through the NFIP.

Improvements and Betterments - Fixtures, alterations, installations or additions made or acquired solely at a tenant's expense and comprising part of an insured building.

Increased Cost of Compliance (ICC) - Coverage for expenses a property owner must incur, above and beyond the cost to repair the physical damage the structure actually sustained from a flooding event, to comply with mitigation requirements of state or local floodplain management ordinances or laws. Acceptable mitigation measures are elevation, flood-proofing, relocation, demolition, or any combination thereof.

Lowest Floor - The lowest floor of the lowest enclosed area (including a basement). An unfinished or flood-resistant enclosure, usable solely for parking of vehicles, building access, or storage in an area other than a basement area, is not considered a building's lowest floor provided that such enclosure is not built so as to render the structure in violation of requirements.

Mandatory Purchase - Under the provisions of the Flood Disaster Protection Act of 1973, individuals, businesses, and others buying, building, or improving property located in identified areas of special flood hazards within participating communities are required to purchase flood insurance as a prerequisite for receiving any type of direct or indirect federal financial assistance (e.g., any loan, grant, guaranty, insurance, payment, subsidy, or disaster assistance) when the building or personal property is the subject of or security for such assistance.

Manufactured (Mobile) Home - A structure built on a permanent chassis, transported to its site in one or more sections, and affixed to a permanent foundation. "Manufactured (mobile) home" does not include recreational vehicles.

Mitigation Division - A division under FEMA that manages the NFIP and oversees FEMA's mitigation programs.

Mobile Home - see entry for Manufactured Home.

National Flood Insurance Program (NFIP) - A federal program enabling property owners in participating communities to purchase insurance protection against losses from flooding. This insurance is designed to provide an insurance alternative to disaster assistance to meet the escalating costs of repairing damage to buildings and their contents caused by floods.

National Flood Insurance Reform Act (NFIRA) - The purpose of the National Flood Insurance Reform Act of 1994 is to improve the financial condition of the NFIP and reduce federal expenditures for disaster assistance to flood-damaged properties. The act affects every part of NFIP, insurance, mapping and floodplain management. NFIRA also gives lenders tools with which to enforce requirements for flood insurance coverage mandated under the Flood Disaster Protection Act of 1973.

Non-Residential - Includes, but is not limited to: small business concerns, churches, schools, farm buildings (including grain bins and silos), pool houses, clubhouses, recreational buildings, mercantile structures, agricultural and industrial structures, warehouses, hotels and motels with normal room rentals for less than 6 months' duration, and nursing homes.

Non-Special Flood Hazard Area (NSFHA) - An area in a low to moderate risk flood zone (Zones B, C, X) that is not in any immediate danger from flooding caused by overflowing rivers or hard rains. However, it's important to note that structures within a NSFHA are still at risk.

Other Residential - Hotels and motels where the normal occupancy of a guest is 6 months or more; a tourist home or rooming house which has more than four roomers. A residential building (excluding hotels and motels with normal room rentals for less than 6 months' duration) containing more than four dwelling units. Incidental occupancies such as office, professional private school, or studio occupancy, are permitted if the total area of such incidental occupancies is limited to less than 25 percent of the total floor area within the building.

Participating Community - A community for which the Mitigation Division Administrator has authorized the sale of flood insurance under the NFIP.

Policy - The entire written contract between the insured and the insurer. It includes: the printed policy form, the application and Declarations Page, any endorsement(s) that may be issued, and any renewal certificate indicating that coverage has been instituted for a new policy and new policy term.

Post-FIRM Building - A building for which construction or substantial improvement occurred after December 31, 1974, or on or after the effective date of an initial Flood Insurance Rate Map (FIRM), whichever is later.

Pre-FIRM Building - A building for which construction or substantial improvement occurred on or before December 31, 1974, or before the effective date of an initial Flood Insurance Rate Map (FIRM).

Preferred Risk Policy (PRP) - A policy that offers fixed combinations of building/contents coverage or contents-only coverage at modest, fixed premiums. The PRP is available for property located in B, C, and X zones in Regular Program communities that meet eligibility requirements based on the property's flood loss history.

Probation Surcharge (Premium) - A flat charge that the policyholder must pay on each new or renewal policy issued covering property in a community that the NFIP has placed on probation under the provisions of 44 CFR 59.24.

Regular Program - The final phase of a community's participation in the National Flood Insurance Program. In this phase, a Flood Insurance Rate Map is in effect and full limits of coverage are available under the Act.

Replacement Cost Value (RCV) - The cost to replace property with the same kind of material and construction without deduction for depreciation.

Residential Condominium Building Association Policy (RCBAP) - Policy issued to insure a residential condominium building and all units within the building, provided that the building is located in a Regular Program Community and at least 75 percent of the total floor area is residential.

Single-Family Residence - A residential single family dwelling. Incidental office, professional, private school, or studio occupancies, including a small service operation, are permitted if such incidental occupancies are limited to less than 50 percent of the building's total floor area.

Special Flood Hazard Area (SFHA) - A FEMA-identified high-risk flood area where flood insurance is mandatory for properties. An area having special flood, mudflow, or flood-related erosion hazards, and shown on a Flood Hazard Boundary Map or a Flood Insurance Rate Map as Zone A, AO, A1-A30, AE, A99, AH, AR, AR/A, AR/AE, AR/AH, AR/AO, AR/A1-A30, V1-V30, VE, or V.

Standard Flood Insurance Policy (SFIP) - Policy issued to insure a building and/or its contents.

Submit-for-Rate - An application for flood insurance on a building for which no risk rate is published in the Flood Insurance Manual. Insurance coverage can be obtained only after the NFIP has approved the application and has established the risk premium rate.

2 to 4 Family Residence - A residential building (excluding hotels and motels with normal room rentals for less than 6 months' duration) containing no more than four dwelling units. Incidental occupancies such as office, professional, private school, or studio space are permitted if the total area of such occupancies is limited to less than 25 percent of the total floor area within the building.

Waiting Period - The time between the date of application and the policy effective date.

Wave Height Adjustment - A measurement that is added to the base flood elevation for V Zones shown on the Flood Insurance Rate Map published prior to 1981. For coastal communities, the base flood elevation shown on Flood Insurance Rate Maps published prior to 1981 are still-water elevations, which include only the effects of tide and storm surge, and not the height of wind-generated waves.

Write Your Own (WYO) Program - A cooperative undertaking of the insurance industry and FEMA begun in October 1983. The WYO Program operates within the context of the NFIP and involves private insurance carriers who issue and service NFIP policies.

Zone - A geographical area shown on a Flood Hazard Boundary Map or a Flood Insurance Rate Map that reflects the severity or type of flooding in the area.

Insurance Commissioner's Website Offers Advice and Suggestions

In the event that a flood occurs or there is an area in danger of flooding, the Washington State Insurance Commissioner's office tries to provide educational information for residents on their Web site at www.insurance.wa.gov. Below is a posting from their Web site on June 2010:

Important note for property owners in the Green River Valley:

A weakened abutment adjacent to the Howard Hanson Dam means that the U.S. Army Corps of Engineers may have to release more water than usual to avoid stressing the dam.

Because of the heightened risk of flooding from these releases, our office is strongly recommending that property owners in the area consider getting federal flood insurance immediately. We've built this web page with information about federal coverage, typical costs, and disaster preparation tips.

Businesses in the area have also been struggling to find coverage above the federal commercial flood insurance maximum of $500,000 for buildings and $500,000 for contents. Insurance Commissioner Mike Kreidler has been urging insurers to continue selling policies in the area. Our office is also considering asking state lawmakers for more power to intervene in cases like this when an insurance market essentially dries up.

Also, Washington State's Emergency Management Division has extensive information about flooding and steps you can take to avoid damage and protect against losses. They've also posted a lengthy section with myths and facts about the National Flood Insurance Program, such as the myth that the NFIP won't cover anything in the basement. (It covers many things, including furnaces, water heaters, sump pumps, washers/dryers, staircases, some drywall, cleaning and the foundation.) The EMD also has extensive information on pumping out basements, what to do after draining it, mold, sandbagging, and how to protect a home from sewer backups during flooding.

The Washington Flood Market Assistance Plan (WFMAP)

This voluntary program helps match businesses seeking additional flood coverage with insurers selling it. All applications must be submitted by an insurance producer or broker.

Where should I start?

As a starting point, we're recommending that any businesses, renters, homeowners and other property owners strongly consider getting flood insurance through the National Flood Insurance Program, at www.floodsmart.gov or 1-888-379-9531.

What's the maximum federal flood coverage?

In general, it's $500,000 for a building and $500,000 for contents. And for many businesses, that's not enough. That's why we launched the Washington Flood Market Assistance Program: to help businesses in need get additional coverage.

Who can apply for the Washington Flood Market Assistance Plan?

Businesses in the Green River Valley that are at risk for flooding due to increased water release from the Howard Hanson Dam.

What sort of coverage is available?

The program is taking applications for excess flood and business interruption coverage.

How do I apply?

Applications must be submitted by an agent or broker. If you don't have one, the Market Assistance Plan administrator – the Surplus Line Association of Washington – can help refer you to one. Call (206) 682-3409 or e-mail them at WFMAP@surpluslines.org. Information is also posted on their website at www.surpluslines.org.

When will the program start accepting applications?

They're ready now.

Can you guarantee coverage?

No. Neither the insurance commissioner's office nor the program can guarantee that everyone will be able to get coverage. Some businesses still may not be able to qualify, or may not be able to afford the coverage they're offered.

How much will it cost?

It's impossible to say without knowing the details of your situation. Each of the participating companies can set its own premiums, and the cost also depends on how much coverage you want, where you're located, and other factors.

What is Covered by Flood Insurance – and what is not

Generally, physical damage to your building or personal property "directly" caused by a flood is covered by your flood insurance policy. For example, damages caused by a sewer backup are covered if the backup is a direct result of flooding. However, if the backup is caused by some other problem, the damages are not covered.

Flood Facts:

- The average premium in Washington State is approximately $650 per year for $200,000 of coverage.
- In low-to-moderate risk areas, you can buy coverage for around $130 a year.
- To qualify for full replacement coverage, you must insure your primary home for 80% of its value, or the maximum amount, which is $250,000 for your house and $100,000 for its contents.
- There is a **30-day waiting period** from the time you buy a policy until you are covered – with a couple of exceptions. There is no waiting period when a lender makes, increases, extends or renews a home or business loan.
- When you close the loan, the lender will need a copy of the completed flood insurance application and a copy of the check or a paid receipt. There are no binders or certificates of insurance in flood coverage.
- A flood insurance policy also reimburses you up to $1,000 for the cost of reasonable actions you take to prevent flood damage and up to $1,000 for any property you move to safety when buildings are in danger of flooding.
- Floods and flash floods happen in all 50 states - Everyone lives in a flood zone.
- Most homeowner's insurance does not cover flood damage.
- If you live in a Special Flood Hazard Area (SFHA) or high risk area, your mortgage lender requires you to have flood insurance.
- Just an inch of water can cause costly damage to your property.
- Flash floods often bring walls of water 10 to 20 feet high.
- A car can easily be carried away by just two feet of floodwater.
- Hurricanes, winter storms and snow melt are common but often overlooked causes of flooding.
- New land development can increase flood risk, especially if the construction changes natural runoff paths.
- Federal disaster assistance is usually a loan that must be paid back with interest. For a $50,000 loan at 4% interest, the monthly payment would be around $240 a month ($2,880 a year) for 30 years. Compare that to a $100,000 flood insurance premium, which is about $400 a year.

- If you live in a low to moderate risk area and are eligible for the Preferred Risk Policy, the flood insurance premium may be as low as $130 a year, including coverage for the property's contents.

- Anyone is eligible to purchase flood insurance as long as the community participates in the National Flood Insurance Program.

- All claims and expenses of the NFIP are funded by insurance premiums, not tax dollars.

PREPARE
Residents in areas susceptible to winter flooding need to prepare in advance for flood conditions. Before the threat of flooding becomes imminent, residents should:

- Purchase a flood insurance policy if they do not already have one.
- Review their current insurance policy and become familiar with what is and is not covered.
- Make a flood plan. Plan evacuation routes. Keep important papers in a safe, waterproof place.
- Itemize and take pictures of possessions.

WINTER FLOOD RISKS

Coastal floods: Winds generated from intense winter storms can cause widespread tidal flooding and severe beach erosion along coastal areas.

Ice jams: Long cold spells can cause rivers and lakes to freeze. A rise in the water level or a thaw breaks the ice into large chunks that become jammed at manmade and natural obstructions. An ice jam can act as a dam, resulting in severe flooding.

Snowmelt: A sudden thaw of a heavy snow pack that often leads to flooding.

Mudflow (or debris flow): It develops when water rapidly accumulates in the ground, such as during heavy rainfall or rapid snowmelt, changing the earth into a flowing river of mud.

LEVEES AND FLOODING: PROTECTION WITH RISK
The West Coast has thousands of miles of levees—embankments along waterways, usually made of earth, designed to protect the lives and properties behind them from floods. However, no levee provides full protection from flooding and increased rains during the winter months can affect the ability of a levee to effectively contain rising waters. All levees are designed to provide a specific level of protection, and can be overtopped, or fail, in larger flood events. Levees also require regular maintenance to retain their level of protection. The fact is, levees can and do decay over time, and maintenance can become a serious challenge. When levees do fail, or are overtopped, they fail catastrophically—the flood damage may be more significant than if the levee was not there. For these reasons, the millions of people on the West Coast living behind levees need to understand the flood risks they face and take steps to address them.

If your community contains a levee, there are things you can do to protect yourself and reduce the impact of flood events. First, be sure you understand your risk for flooding. Local officials can provide more information about the levee and related flood risks based on the location of the property. Second, obtain flood insurance—it is critically important to financially protect your investment. Although areas behind levees that can be shown to protect against the one-percent-annual-chance flood will be shown on flood hazard maps as moderate-risk areas, FEMA strongly recommends flood insurance protection for all properties behind levees. Finally, please be aware of and always adhere to local evacuation procedures.

It is important to know that if someone has a federally backed mortgage on a home located in a high-risk area, federal law requires one to purchase flood insurance. Also, if you've received a federal grant for previous flood losses, you must have a flood policy to qualify for future aid.

Consumers can visit www.FloodSmart.gov or call 1-800-427-2419 to learn how to prepare for floods, how to purchase a National Flood Insurance policy and the benefits of protecting your home and property against flooding.

- Anyone can be financially vulnerable to floods. People outside of high-risk areas file over 20% of NFIP claims and receive one-third of disaster assistance for flooding.
- From 2003 to 2012, total flood insurance claims averaged more than $3.0 billion per year.
- When your community participates in the Community Rating System (CRS), you can qualify for an insurance premium discount of up to 45% if you live in a high-risk area and up to 10% in moderate- to low-risk areas.
- Since 1978, the NFIP has paid more than $41.6 billion for flood insurance claims and related costs (as of 2/14/13).
- More than 5.5 million people currently hold flood insurance policies in more than 21,800 communities across the U.S.

Significant Flood Events

1978 - February 29, 2012

A significant event is one with 1,500 or more paid losses, or occasionally one added for other reasons. Events have been named according to the most popular name at the time the events occurred, or if there is no apparent name, one has been created for this report. Event naming is a subjective thing; an event may begin as a hurricane, change to a tropical storm or be nothing but a heavy rain in some states. But this report attempts to use a single name, and include counties in federally declared disaster areas.

EVENT	YEAR	# PD LOSSES	AMOUNT PD ($)	AVG PD LOSS
MASSACHUSETTS FLOOD FEB. 1978	Feb-78	2,202	$20,145,418.33	$9,148.69
LOUISIANA FLOOD MAY 1978	May-78	7,343	$43,422,438.91	$5,913.45
WV, IN, KY, OH FLOODS DEC 1978	Dec-78	1,879	$11,934,511.73	$6,351.52
PA, CT, MA, NJ, NY, RI FLOODS	Jan-79	8,826	$31,487,015.13	$3,567.53
ND, MN FLOODS	Apr-79	2,141	$10,360,266.21	$4,838.98
TEXAS FLOOD APRIL 1979	Apr-79	1,954	$20,131,417.57	$10,302.67
FLORIDA FLOOD APRIL 1979	Apr-79	1,488	$2,029,162.54	$1,363.68
TROPICAL STORM CLAUDETTE	Jul-79	9,664	$147,295,362.98	$15,241.66
HURRICANE FREDERIC	Sep-79	2,947	$45,809,310.50	$15,544.39
TEXAS FLOOD SEPTEMBER 1979	Sep-79	6,261	$47,085,222.42	$7,520.40
NJ, CT & NY FLOODS APRIL 1980	Apr-80	2,159	$7,156,481.04	$3,314.72
LOUISIANA FLOOD APRIL 1980	Apr-80	12,831	$86,279,353.81	$6,724.29
HURRICANE ALLEN	Aug-80	3,636	$27,454,134.45	$7,550.64
TEXAS FLOOD EVENT JUNE 1981	Jun-81	2,143	$13,414,893.25	$6,259.87
TEXAS FLOOD AUGUST 1981	Aug-81	2,740	$20,958,041.97	$7,648.92
LOUISIANA FLOOD APRIL 1992	Apr-82	3,187	$20,785,521.50	$6,521.97
RI, MA, CT FLOODS JUNE 1982	Jun-82	2,189	$15,684,430.91	$7,165.11
THE 'NO-NAME STORM'	Jun-82	2,921	$10,474,434.61	$3,585.91
MO, IL FLOODS DECEMBER 1982	Dec-82	3,172	$29,851,938.25	$9,411.08
LOUISIANA FLOOD DECEMBER 1982	Dec-82	1,636	$12,917,414.94	$7,895.73
LOUISIANA FLOOD APRIL 1983	Apr-83	11,581	$104,833,840.57	$9,052.23
ALICIA	Aug-83	10,518	$119,388,680.96	$11,350.89
NEW JERSEY FLOOD MARCH 1984	Mar-84	4,096	$22,163,536.77	$5,411.02
NEW JERSEY FLOOD APRIL 1984	Apr-84	2,471	$33,300,119.43	$13,476.37
KENTUCKY FLOOD MAY 1984	May-84	2,654	$32,623,471.81	$12,292.19
ELENA	Aug-85	8,234	$81,322,382.63	$9,876.41
GLORIA	Sep-85	6,088	$39,194,422.25	$6,437.98
ISABEL OCTOBER 1985	Oct-85	1,612	$5,769,194.91	$3,578.91
JUAN	Oct-85	6,187	$90,987,477.71	$14,706.24
CALIFORNIA FLOOD FEBRUARY 1986	Feb-86	2,003	$34,838,405.74	$17,393.11
LOUISIANA FLOOD APRIL 1988	Apr-88	3,003	$17,124,219.43	$5,702.37
TEXAS FLOOD MAY 1989	May-89	2,562	$59,020,119.73	$23,036.74
TROPICAL STORM ALLISON 1989	Jun-89	3,127	$39,303,958.20	$12,569.22
HURRICANE CHANTEL	Aug-89	2,919	$39,510,677.40	$13,535.69
HUGO	Sep-89	12,840	$376,433,739.21	$29,317.27
LOUISIANA FLOOD NOVEMBER 1989	Nov-89	4,455	$48,911,212.86	$10,978.95
LOUISIANA FLOOD JUNE 1991	Jun-91	1,919	$15,832,141.33	$8,250.20

BOB	Aug-91	2,821	$49,707,690.10	$17,620.59
HALLOWEEN	Oct-91	9,541	$143,158,312.04	$15,004.54
DE, NJ, PR FLOODS JANUARY 1992	Jan-92	3,211	$30,087,520.84	$9,370.14
TEXAS FLOOD MARCH 1992	Mar-92	2,353	$50,956,062.51	$21,655.79
ANDREW	Aug-92	5,587	$169,113,346.96	$30,269.08
NOR'EASTER - 1992	Dec-92	25,142	$346,150,356.20	$13,767.81
MARCH STORM	Mar-93	9,840	$212,596,101.15	$21,605.29
MIDWEST FLOOD	Jun-93	10,472	$272,819,514.94	$26,052.28
TEXAS FLOOD OCTOBER 1994	Oct-94	6,226	$217,628,439.88	$34,954.78
CA FLOOD JANUARY 1995	Jan-95	3,410	$74,842,842.80	$21,948.05
LOUISIANA FLOOD	May-95	31,343	$585,071,592.53	$18,666.74
OPAL	Oct-95	10,343	$405,527,542.84	$39,207.92
NORTHEAST FLOOD - JAN 1996	Jan-96	12,523	$186,623,944.29	$14,902.50
NORTHWEST FLOOD	Feb-96	2,329	$61,903,974.17	$26,579.64
BERTHA	Jul-96	1,166	$10,388,363.93	$8,909.40
FRAN	Sep-96	10,315	$217,843,971.95	$21,119.14
HORTENSE	Sep-96	1,381	$20,215,202.17	$14,638.09
JOSEPHINE	Oct-96	6,512	$102,604,271.84	$15,756.18
NORTHEAST FLOOD - OCT 1996	Oct-96	3,480	$40,837,392.03	$11,734.88
CALIFORNIA FLOOD DECEMBER 1996	Dec-96	1,858	$39,699,758.98	$21,366.93
SOUTH CENTRAL FLOOD	Feb-97	4,529	$100,469,720.92	$22,183.64
UPPER MIDWEST FLOOD	Apr-97	7,398	$160,101,054.48	$21,641.13
PINEAPPLE EXPRESS	Jan-98	4,227	$57,680,410.10	$13,645.71
NOR'EASTER	Feb-98	3,212	$28,011,200.64	$8,720.80
HURRICANE BONNIE	Aug-98	2,675	$23,073,621.36	$8,625.65
TEXAS FLOOD SEPTEMBER 1998	Sep-98	4,876	$78,402,841.56	$16,079.34
LOUISIANA FLOOD SEPTEMBER 1998	Sep-98	5,176	$50,999,757.88	$9,853.12
HURRICANE GEORGES (KEYS)	Sep-98	3,437	$43,208,305.71	$12,571.52
HURRICANE GEORGES	Sep-98	9,097	$154,169,745.43	$16,947.32
HURRICANE GEORGES (PANHANDLE)	Sep-98	1,679	$23,137,642.05	$13,780.61
TEXAS FLOOD OCTOBER 1998	Oct-98	3,191	$143,784,089.40	$45,059.26
HURRICANE FLOYD	Sep-99	20,438	$462,281,155.94	$22,618.71
HURRICANE IRENE	Oct-99	13,682	$117,858,779.18	$8,614.15
FLORIDA FLOOD OCTOBER 2000	Oct-00	9,276	$158,283,181.69	$17,063.73
TROPICAL STORM ALLISON - 2001	Jun-01	30,663	$1,103,877,235.13	$36,000.30
TROPICAL STORM GABRIELLE	Sep-01	2,418	$34,836,088.37	$14,406.98
TEXAS FLOOD JULY 2002	Jul-02	1,896	$70,634,069.06	$37,254.26
TROPICAL STORM ISADORE	Sep-02	8,442	$113,691,962.38	$13,467.42
HURRICANE LILI	Oct-02	2,563	$36,902,124.97	$14,398.02

TEXAS FLOOD OCTOBER 2002	Oct-02	3,250	$88,984,769.13	$27,379.93
HURRICANE ISABEL	Sep-03	19,865	$493,291,519.30	$24,832.19
HURRICANE CHARLEY	Aug-04	2,608	$50,821,389.75	$19,486.73
HURRICANE FRANCES	Sep-04	4,963	$152,821,259.04	$30,792.11
HURRICANE IVAN	Sep-04	27,649	$1,586,783,562.52	$57,390.27
HURRICANE JEANNE	Sep-04	5,378	$127,785,308.92	$23,760.75
HURRICANE DENNIS	Jul-05	3,806	$119,805,748.02	$31,478.13
HURRICANE KATRINA	Aug-05	167,585	$16,246,557,388.32	$96,945.18
HURRICANE RITA	Sep-05	9,514	$472,092,332.33	$49,620.80
TROPICAL STORM TAMMY	Oct-05	4,116	$44,773,505.48	$10,877.92
HURRICANE WILMA	Oct-05	9,615	$365,061,170.03	$37,967.88
PA, NJ, NY FLOODS JUNE 2006	Jun-06	6,420	$228,414,751.74	$35,578.62
HURRICANE PAUL	Oct-06	1,507	$37,261,288.66	$24,725.47
NOR'EASTER APRIL 2007	Apr-07	8,638	$225,727,099.62	$26,131.87
TORRENTIAL RAIN JUNE 2008	Jun-08	3,364	$141,506,107.88	$42,064.84
HURRICANE GUSTAV	Sep-08	4,539	$112,249,205.03	$24,729.94
HURRICANE IKE	Sep-08	46,349	$2,649,609,508.16	$57,166.49
TORRENTIAL RAIN MARCH 2009 TX	Mar-09	3,300	$127,463,539.06	$38,625.31
TORRENTIAL RAIN SEPT 2009 GA	Sep-09	2,050	$120,710,927.30	$58,883.38
TROPICAL STORM IDA VA	Nov-09	5,661	$101,882,685.28	$17,997.29
2010 NOREASTER	Mar-10	10,080	$194,246,954.51	$19,270.53
TORRENTIAL RAIN - TN	Apr-10	4,104	$227,379,303.74	$55,404.31
TORRENTIAL RAIN - NJ	Mar-11	1,857	$36,124,777.60	$19,453.30
MID-SPRING STORMS	Apr-11	4,138	$128,354,180.77	$31,018.41
HURRICANE IRENE	Aug-11	42,143	$1,182,164,764.50	$28,051.27
TROPICAL STORM LEE	Sep - 11	9,399	$395,932,477.76	$42,124.96

Flood Basics

Floods are one of the most common hazards in the United States. Flood effects can be local, impacting a neighborhood or community, or very large, affecting entire river basins and multiple states.

However, all floods are not alike. Some floods develop slowly, sometimes over a period of days. But flash floods can develop quickly, sometimes in just a few minutes and without any visible signs of rain. A flash flood often has a dangerous wall of roaring water that carries rocks, mud, and other debris and can sweep away most things in its path. Overland flooding occurs outside a defined river or stream, such as when a levee is breached, but still can be destructive. Flooding can also occur when a dam breaks, producing effects similar to a flash flood.

The ***definition of flood*** is a general and temporary condition of partial or complete inundation of two or more acres of normally dry land area or of two or more properties (at least one of which is the policyholder's property) from one of the following:

- Overflow of inland or tidal waters
- Unusual and rapid accumulation or runoff of surface waters from any source
- Mudflow
- Collapse or subsidence (the gradual caving in or sinking of an area of land) of land along the shore of a lake or caused by waves or currents of water exceeding anticipated similar body of water as a result of erosion or undermining cyclical levels that result in a flood as defined above

Flood Insurance: What, Why, and How

The causes of flooding are many and varied. Hurricanes and tropical storms cause floods that can create far more than strong winds. Nor'easters, or extra-tropical cyclones, also cause flooding. Heavy rains, winter storms, spring thaws, and overburdened or clogged drainage systems lead to property damage outside floodplains. Construction and new development affect natural drainage and cause flooding.

Floods often happen when bodies of water overflow or tides rise due to heavy rainfall or thawing snow. But you don't have to live near water to be at risk of flooding. A flash flood, which can strike anywhere without warning, occurs when a large volume of rain falls within a short time.

More and more buildings, roads, and parking lots are being built where forests and meadows used to be, which decreases the land's natural ability to absorb water. Coupled with changing weather patterns, this construction has made recent floods more severe and increased everyone's chance of being flooded.

Dangerous or damaging floods don't always mean dramatic, rushing waters through the streets. Just a single inch of water can cause costly damage in areas that aren't accustomed to that rain.

Flash Flood Watch: Flash flooding is possible. Be prepared to move to high ground; listen to NOAA Weather Radio, commercial radio, or television for information.

Flood Warning: Flooding is occurring or will occur soon; if advised to evacuate, do so immediately.

Flash Flood Warning: A flash flood is occurring; seek higher ground on foot immediately.

Flood insurance covers losses to your property caused by flooding. From structural and mechanical damage to flood debris cleanup and floor surfaces (like tile and carpeting), your investment is protected by a flood insurance policy, something that your homeowner's policy does not offer.

In addition, you can purchase separate coverage that insures most of your personal property and belongings up to a specified limit, including:

- ✓ Clothing
- ✓ Furniture, house wares, bedding
- ✓ Decorative items, lamps and lighting fixtures
- ✓ Books, home electronics, computers
- ✓ Area rugs and draperies
- ✓ Clothes washers and dryers
- ✓ Air conditioners
- ✓ Food freezers and the food in them

Having flood insurance gives you many benefits. Not only is coverage there when you need it, but it also:

- ✓ Compensates for all covered losses.
- ✓ Compensates for flood damages even if federal disaster aid is unavailable.
- ✓ Pays for your covered losses, unlike interest-bearing loans through federal disaster assistance.
- ✓ Comes in low-cost policies for those who qualify.
- ✓ Guarantees compensation for flood damages because the Federal government backs NFIP flood insurance.
- ✓ Helps you move on – if your property is damaged by flood, your agent is there to help you handle your claim (note: most claims are paid within 30 to 60 days).

Purchasing Flood Insurance

Flood insurance policies are sold by the insurance industry through state-licensed property and casualty insurance agents and brokers who deal directly with FEMA and through private insurance companies with a program created in 1983 known as "Write Your Own" (WYO).

The WYO Program was started to increase the NFIP policy count and geographic distribution of policies by taking advantage of the private insurance industry's marketing channels and existing policy base to sell flood insurance. Many private insurance companies issue policies and adjust flood claims in their own names under the NFIP. The insurers receive an expense allowance and remit premium income in excess of this allowance to the Federal Government. FEMA pays losses through a letter of credit and sets the rates, coverage limitations, and eligibility requirements. The premium charged for NFIP flood coverage by a WYO Company is the same as that charged by the Federal Government through the direct program. Currently about 95% of the flood policies issued under the NFIP are written through the WYO Program.

The NFIP is not the only source of flood insurance. Businesses have been able to purchase flood insurance under Difference In Conditions policies from some insurance companies over the years. Flood coverage for residential homeowners has been more difficult to acquire from the private insurance market. The often catastrophic nature of flooding has kept most insurers, outside of the NFIP, from writing this coverage. There are companies, such as Lloyds of London, that will, on a limited basis, provide flood insurance to some properties.

NFIP Background

For decades, the national response to flood disasters was simply to provide disaster relief to flood victims. Efforts were also made to install flood-control constructions such as dams, levees, and seawalls.

Funded by citizen tax dollars, this approach failed to reduce losses. It also didn't provide a way to cover the damage costs of all flood victims. To compound the problem, the public generally couldn't buy flood coverage from insurance companies, because private insurance companies see floods as too costly to insure.

In the face of mounting flood losses and escalating costs of disaster relief to U.S. taxpayers, Congress established the National Flood Insurance Program (NFIP) in 1968. The goals of the program are to reduce future flood damage through floodplain management and to provide people with flood insurance. More than 40 years later, the NFIP continues to offer flood insurance to homeowners, renters, and business owners, provided their communities use the NFIP's strategies for reducing flood risk.

The National Flood Insurance Program (NFIP) is a federal program enabling property owners in participating communities to purchase insurance at reasonable rates to protect against losses from flooding. **This insurance is designed to provide an insurance alternative to disaster assistance** to meet the escalating costs of repairing damage to buildings and their contents caused by floods. The NFIP has an arrangement with private insurance companies to sell and service flood insurance policies. Many private insurance companies offer Excess Flood Protection, which provides higher limits of coverage than the NFIP, in the event of catastrophic loss by flooding.

The Mitigation Division, a component of the Federal Emergency Management Agency (FEMA), manages the National Flood Insurance Program (NFIP). The **three components of the NFIP** are:

- ***Flood Insurance***
- ***Floodplain Management***
- ***Flood Hazard Mapping***

Nearly 20,000 communities across the United States and its territories participate in the NFIP by adopting and enforcing floodplain management ordinances to reduce future flood damage. In exchange, the NFIP makes federally backed flood insurance available to homeowners, renters, and business owners in these communities. **Community participation in the NFIP is voluntary.** In addition to providing flood insurance and reducing flood damages through floodplain management regulations, the NFIP identifies and maps the Nation's floodplains. Mapping flood hazards creates broad-based awareness of the flood hazards and provides the data needed for floodplain management programs and to actuarially rate new construction for flood insurance.

Floodplain Management refers to an overall ***community program*** of corrective and preventive measures for reducing future flood damage. These measures generally include zoning, subdivision or building requirements, and special-purpose floodplain ordinances.

When a community chooses to join the NFIP, it must adopt and enforce minimum floodplain management standards for participation.

FEMA works closely with state and local officials to identify flood hazard areas and flood risks. Floodplain management requirements with Special Flood Hazard Areas (SFHAs) are designed to prevent new development from increasing the flood threat and to protect new and existing buildings from anticipated flood events.

Community Participation – A community is defined by the NFIP as any state, area, or political subdivision; any Indian tribe, authorized tribal organization, or Alaska native village; or authorized native organization that has the authority to adopt and enforce floodplain management ordinances for the area under its jurisdiction. In most cases, a community is an incorporated city, town, township, borough, or village, or an unincorporated area of a county or parish. However, some States have statutory authorities that vary from this description.

Emergency Program Defined – The initial phase of a community's participation in the National Flood Insurance Program. During this phase, only limited amounts of insurance are available under the Act.

Regular Program Defined – A federal program enabling property owners in participating communities to purchase insurance protection against losses from flooding. This insurance is designed to provide an insurance alternative to disaster assistance to meet the escalating costs of repairing damage to buildings and their contents caused by floods.

Community Rating System - The Community Rating System (CRS) is a program developed by the Mitigation Division to provide incentives for those communities in the Regular Program that have gone beyond the minimum floodplain management requirements to develop extra measures to provide protection from flooding. As a result, flood insurance premium rates are discounted to reflect the reduced flood risk.

Coastal Barrier Resources System and Other Protected Areas - The purchase of flood insurance is also limited in the Coastal Barrier Resources System. Congress passed laws limiting

Federal expenditures in certain coastal areas and designating them as a part of the Coastal Barrier Resources System (CBRS) or as Otherwise Protected Areas (OPAs). In these areas, there is a prohibition for the expenditure of most Federal funds. These prohibitions refer to “any form of loan, grant, guarantee, insurance, payment, rebate, subsidy or any other form of direct or indirect Federal assistance,” with specific and limited exceptions.

Eligible/Ineligible Buildings - Older buildings constructed before dates established by the Coastal Barrier Resources Act of 1982 and the Coastal Barrier Improvement Act of 1990 remain eligible for Federal flood insurance while new construction or substantially improved structures located within these designated areas are not eligible for flood insurance. If, at the time of a loss, it is determined that a policy has been inadvertently issued on new construction or substantial improvements located in a CBRS area, any claim will be denied, the policy canceled, and the premium refunded.

As a priority, the Flood Insurance Act of 1968 requires that flood insurance be made available to 1-4 family residential buildings, small businesses and churches. It also includes other residential properties, other business properties, agricultural properties, properties occupied by private nonprofit organizations, and properties owned by state or local governments.

Property owners in NFIP communities may purchase flood insurance whether the building or its contents is located in or outside the floodplain. In order to be eligible for flood insurance, a structure must have at least two solid walls and a roof, be principally above ground, and not entirely over water. This includes manufactured homes that are anchored to permanent foundations and travel trailers without wheels that are anchored to permanent foundations and are regulated under the community’s floodplain management and building ordinances or laws. Contents of insurable walled and roofed buildings are insurable under the policy as a separate coverage.

Buildings entirely over water or principally below ground, gas and liquid storage tanks, animals, birds, fish aircraft, wharves, piers, bulkheads, growing crops, shrubbery, land, livestock, roads, machinery or equipment in the open, and generally motor vehicles are not insurable. Most contents and finishing building materials located in a basement are not covered. Similarly, this coverage limitation applies to enclosures below the lowest elevated floor of an elevated building constructed after the FIRM became effective.

FEMA can deny flood insurance “for any property which the Director finds has been declared by a duly constituted state or local zoning authority, or other authorized public body, to be in violation of state or local laws, regulations or ordinances.”

Who Needs Flood Insurance?

Mandatory Purchase of Flood Insurance in High Flood Risk Zones

High Risk Areas - In communities that participate in the NFIP, mandatory flood insurance purchase requirements apply to all A zones.

Coastal Areas - In communities that participate in the NFIP, mandatory flood insurance purchase requirements apply to all V zones.

The law does not require flood insurance in low- to moderate-risk areas, however, during the life of the mortgage loan, if the flood maps are revised and the property is not in the high-risk area, the lender will notify the property owner that they must purchase flood insurance. If they do not purchase the flood insurance, the lender will force place it, which could be at a much higher rate. Also, even if you live in a low risk area, you are eligible to purchase a flood policy with the same coverage you would receive if you lived in a high-risk area, as long as the community participates in the NFIP, and possibly qualify for the Preferred Risk Policy which is a low cost flood insurance policy.

Purchase Recommended in Moderate and Low Flood Risk Zones

- Everyone lives in a flood zone.
- Most homeowner’s insurance does not cover flood damage.
- Dangerous or damaging floods don’t always mean dramatic, rushing waters through the streets. Just a single inch of water can cause costly damage in areas that aren’t used to that rain.
- If you live in a low to moderate risk area and are eligible for the Preferred Risk Policy, the flood insurance premium may be as low as $121 a year, and coverage for contents for as little as $39 per year.
- Federal disaster assistance is usually a loan that must be paid back with interest. For a $50,000 loan at 4% interest, the monthly payment would be around $240 a month ($2,880 a year) for 30 years. Compare that to a $100,000 flood insurance policy, which is about $400 a year.
- Roughly 25% of all claims paid by the NFIP (National Flood Insurance Program) are for policies in low-to moderate-risk communities.

Why Flood Insurance is better than Disaster Assistance

2006-Picture taken in Snohomish, WA

Flood insurance is designed to provide an alternative to disaster assistance to reduce the escalating costs of repairing damage to buildings and their contents caused by floods. Flood damage is reduced by nearly $1 billion a year through communities implementing sound floodplain management requirements and property owners purchasing of flood insurance. Additionally, buildings constructed in compliance with NFIP building standards suffer approximately 80 percent less damage annually than those not built in compliance. And, every $3 paid in flood insurance claims saves $1 in disaster assistance payments.

Many people wrongly believe that the U.S. government will take care of all their financial needs if they suffer damage due to flooding. The truth is that Federal disaster assistance is only available if the President formally declares a disaster. Even if you do get disaster assistance, it’s often a loan you have to repay, with interest, in addition to your mortgage loan that you still owe on the damaged property, and not compensation for losses.

When disaster strikes, flood insurance policyholder claims are paid even if a disaster is not federally declared. And flood insurance means you’ll be reimbursed for all covered losses. Unlike Federal aid, it doesn’t have to be repaid.

As long as a community participates in the NFIP, everyone in the community is eligible to purchase flood insurance. As a homeowner, you can insure a home up to $250,000 and its contents up to $100,000. A renter can cover belongings up to $100,000 and a non-residential property owner can insure the building and its contents up to $500,000.

Flood insurance policies are continuous, and are not non-renewed or canceled for repeat losses. In general, a policy does not take effect until 30 days after the purchase of the flood insurance. So if the weather forecast announces a flood alert for a specific area, it’s too late to purchase coverage.

Section II

Flood Maps and Zone Determinations

Flood maps are used to locate a property within a particular flood zone. When considering purchasing or renewing a flood insurance policy, you will need to know whether your property is in a low- to moderate or high-risk area to determine which policy is right for you.

Over the years, many of the government's flood insurance maps have become obsolete due to urban growth, changes to river flows and coastlines, and even flood mitigation efforts like drainage systems and levees. Accurate information is essential to inform property owners of emerging flood risks and to determine appropriate rates for insurance coverage.

Map Modernization is FEMA's response to the need to update and maintain flood hazard maps. This initiative is creating digital flood insurance rate maps (DFIRMs) for more than 20,000 communities across the U.S. In addition, the DFIRMs will become the platform for identifying other potential risks such as land erosion, deforestation and ice flows.

This five-year effort will transform flood maps into maps that are more accurate, easier-to-use and readily available to consumers. When Map Modernization is complete, you will be able to print and use these maps right from your desktop.

FEMA's commitment to this aggressive, multi-year initiative will save the government an estimated $45 billion over the next 50 years.

Flood Zones are geographic areas that the Federal Emergency Management Agency (FEMA) has defined according to varying levels of flood risk. These zones are depicted on a community's Flood Hazard Boundary Map or a Flood Insurance Rate Map (FIRM). Each zone reflects the severity or type of flooding in the area.

Moderate to Low Risk Areas

In communities that participate in the NFIP, flood insurance is available to all property owners and renters with moderate to low risk.

<u>Zones B, C, and X</u>

Areas with less than a 1% chance of flooding each year; areas that have less than a 1% chance of sheet flow flooding with an average depth of less than 1 foot; areas that have less than a 1% chance of stream flooding where the contributing drainage area is less than 1 square mile; or areas protected from floods by levees. No base flood elevations or depths are shown within these zones.

High Risk Areas

In communities that participate in the NFIP, mandatory flood insurance purchase requirements apply to all A zones.

Zone A

Areas with a 1% annual chance of flooding and a 26% chance of flooding over the life of a 30-year mortgage. Because detailed analyses are not performed for such areas, no depths or base flood elevations are shown within these zones.

Zone AE and A1-A30

Areas with a 1% annual chance of flooding and a 26% chance of flooding over the life of a 30-year mortgage. In most instances, base flood elevations derived from detailed analyses are shown at selected intervals within these zones.

Zone AH

Areas with a 1% annual chance of shallow flooding, usually in the form of a pond, with an average depth ranging from 1 to 3 feet. These areas have a 26% chance of flooding over the life of a 30-year mortgage. Base flood elevations derived from detailed analyses are shown at selected intervals within these zones.

Zone AO

River or stream flood hazard areas, and areas with a 1% or greater chance of shallow flooding each year, usually in the form of sheet flow, with an average depth ranging from 1 to 3 feet. These areas have a 26% chance of flooding over the life of a 30-year mortgage. Average flood depths derived from detailed analyses are shown within these zones.

Zone AR

Areas with a temporarily increased flood risk due to the building or restoration of a flood control system (such as a levee or a dam). Mandatory flood insurance purchase requirements will apply, but rates will not exceed the rates for unnumbered A zones if the structure is built or restored in compliance with Zone AR floodplain management regulations.

Zone A99

Areas with a 1% annual chance of flooding that will be protected by a Federal flood control system where construction has reached specified legal requirements. No depths or base flood elevations are shown within these zones.

High Risk – Coastal Areas

In communities that participate in the NFIP, mandatory flood insurance purchase requirements apply to all V zones.

<u>Zone V</u>

Coastal areas with a 1% or greater chance of flooding and an additional hazard associated with storm waves. These areas have a 26% chance of flooding over the life of a 30-year mortgage. No base flood elevations are shown within these zones.

<u>Zone VE and V1-30</u>

Coastal areas with a 1% or greater chance of flooding and an additional hazard associated with storm waves. These areas have a 26% chance of flooding over the life of a 30-year mortgage. Base flood elevations derived from detailed analyses are shown at selected intervals within these zones.

Undetermined Risk Areas

<u>Zone D</u>

Areas with possible but undetermined flood hazards. No flood hazard analysis has been conducted. Flood insurance rates are commensurate with the uncertainty of the flood risk.

Flood Hazard Boundary Map (FHBM) – An official map of a community issued by the Administrator, where the boundaries of the flood, mudflow, and related erosion areas having special hazards have been designated.

Flood Insurance Rate Map (FIRM) – An official map of a community on which the Mitigation Division Administrator of FEMA has delineated both the special hazard areas and the risk premium zones applicable to the community. Each community that chooses to participate in the NFIP works closely with the Federal Emergency Management Agency (FEMA). Together, they collect the information needed to create an accurate Flood Insurance Rate Map (FIRM) and Flood Insurance Study (FIS) of the region. The FIRM and FIS will later be used to determine flood insurance rates for homeowners.

> **Pre-FIRM Defined–** Referring to buildings, a Pre-FIRM building is a building for which construction or substantial improvement occurred on or before December 31, 1974, or before the effective date of an initial Flood Insurance Rate Map (FIRM).
>
> **Post-FIRM Defined** – Referring to buildings, a Post-FIRM building is a building for which construction or substantial improvement occurred after December 31, 1974, or on or after the effective date of an initial Flood Insurance Rate Map (FIRM), whichever is later.

Special Flood Hazard Area Defined – A FEMA-identified high-risk flood area where flood insurance is mandatory for properties. An area having special flood, mudflow, or flood-related erosion hazards, and shown on a Flood Hazard Boundary Map or a Flood Insurance Rate Map as Zone A, AO, A1-A30, AE, A99, AH, AR, AR/A, AR/AE, AR/AH, AR/AO, AR/A1-A30, V1-V30, VE, or V.

Base Flood Elevation – BFE - The elevation shown on the Flood Insurance Rate Map (FIRM) for Zones AE, AH, A1-A30, AR, AR/A, AR/AE, AR/A1-A30, AR/AH, AR/AO, V1-V30, and VE that indicates the water surface elevation resulting from a flood that has a one percent chance of equaling or exceeding that level in any given year.

Zone Determination – A zone is a geographical area shown on a Flood Hazard Boundary Map or a Flood Insurance Rate Map that reflects the severity or type of flooding in the area.

Section III

Policies and Products Available

When you are a flood insurance policyholder:

- Unlike a homeowner's policy, **flood insurance is a single peril policy and covers losses to property** caused by flooding.
- Flood insurance compensates for all covered losses.
- Coverage is relatively inexpensive.
- You can depend on being reimbursed for flood damages, even if the President does not declare a Federal disaster.
- You do not have to repay a loan, as you might have to with many Federal disaster relief packages. Your covered losses are paid in full.
- You can count on your claim being paid in the event of a flood loss because NFIP flood insurance is backed by the Federal government.
- You can request a partial payment immediately after the flood, which can help you recover even faster.

Three important facts to remember about a flood insurance policy are:

1. Contents coverage must be purchased separately.

2. It is not a valued policy. A valued policy pays the limit of liability in the event of a total loss. For example: A home is totally destroyed by a fire and it costs $150,000 to rebuild. If the homeowner's insurance policy is a valued policy with a $200,000 limit of liability on the building, they would receive $200,000. **Flood insurance pays just the replacement cost or ACV of actual damages, up to the policy limit.**

3. It is not a guaranteed replacement cost policy. A guaranteed replacement cost policy pays the cost to rebuild the home regardless of the limit of liability. For example: The home is totally destroyed by a fire and it costs $200,000 to rebuild. If the homeowner's insurance policy is a guaranteed replacement cost policy with a $150,000 limit of liability on the building, they would receive $200,000. **Flood insurance does not pay more than the policy limit.**

There are two types of Flood Insurance Policies: The Standard Flood Insurance Policy (SFIP) and the Preferred Risk Policy (PRP)…

The Standard Flood Insurance Policy

The NFIP offers three different types of Standard Flood Insurance Policies. The forms for these policies provide policyholders with a description of their coverage and other important coverage information. The policy type is determined by how a building is occupied. You can download the following forms from the NFIP Web site.

Some of the things a standard flood policy will cover include:

- ***Structural damage***
- ***Furnace, water heater and air conditioner***
- ***Flood debris clean up***
- ***Floor surfaces such as carpeting and tile***

Contents coverage must be purchased separately to **cover the contents of the home**, such as furniture, collectibles, clothing, jewelry and artwork.

The Standard Flood Insurance Policy (SFIP) specifies the terms and conditions of the agreement of insurance between FEMA or a WYO company as the Insurer and the Insureds. Insureds in NFIP communities include owners, renters, and builders of buildings that are in the course of construction, condominium associations, and owners of residential condominium units.
Following are the three available policy forms depending on the occupancy of the building to provide coverage for the peril of flood:

1. The **Dwelling Form** is used to insure 1-4 family buildings and individual residential condominium units.

- Detached, single-family, non-condominium residence with incidental occupancy limited to less than 50% of the total floor area.
- Two-to four- family, non-condominium building with incidental occupancy limited to less than 25% of the total floor area.
- Dwelling unit in residential condominium building.
- Residential townhouse.
- Manufactured mobile homes.

2. The **General Property Form** covers residential buildings of more than four families as well as non-residential risks.

- Apartment building
- Residential cooperative building
- Dormitory
- Assisted-living facility
- Shop, restaurant, or other business
- Mercantile building
- Grain bin, silo, or other farm building
- Agricultural or industrial processing facility
- Factory, warehouse
- Poolhouse, clubhouse, or other recreational building
- House of worship
- School
- Hotel or motel with normal guest occupancy of less than 6 months
- Licensed bed-and-breakfast inn
- Retail
- Nursing home
- Non-residential condominium
- Condo building with less than 75% of its total floor area in residential use
- Detached garage, tool shed
- Stock, inventory or other commercial contents

3. The **Residential Condominium Building Association Policy Form** insures associations under the condominium form of ownership.

- The Residential Condominium Building Association Policy Form is issued to residential condominium associations on behalf of association and unit owners.
- In participating NFIP Regular Program communities, it provides building coverage and, if desired, coverage of commonly owned contents for a residential condominium building with 75% or more of its total floor area in residential use.

Flood coverage limits for a standard flood policy are:

Coverage Type	Coverage Limit
One- to Four-family structure	$250,000

One- to Four-family home contents	$100,000
Other residential structures	$500,000
Other residential contents	$100,000
Business structure	$500,000
Business contents	$500,000
Renter contents	$100,000

Preferred Risk Policy – PRP

The Preferred Risk Policy – PRP - is issued on one of three available policy forms, depending on the occupancy of the building:

1. The **Dwelling Form** is used to insure 1-4 family buildings and individual residential condominium units.

2. The **General Property Form** covers residential buildings of more than four families as well as non-residential risks.

3. The **Residential Condominium Building Association Policy Form** insures associations under the condominium form of ownership.

The National Flood Insurance Program's **Preferred Risk Policy (PRP) offers lower-cost protection for homes and apartments in areas of low-to moderate-flood risk.** These areas outside of known floodplains are shown as B, C, or X zones on a Flood Insurance Rate Map.

Most single-family homes, town homes, and apartments in low risk areas are eligible for the lower PRP rates, as long as the building does not have a significant history of flooding. Most multi-unit condominium buildings do not qualify, though insurance for them is available at standard rates.

Flood damage is not covered under most homeowners' policies, and there is no guarantee that federal assistance will be available when a flood occurs. If it is available, federal help may come in the form of a low-interest loan, which will have to be repaid. Applicants may be required to purchase a flood policy before being approved for federal assistance. The special Preferred Risk Policy only covers one-to four-family buildings. Insurance is offered at regular rates for buildings in higher risk areas and other types of properties.

The Preferred Risk Policy will not be issued if a property owner has received:

- Two flood loss payments of more than $1000 each.
- Three or more loss payments of any amount.
- Two Federal Disaster Relief payments of more than $1,000 each.
- Three Federal Disaster Relief payments of any amount.

- One flood insurance claim payment and one disaster relief payment of more than $1000 each (including loans and grants).

Structures are insured up to $250,000 and the contents of a home up to $60,000. Replacement cost coverage is also available for single-family, primary residences. Rates begin at around $137 per year for buildings without basements.

For Homeowners – Protecting Home and Its Contents

Several combinations of building and contents protection are available. You can buy $20,000 building coverage and $8,000 contents coverage for as little as $137 per year. Higher coverage combinations of up to $250,000/$100,000 are available. The following table is to be used as an example of costs, not as a rating device.

Family Residential Building & Content Coverage Combinations

With Basement/Enclosure			Without Basement/Enclosure		
Building	Contents	Premium	Building	Contents	Premium
$ 75,000	$ 30,000	$311	$ 75,000	$ 30,000	$276
$100,000	$ 40,000	$342	$100,000	$ 40,000	$308
$125,000	$ 50,000	$359	$125,000	$ 50,000	$324
$150,000	$ 60,000	$380	$150,000	$ 60,000	$346
$200,000	$ 80,000	$421	$200,000	$ 80,000	$380
$250,000	$100,000	$452	$250,000	$100,000	$405

Rates effective April 1, 2015

For Renters – Protecting Personal Property

For as little as $44 per year, you can buy $8,000 of contents-only coverage. Higher limits up to $100,000 are available. (Coverage is not provided for contents located in basements only.) The following table is to be used as an example of costs, not as a rating device.

All Residential contents Only (1-4 Family Residential)			
Contents Located Above Ground Level		All Other Locations	
Contents	Premium	Contents	Premium
$ 8,000	$ 44	$ 8,000	$ 66
$ 12,000	$ 63	$ 12,000	$ 95
$ 20,000	$ 99	$ 20,000	$136
$ 30,000	$116	$ 30,000	$160
$ 40,000	$130	$ 40,000	$179
$ 50,000	$144	$ 50,000	$199
$ 60,000	$158	$ 60,000	$219

$ 80,000	$186	$ 80,000	$242
$100,000	$215	$100,000	$266

Rates effective April 1, 2015

[1] Add a $25 HFIAA surcharge for policies covering primary residences only if the named insured's primary residence is a single-family dwelling, an individual condominium unit, or an apartment in a non-condominium building. Add a $250 HFIAA surcharge for all other policies.
[2] Add the $50 Probation Surcharge, if applicable.
[3] Premium includes a 10% Reserve Fund Assessment and $22 Federal Policy Fee.
[4] Premium includes ICC Premium of $5 for residential coverage up to $230,000 and $4 for coverage over $230,000. Deduct this amount if the risk is a condominium unit.

Residential condominium associations are not eligible for the Preferred Risk Policy. Individual condominium units are not eligible unless they qualify under one of the exceptions. **The deductibles apply separately to building and contents.** Building deductible, $1,000; Contents deductible, $1,000.

These figures change periodically. Please check the Website for the most up-to-date figures at www.fema.gov/business/nfip/prphome.shtm

Policies for Businesses

The National Flood Insurance Program's Preferred Risk Policy (PRP) protects commercial property in areas of low-to moderate-flood risk. They are the areas outside of known floodplains, shown as B, C, or X zones on a current Flood Insurance Rate Map. Most businesses, farm buildings, churches, and schools in these areas are eligible for the lower PRP rates, as long as the building does not have a significant history of flooding.

For Building Owner – Building and Contents Coverage

Building and contents protection is available at approximately 30% savings compared to a standard policy. You can buy $50,000 building coverage and $50,000 contents coverage for as little as $500 per year. Higher coverage combinations of up to $500,000/$500,000 are also available.

For Owner or Tenants – Contents Coverage

Even if you don't own the building where your business is located, you can protect your stock, equipment, and other assets. For as little as $144 per year, you can have $50,000 on contents-only coverage, with limits as high as $500,000 available. Note that coverage is not available for contents located only in basements.

Residential condominium associations are not eligible for the Preferred Risk Policy. Individual condominium units are not eligible unless they qualify under one of the exceptions. **The deductibles apply separately to building and contents.** Building deductible, $1,000; Contents deductible, $1,000. For a chart of the costs of covering Non-Residential Buildings and Contents, and Non-Residential Contents-Only Coverage, please go to www.fema.gov/business/nfip/prpbus.shtm.

What is Insured under Building Property Coverage?

- ✓ The insured building and its foundation.
- ✓ The electrical and plumbing systems.
- ✓ Central air conditioning equipment, furnaces, and waters heaters.
- ✓ Refrigerators, cooking stoves, and built-in appliances such as dishwashers.
- ✓ Permanently installed carpeting over an unfinished floor.
- ✓ Permanently installed paneling, wallboard, bookcases, and cabinets.
- ✓ Window blinds.
- ✓ Detached garages (up to 10 percent of Building Property coverage). Detached buildings (other than garages) require a separate Building Property policy.
- ✓ Debris removal.

What is Insured under Personal Property Coverage?

- ✓ Personal belongs such as clothing, furniture, and electronic equipment.
- ✓ Curtains.
- ✓ Portable and window air conditioners.
- ✓ Portable microwave ovens and portable dishwashers.
- ✓ Carpets not included in building coverage.
- ✓ Clothes washers and dryers.
- ✓ Food freezers and the food in them.
- ✓ Certain valuable items such as original artwork and furs (up to $2,500).

What is NOT Insured by either Building Property or Personal Property Coverage?

- ∅ Damage caused by moisture, mildew, or mold that could have been avoided by the property owner.

- ∅ Currency, precious metals, and valuable papers such as stock certificates.
- ∅ Property and belongings outside of a building such as trees, plants, wells, septic systems, walks, decks, patios, fences, seawalls, hot tubs, and swimming pools.
- ∅ Living expenses such as temporary housing.
- ∅ Financial losses caused by business interruption or loss of use of insured property.
- ∅ Most self-propelled vehicles such as cars, including their parts.
- ∅ Buildings entirely over water or principally below ground, gas and liquid storage tanks, animals, birds, fish, aircraft, wharves, piers, bulkheads, growing crops, shrubbery, land, livestock, roads, machinery or equipment in the open, and generally motor vehicles are not insurable.
- ∅ Most contents and finishing building materials located in a basement are not covered. Similarly, this coverage limitation applies to enclosures below the lowest elevated floor or an elevated building constructed after the FIRM became effective.

Homeowner Flood Insurance Affordability Act of 2014

Recent legislation phases out subsidies for some older buildings in high-risk flood areas. As a result, rates for these buildings will rise until they reach full-risk rates. In addition, all policyholders will be subject to new assessments and surcharges.

Make Sure You Pay the Correct Surcharge

As of April 1, 2015, every new or renewed NFIP policy includes an annual surcharge required by the Homeowner Flood Insurance Affordability Act of 2014 (HFIAA). The surcharge amount depends on the use of your insured building and the type of policy insuring the building, regardless of its flood zone or date of construction.

Policies for owner-occupied, single-family detached buildings and individual condominium units that are your primary residence will include a $25 HFIAA surcharge. If you have a contents-only policy for a rental unit that is your primary residence, it includes the $25 HFIAA surcharge. Policies for *all other buildings* include a $250 HFIAA surcharge.

To ensure that you pay the correct surcharge at renewal, you must complete and return a Verification of Primary Residence Status form to your flood insurance provider, which will mail you the form before it issues the renewal notice. You are required to respond within 30 days of receipt.

To receive the $25 HFIAA surcharge, you or your agent must submit one of the following with the form:

- Driver's license
- Automobile registration
- Proof of insurance for a vehicle
- Voter registration
- Documents showing where children attend school
- Homestead Tax Credit form for primary residence

If the form and documentation are not received within the 30-day period, your renewal premium will reflect the $250 HFIAA surcharge.

Definitions Pertinent To This Section:

Appurtenant Structure – A detached garage servicing a 1-4 family dwelling.

Basement/Enclosure/Crawlspace - A basement is any area of a building, including a sunken room or sunken portion of a room, having its floor below ground level on all sides. An enclosure is the area below the lowest elevated floor that is either partially or fully shut in by rigid walls. A crawlspace is the area below a building which is elevated on foundation walls.

Debris Removal – The SFIP provides Other Coverage for Debris Removal, within the purchased policy limits.

Elevated Building – A building that has no basement and has its lowest elevated floor raised above the ground level by foundation walls, shear walls, posts, piers, pilings, or columns. Solid foundation perimeter walls are not an acceptable means of elevating buildings in V and VE zones. Elevating a structure on posts or pilings does not remove a building from the Special Flood Hazard Area. If the ground around the supporting posts or pilings is within the floodplain, the building is still at risk.

Flood - A general and temporary condition of partial or complete inundation of two or more acres of normally dry land area or of two or more properties (at least one of which is the policyholder's property) from one of the following:

- Overflow of inland or tidal waters
- Unusual and rapid accumulation or runoff of surface waters from any source
- Mudflow
- Collapse or subsidence of land along the shore of a lake or similar body of water as a result of erosion or undermining caused by waves or currents of water exceeding anticipated cyclical levels that result in a flood as defined above

Improvements and Betterments – Fixtures, alterations, installations or additions made or acquired solely at a tenant's expense and comprising part of an insured building.

Loss Avoidance Measures – When an insured building is in imminent danger of being flooded, the reasonable expenses incurred by the insured for removal and return of insured contents to a safe location will be reimbursed. The purchase of sandbags and sand to fill them, plastic sheeting and lumber used in connection with them, pumps, fill for temporary levees, and wood will be reimbursed up to approximately $1000. No deductible is applied to this coverage. The removed property is covered at the new location for a period of 45 consecutive days from the date the moving process began. The personal property that is moved must be placed in a fully enclosed building or otherwise reasonably protected from the elements, and placed above ground level or outside of the special flood hazard area.

Mudslides vs. Mudflow – Mudflow is a river of liquid and flowing mud on the surfaces of normally dry land areas, as when earth is carried by a current of water. Other earth movements, such as landslide, slope failure, or a saturated soil mass moving by liquidity down a slope, are not mudflows, but mudslides.

Single Peril Policy – Flood Insurance Policies pay for damages for insured property when the **damage is caused by flood**. Earth movement caused by flood is excluded. This includes but is not limited to earthquake, landslide, sinkholes, destabilization, or movement of land resulting from the accumulation of water in subsurface land areas, and gradual erosion.

The Preferred Risk Policy offers multiple coverage combinations for both buildings and contents (or contents-only, for renters) that are located in low- to moderate-risk areas (B, C and X Zones). Preferred Risk Policies are available for residential or non-residential buildings also located in these zones that meet eligibility requirements based on the building's entire flood loss history.

Increased Cost of Compliance Coverage

All three policy forms provide Increased Cost of Compliance (ICC) coverage. ICC coverage provides for the **payment of a claim to help pay for the increased costs to comply** with State or community floodplain management laws or ordinances after a flood in which a building has been declared substantially damaged or repetitively damaged. When an insured building is damaged by a flood and the community declares the building to be substantially or repetitively damaged, thus triggering the requirement to comply with a community floodplain management ordinance, **ICC will help pay for the cost to elevate, relocate, demolish, or floodproof** (non-residential buildings only). This coverage is in addition to the building coverage for the repair of actual physical damages from flood under the SFIP, but the total paid cannot exceed the maximum limit set by Congress for that type of building.

The total amount the policyholder receives for combined physical structural damage from flood and ICC is always capped by the maximum limit of coverage established by Congress. The maximum amount collectible for both ICC and physical damage from flood for a single-family dwelling is $250,000.

ICC coverage is not included in all Standard Flood Insurance Policies. Insureds under the GFIP and insureds with condominium unit owner's coverage are ineligible for ICC coverage. All other policies include the coverage.

The maximum limit of $30,000 will help property owners insured under the NFIP to pay for a portion or, in some cases, all of the costs of undertaking actions to protect homes and businesses from flood losses. In addition, an ICC claim payment can be used to complement and supplement funds under other mitigation programs such as the Flood Mitigation Assistance Program and FEMA's Hazard Mitigation Grant Program and FEMA's Hazard Mitigation Grant Program to assist communities in implementing measures to reduce or eliminate the long-term risk of flood damage to buildings insured under the NFIP.

ICC claims are adjusted separately from flood damage claims. Policyholders can only file an ICC claim if their community determines that their home or business has been substantially damaged by a flood. This determination is made when they apply for a building permit to begin repairing their home or business.

Section IV

General Rules

Statutory Coverage Limits

Under the NFIP there are maximum amounts of coverage available under the Emergency Program and the Regular Program. Under the Emergency Program, non-actuarial, federally subsidized rates in limited amounts are available prior to completion of a community's Flood Insurance Study (FIS). Once more detailed risk data is provided to the community in the form of a FIRM and a FIS, the community is entered into the Regular Program and full limits of coverage are made available. Nearly all participating communities are in the Regular Program, and individuals can purchase flood insurance up to the following amounts:

Residential 1-4 family unit buildings and individual residential condominium units are written under the Dwelling Form and are eligible for up to $250,000 in building coverage and up to $100,000 in personal property coverage.

Residential buildings containing more than 4 units are eligible for up to $250,000 in building coverage and up to $100,000 in personal property.
Non-residential buildings are eligible for up to $500,000 in building coverage and up to $500,000 on personal property written on the General Property Form.

Under the RCBAP Form, a condominium association can purchase coverage on a building, which includes all the units within the building and the improvements within the units, up to $250,000, times the number of units within the residential building. Personal property coverage on the form is limited to $100,000 per building.

The average amount of insurance coverage purchased under the NFIP is around $140,000, which includes coverage for the building and its contents.

Deductibles – Standard Deductibles. Building deductible, $1,000; Contents deductible, $1,000. ***The deductibles apply separately to building and contents.***

Actual Cash Value (ACV) – ***Actual Cash Value is Replacement Cost Value at the time of loss, less the value of its physical depreciation.*** Some building items such as carpeting are always adjusted on an ACV basis. For example, wall-to-wall carpeting could lose between 10-14% of its value each year, depending on the quality of the carpeting. This depreciation would be factored in the adjustment. Personal property is always valued at ACV.

Replacement Cost Value (RCV) – Replacement Cost Value (RCV) is the cost to replace that part of a building that is damaged (without depreciation). To be eligible, three conditions must be met:

1. **The building must be a single-family dwelling.**

2. **The building must be the principal residence, meaning you live there at least 80% of the year.**

3. **The building coverage is at least 80 percent of the full replacement cost of the building, or is the maximum available for the property under the NFIP.**

For single-family dwellings and residential condominium buildings, the NFIP provides for coverage at replacement cost, if several criteria are met. The unit must be the policyholder's primary residence; insured to at least 80 percent of the unit's replacement cost at the time of the loss, up to the maximum amount of insurance available at the inception of the policy term. Replacement cost coverage does not apply to manufactured homes smaller than certain dimensions specified in the policy. Losses are adjusted on a replacement cost basis for residential condominium buildings insured under the RCBAP. The principal residence and the 80 percent insurance to value requirements for single-family dwellings do not apply to the RCBAP. However, coverage amounts less than 80 percent of the building's full replacement cost value at the time of loss will be subject to a co-insurance penalty.

Co-Insurance Penalty in RCBAP – A penalty imposed on the loss payment unless the amount of insurance carried on the damaged building is at least 80 percent of its replacement cost or the maximum amount of insurance available for the building under the NFIP, whichever is less. <u>**Coinsurance applies only to building coverage under the Residential Condominium Building Association Policy.**</u>

Contents losses are always adjusted on an actual cash value basis – If the replacement cost conditions are not met, the building loss is also adjusted on an actual cash value basis. Actual cash value means the replacement cost of an insured item of property at the time of loss, less the value of physical depreciation as to the item damaged.

Reduction and Reformation of Coverage – In the event that the premium payment received is not sufficient to purchase the amounts of insurance requested, the policy is deemed to provide only such insurance as can be purchased for the entire term of the policy for the amount of premium received. Complete provisions for reduction of coverage limits or reformation are described in the dwelling form, general property form and the RCABAP.

One Building Per Policy – No Blanket Coverage – Blanket coverage is a single amount of insurance applying to more than one building and/or contents. Blanket insurance is not permitted under the NFIP.

Building and Contents Coverage Purchased Separately – Unlike a standard homeowner's policy, **flood insurance covers losses to property** caused by flooding. Contents coverage must be purchased separately.

Waiting Period/Effective Date of Policy – Unlike other property insurance, agents who write policies under the NFIP cannot "bind" coverage. A purchaser of flood insurance must wait **30 days from the date the application is completed and the premium presented** before the policy becomes effective. A change in the waiting period from 5 days to 30 days was included as part of the National Flood Insurance Reform Act of 1994. This addressed a problem encountered where individuals with properties on larger rivers could wait until properties many miles upriver were flooding before purchasing coverage.

There are, however, several exceptions to the ***30-day waiting period***. For example, the 30-day waiting period will not apply when a new flood insurance policy is required in connection with the making, increasing, extension, or renewal of a loan, such as a second mortgage. The 30-day waiting period ***will not apply*** when an additional amount of insurance is required during the 13-month period beginning on the effective date of a map revision. Also, the 30-day waiting period ***does not apply*** when a lender discovers that a loan that they have made is in a SFHA and is required to carry flood insurance under the Mandatory Flood Insurance Purchase Requirement.

Policy Term – The date and time specified in the Declarations for when coverage begins and ends. The policy term available is 1 year for both NFIP Direct business policies and policies written through WYO Companies. The policy expires at 12:01 a.m. on the final day of the policy term and premium must be received within 30 days of expiration date.

Cancellations/Assignment – Termination of an insurance policy by the insured or the insurance company during the policy period. A property owner's flood insurance building policy may be assigned in writing to a purchaser of the insured property upon transfer of title without the written consent of the NFIP.

Section V

Community Rating System

Community Rating System - The National Flood Insurance Program requires communities to maintain a minimum level of floodplain management ordinances for its residents to be eligible to purchase flood insurance. To encourage communities to exceed these minimum requirements, the NFIP established the Community Rating System (CRS). CRS is a voluntary incentive program that recognizes and encourages community floodplain management activities that exceed the minimum NFIP requirements. In exchange for increasing flood preparedness and achieving a CRS rating, the community's residents are offered discounted flood insurance premium rates.

The three goals of the CRS are:

- ***Reduce flood losses***
- ***Facilitate accurate insurance rating***
- ***Promote the awareness of flood insurance***

Communities are rated by class, of which there are 10:

Participation in the Community Rating System (CRS) is voluntary. By participating, communities earn credit points that determine classifications. There are 10 CRS Classes: Class 1 requires the most credit points and provides the largest flood insurance premium reduction (45 percent), while Class 10 means the community does not participate in the CRS or has not earned the minimum required credit points, and residents receive no premium reduction. The CRS Classes are based on completion of 19 creditable activities organized into 4 categories:

1. Public Information
2. Mapping and Regulations
3. Flood Damage Reduction
4. Warning and Response

More than 1,200 communities from all 50 states participate in the Community Rating System (CRS). Roseville, CA, is the only CRS Class 1 community. More than 70 communities have a CRS Class 5 or better ranking, meaning premiums for residents in high-risk areas are reduced by at least 25 percent. Visit https://www.floodsmart.gov/floodsmart/pages/crs/community_rating_system.jsp to download a list of FEMA CRS communities, including Class rankings and insurance premium reductions.

The Community Rating System (CRS) program provides communities with credits for 19 floodplain management activities categorized by public information, flood hazard mapping and regulations, flood damage reduction, and flood warning and response efforts.

The 2013 National Flood Insurance Program Community Rating System Coordinator's Manual describes the activities, including the specific services provided by communities and the types of regulations, projects, or programs implemented by communities. See below for a list of the 19 CRS program activities.

Public Information (Series 300)
This series credits programs that advise people about the flood hazard, flood insurance, and ways to reduce flood damage.

Activity 310 Elevation Certificates
Activity 320 Map Information Service
Activity 330 Outreach Projects
Activity 340 Hazard Disclosure
Activity 350 Flood Protection Information
Activity 360 Flood Protection Assistance
Activity 370 Flood Insurance Promotion

Mapping and Regulations (Series 400)
This series credits programs that provide increased protection to new development.

Activity 410 Floodplain Mapping
Activity 420 Open Space Preservation
Activity 430 Higher Regulatory Standards
Activity 440 Flood Data Maintenance
Activity 450 Stormwater Management

Flood Damage Reduction (Series 500)

This series credits programs that reduce flood damage to existing buildings.

Activity 510 Floodplain Management Planning
Activity 520 Acquisition and Relocation
Activity 530 Flood Protection
Activity 540 Drainage System Maintenance

Warning and Response (Series 600)

This series credits flood warning and response programs.

Activity 610 Flood Warning and Response
Activity 620 Levees
Activity 630 Dams

About the CRS

What is the Community Rating System (CRS)?

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

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

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

How much of a flood insurance premium reduction can a community earn?

Flood insurance premium reductions are determined by a community's CRS Class. Policyholders in a CRS community can receive premium reductions from 5 percent to as much as a 45 percent for an insured building in a CRS Class 1 community.

What are CRS Classes?

Each CRS-participating community is assigned a Class number ranging from CRS Class 1 to 10, based on credit points it earns for implementing various floodplain management practices. A CRS

Class 1 is the most favorable classification, and CRS Class 9 is an introductory Class. A community with a CRS Class 10 designation no longer participates in the CRS.
See [CRS Classes, Credit Points, and Premium Discounts] to learn more.

How many communities are in the CRS?

More than 1,200 communities from all 50 states participate in the CRS. While these communities represent just 5 percent of all NFIP communities, more than two-thirds of all NFIP policies are in CRS cities and counties. Go to the below URL for a list of CRS communities. (http://www.fema.gov/library/viewrecord.do?id=3629)

Your Community and the CRS

How is a CRS Class determined for a community?

CRS Classes are determined by the number of CRS credit points a community earns for completing any of the 19 CRS activities included in the National Flood Insurance Program Community Rating System Coordinator's Manual. Points are confirmed during a review of the community's floodplain management program, called a verification visit, by the Insurance Services Office (ISO), the CRS contractor for the Federal Emergency Management Agency (FEMA).

What CRS Class is my community?

Go to the URL (http://www.fema.gov/library/viewrecord.do?id=3629) for a list of FEMA CRS communities to see whether your community participates in the CRS, and if it does, you will see its CRS Class and the flood insurance premium reduction residents receive.

My community is in the CRS. How can it get a better CRS Class and earn a bigger premium reduction?

A community can improve its CRS Class and increase the premium reduction for residents by completing more CRS activities, which both reduce the risk for flood damage and earn your community credits. There are 19 creditable activities grouped into 4 categories:

1. Public Information: Helping residents understand flood risks and what they can do about them
2. Mapping and Regulations: Improving flood maps and passing regulations to ensure safer development
3. Flood Damage Reduction: Protecting existing development from flood damage
4. Warning and Response: Preparing for floods with plans and warning systems

Specific activities are described in the National Flood Insurance Program Community Rating System Coordinator's Manual.

My community is not in the CRS. How can we join?

A community can apply for CRS participation as long as it is in good standing with the NFIP, which is determined by FEMA after conducting a Community Assistance Visit (CAV). See "Joining the CRS" for more information on how to join the CRS.

Joining the CRS

Is there a fee to join the CRS?

No. Joining the CRS is free. However, completing CRS activities and maintaining a CRS rating will require a degree of commitment from the community, including dedicated staff. For example:

- The community must designate a CRS Coordinator to work with FEMA and the ISO during a verification visit.
- Each year, the community must recertify that it is continuing to implement its activities and provide copies of relevant materials (e.g., permit records).
- The community must maintain FEMA Elevation Certificates, permit records, and all Flood Insurance Rate Maps (FIRMs) for the duration of its participation in the CRS.
- The community must maintain records of its activities to prepare for its CRS verification visit, which, for most communities, occurs initially when joining and then once every 5 years.

When can a community apply to the CRS?

A community can apply to the CRS at any time. Community CRS classifications go into effect on May 1 and October 1 each year. It takes approximately 18 months from the time a community submits its letter of interest to the FEMA Regional Office until the community becomes officially listed as a CRS participating community.

I'm a community official and am interested in joining the CRS. What do I do?

To request a CRS classification, follow these steps:

1. Provide a letter of interest signed by the community's chief elected official to the FEMA Regional Office. A sample letter of interest can be found in the CRS Quick Check. This letter will start the CRS application process, which will include plans to have FEMA conduct the Community Assistance Visit (CAV). The CAV will review the community's floodplain management program to make sure it meets the Federal minimum requirements and is eligible to apply to the CRS.
2. Provide documentation showing that your community is implementing CRS activities that warrant at least 500 credit points. The CRS Quick Check tool assists with this documentation.
3. Send the items listed above to your ISO/CRS Specialist.
4. With the approval of the FEMA Regional Office, the ISO/CRS Specialist will schedule a meeting with your community to assist with the application process.

The Benefits of the CRS

How does the CRS benefit property owners?

The CRS benefits property owners by providing:

- Safer communities;
- Reduced flood losses; and
- Lower flood insurance premiums.

How does the CRS benefit communities?

Participating in the CRS enables communities to:

- Lower flood insurance premiums so that more money stays in the community;
- Ensure residents are reminded every time they pay their reduced flood insurance premium that their community is working to protect them from flood losses;
- Enhance public safety;
- Reduce damage to property and public infrastructure;
- Avoid economic disruption and losses;
- Protect the environment;
- Create a better organized, more formal, institutionalized floodplain management system;
- Provide a method for evaluating the effectiveness of its efforts against a nationally recognized benchmark;
- Provide access to free technical assistance for designing and implementing some activities;
- Build a knowledgeable constituency interested in supporting and improving flood protection measures through public information activities; and
- Instill community pride.

Finding Answers

Where can I get help with my CRS questions?

Contact the FEMA Regional Office or your ISO/CRS Specialist for more information.

Types of Buildings

Elevated Buildings – A building that has no basement and has its lowest elevated floor raised above the ground level by foundation walls, shear walls, posts, piers, pilings, or columns. Solid foundation perimeter walls are not an acceptable means of elevating buildings in V and VE zones. An **elevation certificate** verifies the elevation data of a structure on a given property relative to the ground level and it must be issued by a professional surveyor. Elevating a structure on posts or pilings does not remove a building from the Special Flood Hazard Area.

Buildings with Basements – Flood insurance covers your home's foundation elements and equipment that is necessary to support the structure. The NFIP's definition of "basement" includes any part of a building where all sides of the floor are located below ground level. Even though a room may have windows and constitute living quarters, it is still considered to be a basement if the floor is below ground level on all sides.
Coverage is provided for foundation elements including posts, pilings, piers or other support systems for elevated buildings. Coverage is also available for basement and enclosure utility connections, certain mechanical equipment necessary for the habitability of the building, such as furnaces, hot water heaters, clothes washers and dryers, food freezers, air conditioners, heat pumps, electrical junctions and circuit breaker boxes. **Flood insurance does not cover basement improvements** such as finished walls, floors, ceilings, rugs, furniture or personal belongings. **The NFIP encourages people to purchase both building and contents coverage for the most complete protection.**

When to Use an Elevation Certificate – Elevation is one of the four options to take to comply with a community's floodplain management ordinance to help reduce future flood damage. It raises a home or business to or above the flood elevation level adopted by the community.

An elevated building is defined as a non-basement building in which the lowest elevation floor is raised above ground level by foundation walls, shear walls, posts, piers, pilings or columns. Post-FIRM elevated buildings in certain SFHAs are subject to coverage restrictions specified in the SFIP. A manufactured (mobile) home may be an elevated building.

An elevation certificate verifies the elevation data of a structure on a given property relative to the ground level or base flood elevation; it must be issued by a professional surveyor.

Grandfathering – An exemption based on circumstances previously existing. Under the NFIP, buildings located in Emergency Program Communities and Pre-Flood Insurance Rate Map buildings in the Regular Program are eligible for subsidized flood insurance rates. Post-Flood Insurance Rate Map buildings in the Regular Program built in compliance with the floodplain management regulations in effect at the start of construction will continue to have favorable rate treatment even though higher base flood elevations or more restrictive, greater risk zone designations result from Flood Insurance Rate Map revisions.

Section VI

Claims Handling Process

If you have experienced a flood, contact your agent or insurance company immediately. They will assign a claims adjuster to help you evaluate your loss and file your flood insurance claim.

Have the following ready:

- The name of your insurance company.
- Your policy number.
- A telephone and/or email address where you can be reached at all times.
- If you will be going to a shelter or will not be easily reached, provide your agent with a trusted point-of-contact (friend, relative) who can reach you if necessary.
- If an adjuster has not been assigned to you within a few days of your phone call, contact your insurance agent or company again.
- Separate damaged from undamaged property. Do not throw out damaged property before your adjuster has seen it, unless it may be a health hazard or could impede local cleanup.
- If objects must be discarded, take photos and keep samples (fabric swatches, pieces of furniture, etc.) to help substantiate your claim.
- Take photos of standing water, both outside and inside your home or business.

- Photograph and videotape everything—from structural damage and flood water levels on building exteriors to building interiors and contents—to help prepare documentation of what the flooding damaged.
- Make a list of all damaged or lost items. Work with your adjuster to itemize your claim and calculate the value of the destroyed items by applying your detailed inventory against your damaged or lost property.

File a Proof of Loss within 60 days of the flood. Your official claim for damages is called a Proof of Loss. This sworn statement, made by you, substantiates the insurance claim and is required before the National Flood Insurance Program (NFIP) or insurance company can make payment.

Your adjuster should provide the form for you. However, it is your responsibility to provide your insurance company with a signed Proof of Loss within 60-days of the date of loss.

You must include a detailed estimate to replace or repair the damaged property, which you can obtain from your adjuster. You should both come to an agreement about the scope of damage and what needs to be repaired or replaced.

Your claim is payable after:

- You and the insurer agree on the amount of damages.
- The insurer receives your complete, accurate and signed Proof of Loss.

If major catastrophic flooding occurs, it may take longer to process claims and make payments because of the sheer number of claims submitted.

Remember, to stay covered, you must renew your policy each year.

The National Flood Insurance Program (NFIP) is your primary source for flood insurance in the U.S. If your community participates in the NFIP, you can purchase flood insurance from a licensed private insurance company or independent property and casualty insurance agent in your state.

Talk to your insurance agent if you have questions, would like additional information, and/or are ready to purchase a flood insurance policy. Your policy will take effect 30 days after your purchase.

If your insurance agent is unfamiliar with the NFIP or is not licensed to sell National Flood Insurance, you have several additional options:

Helping Your Client to File a Claim

As an agent, you can help your client file a claim quickly, so that the client will not have to put his life on hold if his property is damaged by a flood. You can even request a partial payment immediately after the flood, which can help your client recover even faster.

Once the community has determined that a flood has occurred, the insured's responsibilities in the event of loss are:

- Give written notice of loss to the NFIP or the applicable WYO Company or agent, as soon as practicable, using the NFIP Notice of Loss form or similar form.
- Exhibit all remains of the property, as required.
- If requested, submit to an examination under oath.
- Provide evidence and documentation to substantiate the loss.
- File a Proof of Loss within 60 days of the loss, unless this requirement is waived by FEMA.

A flood insurance policyholder should immediately report any flood loss to the insurance company or agent who wrote the policy. A claims adjuster will be assigned the loss, and the policyholder must file a “proof of loss” within 60 days of the date of loss. A policyholder whose policy is with a WYO company must follow the company’s claim procedures. The 60-day time limit for filing a proof of loss remains the same.

An insured will never be paid more than the value of the covered loss, less the deductible, up to the amount of insurance purchased. Therefore, purchasing insurance to value is an important consideration. The amount of insurance a property owner needs should be discussed with your client to determine which policy is right for him/her.

A minimum deductible is applied separately to a building and its contents, although both may be damaged in the same flood. Higher deductibles are available, and the consumer should be made aware of the choices. Optional high deductibles reduce policy premiums but will have to be approved by the mortgage lender.

Replacement cost coverage is available for a single-family dwelling, including a residential condominium unit that is the policyholder’s principal residence and is insured for at least 80 percent of the unit’s replacement cost at the time of the loss. Losses are adjusted on a replacement cost basis for residential condominium buildings insured under the RCBAP.

Contents losses are always adjusted on an actual cash value basis. If the replacement cost conditions are not met, the building loss is also adjusted on an actual cash basis. Actual cash value means the replacement cost of an insured item of property at the time of loss, less the value of physical depreciation as to the item damaged.

Flood insurance policies do not provide additional livings expenses, but only cover direct physical flood damage to the dwelling or contents.

Claims under the NFIP require, as in other insurance, that the insured file a Proof of Loss. This must be submitted within 60 days of the loss, unless waived by the Administrator of the FIMA. Claims can be adjusted using either an independent adjuster or an adjuster employed by a WYO company. Under all NFIP policies, the insured pays a portion of the loss through the application of a deductible. The NFIP does require documentation prior to paying a substantial damage claim under the ICC coverage of the Standard Flood Insurance Policy.

Appeals Process – A four-step process exists for homeowners to appeal decisions regarding a claim through the National Flood Insurance Program administered by the U.S. Department of Homeland Security's Federal Emergency Management Agency (FEMA). The process helps resolve claim issues, but can't give homeowners added coverage or claim limits beyond those in the NFIP policies.

Step 1

Homeowners should talk with their adjuster, who has more knowledge about the claim than anyone. If clients don't understand certain decisions regarding application of coverage, timing of the filing of proof of loss, or the damage estimate, they should first contact their adjuster.

Step 2

Clients who aren't satisfied with the adjuster's answers, or do not agree with the decisions, should get contact information for the adjuster's supervisor. The adjuster should provide contact information.

Step 3

If the adjuster's supervisor can't resolve the issue, clients should contact the insurance company's claim representative. The insurance agent or another company representative should provide assistance.

Step 4

Clients with questions or concerns after following the first three steps may contact FEMA in writing at:

FEMA-Mitigation Division-Room 433
Risk Insurance Branch
Attn: Director of Claims
500 C Street, S.W.
Washington D.C. 20472

The letter should be written by the named insured as it appears on the NFIP policy or by a legal representative such as a child handling a claim for an elderly parent. This representative should clearly identify their relationship to the named insured. A legal representative may be asked to provide authorization from the named insured or other legal documents verifying the relationship.

Six items should be in the letter:

1. The policy number, as shown on the NFIP policy's declarations page.
2. The policyholder's name, as shown as the named insured on the declarations page.
3. The property address, as shown on the declarations page. This is not the person's mailing address if it is different from the property address.
4. How the claimant can be contacted if they are out of the home.
5. Specific details of the claimant's concern.
6. The dates of contact and contact details for the persons with whom the claimant has spoken to while completing the first three steps of the appeals process.

Claimants should also enclose documentation of everything that supports their appeal such as a detailed list of damaged property and the value of individual items; supporting photographs; and a contractor's detailed estimate to repair damages. Comparing contractor and adjuster estimates in detail may help resolve differences. Claimants should not send original documents.

Claims Handbook – The insured's responsibilities in the event of loss are as follows:

1. Immediately notify the agent or the company of the flood loss.
2. As soon as reasonably possible, separate the damaged and undamaged property, putting it in the best possible order so that the adjuster can examine it and properly substantiate the loss.
3. Place all account books, financial records, receipts, and other losses in a safe place for examination and evaluation by the adjuster.
4. Within 60 days after the loss, submit an NFIP Proof of Loss form to the WYO or the NFIP Servicing Agent.

Section VII

Requirements of the Flood Insurance Reform Act of 2004

Point of Sales and Renewal Responsibilities

FEMA works closely with the insurance industry to facilitate the sale and servicing of flood insurance policies. Flood insurance under the NFIP is sold to owners of property located in NFIP communities through two mechanisms:

1) Through state-licensed property and casualty insurance agents and brokers who deal directly with FEMA; and

2) Through private insurance companies with a program created in 1983 known as "Write Your Own" (WYO), who issue policies and adjust flood claims in their own names under the NFIP.

State Departments of Insurance are taking various actions to establish training requirements for insurance agents who sell flood insurance as outlined in the Flood Insurance Reform Act 0f 2004. By taking this course, you are meeting the minimum requirements for the state of Washington. Licensed insurers must demonstrate to the commissioner, upon request, that their licensed and appointed agents who sell federal flood insurance policies have complied with the minimum federal flood insurance training requirements.

Notification of Coverages Being Purchased – There is an easy-to-write, low-cost, flood insurance policy for people in low-to-moderate flood risk areas. One option combines structure and contents coverage in one policy. It is perfect for people located in B, C, and X zones where 20-25% of all flood insurance claims occur. Contents-only coverage is available for renters and owners of eligible properties. The policy expires at 12:01 a.m. on the final day of the policy term and premium must be received within 30 days of expiration date.

Policy Exclusions That Apply – Loss of revenue or profit; loss of access; loss of use; business interruption; additional living expenses; coverage is not provided for the cost of complying with any ordinance or law except described in Increased Cost of Compliance; loss in progress; earth movement caused by flood; water, moisture, mildew or mold damage; damage when drains back up; damage to the property from a roof leak; power failure when the source is off the insured location; or testing for or monitoring of pollutants.

Explanation Regarding How Losses Will be Adjusted (ACV vs. RCV)

Replacement Cost Value, or RCV, is the cost to replace the item on the date of the loss, without a reduction for depreciation. By this method of determining value, damages for a claim would be the amount needed to replace the property using new materials. For single-family residences, including doublewide manufactured homes, RCC is applicable only to building coverage. Under the RCBAP, a coinsurance clause requires the condo association to insure its buildings to at least 80 percent of the replacement cost value.

Actual Cost Value, or ACV, is the cost of repairing or replacing damaged property with property of the same kind and quality and in the same physical condition. It is what an item is actually worth on the date of the loss. This is often less than the replacement cost, since depreciation is deducted from the payment.

The insured residence must be the principal residence, meaning that at the time of loss, the insured lived there for at least 80 percent of the preceding year or 80 percent of the period of ownership if less than 365 days. Replacement cost applies only if the building is insured to 80 percent or more of its full replacement cost before a loss. When 80 percent of the replacement cost is more than the maximum amount of NFIP insurance available, compute as follows:

$$\frac{\text{Amount of insurance purchased } \textit{(divided by)}}{\text{Maximum amount of NFIP insurance available}} \ \mathbf{X} \ \textit{(multiplied by)} \text{ loss, less the deductible}$$

The insured will receive the higher amount.
The types of property that are subject to Actual Cash Value Loss are:

- The insured's personal property
- Abandoned property that, after a loss, remains as debris at the location
- Outside antennas and aerials, awnings, and other outdoor equipment
- Carpeting and pads
- Appliances

- A manufactured home or travel trailer that is not at least 16 feet wide or have an area of at least 600 square feet within its walls

The adjuster does not have the authority either to deny a claim or to commit the NFIP or the WYO Company to pay a claim. All adjustments are recommendations only, subject to review by the NFIP Servicing Agency or the WYO Company.

The NFIP requires the adjuster to verify that all contents in the adjustment are covered under the SFIP, and to determine or verify accurate local replacement costs and reasonable actual cash value. Applicable depreciation must be shown separately for each item. Documentation supporting the claimed value must accompany the paperwork as appropriate. A Proof of Loss form signed by the insured is required on any claim on which payment is recommended. If the insured qualifies for replacement cost coverage, the adjuster must submit the Statement as to Full Cost of Repair or Replacement for the additional amount recoverable under the replacement cost provisions. Replacement cost, depreciation and actual cash value for each item must be shown on all claims, regardless of whether the claim is concluded on an RC or ACV basis.

Number and Dollar Amount of Claims for Property Acknowledgement Forms

Under the NFIP, federally-backed flood insurance is available to homeowners, renters and business owners in communities that adopt and enforce floodplain management ordinances to reduce future flood losses by regulating new construction in high flood-risk areas. More than 4.7 million flood insurance policies exist in about 20,000 participating communities nationwide, representing nearly $793 billion worth of coverage. The NFIP is self-supporting: claims and operating expenses are paid from policyholder premiums, not taxpayer dollars.

More than 220,000 claims have been made since Hurricane Katrina struck August 29, 2005 and Hurricane Rita landed September 21, 2005, with more than $8 billion already paid and about 60 percent of claims closed. That includes about 40,000 claims not paid because damage suffered by homes wasn’t caused by flooding or the amount suffered was below the homeowner’s deductible.

Acknowledgement Forms – If the application or endorsement form and the premium payment are received at the NFIP within 10 days from the date of application or endorsement request, or if mailed by certified mail within 4 days from the date of application or endorsement request, then the waiting period will be calculated from the application or endorsement date.

If the application or endorsement form and the premium payment are received at the NFIP after 10 days from the date of application or endorsement request, or are not mailed by certified mail within 4 days from the date of application or endorsement request, then the waiting period will be calculated from the date the NFIP receives the application or endorsement.

Section VIII

Agent Resources

Write Your Own Company – In 1981, a strong effort was initiated by FEMA to reinvolve the insurance industry in a cooperative effort between FEMA and insurance company representatives that led to the creation of the Write Your Own (WYO) Program in July 1983. The WYO companies issue and service the federally backed Standard Flood Insurance Policies under their own names, collect premiums and pay claims. They are reimbursed for their services by FEMA. In August 1983, FEMA extended an invitation to all licensed property and casualty companies to participate in the WYO Program for fiscal year 1984.

The WYO Program now accounts for approximately 90 percent of all flood policies. The NFIP Bureau and Statistical Agency assists and advises the WYO companies. However, this does not diminish the authority of the WYO Company or relieve the Company of its obligations. The WYO Company still collects the premium, issues the policy, and provides adjustment and payment for claims.

FEMA Web sites: www.fema.gov/nfip   www.floodsmart.gov   training.nfipstat.com

Flood Insurance Manual

The Flood Insurance Manual, Main Edition, contains the most current statistics, and revisions are added every six months. The Producer's Edition is to be used for easy reference or for training purposes. It does not include all of the information required to accurately rate a policy. The Main Edition zipped contains all of the PDF files to download the full manual to your desktop. A copy of the Flood Insurance Manual order form can be found under the Catalog button on the FEMA Flood Map Store Web site at www.fema.gov/business/nfip/manual.shtm.