NFIP Flood Insurance Principles

FEMA

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NFIP Flood Insurance Principles
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Key Points

Key Points

Introduction

Introduce Someone at Your Table to Us

Choose another person at your table, and tell us his/her:

- **Name.**
- **Community.**

FEMA

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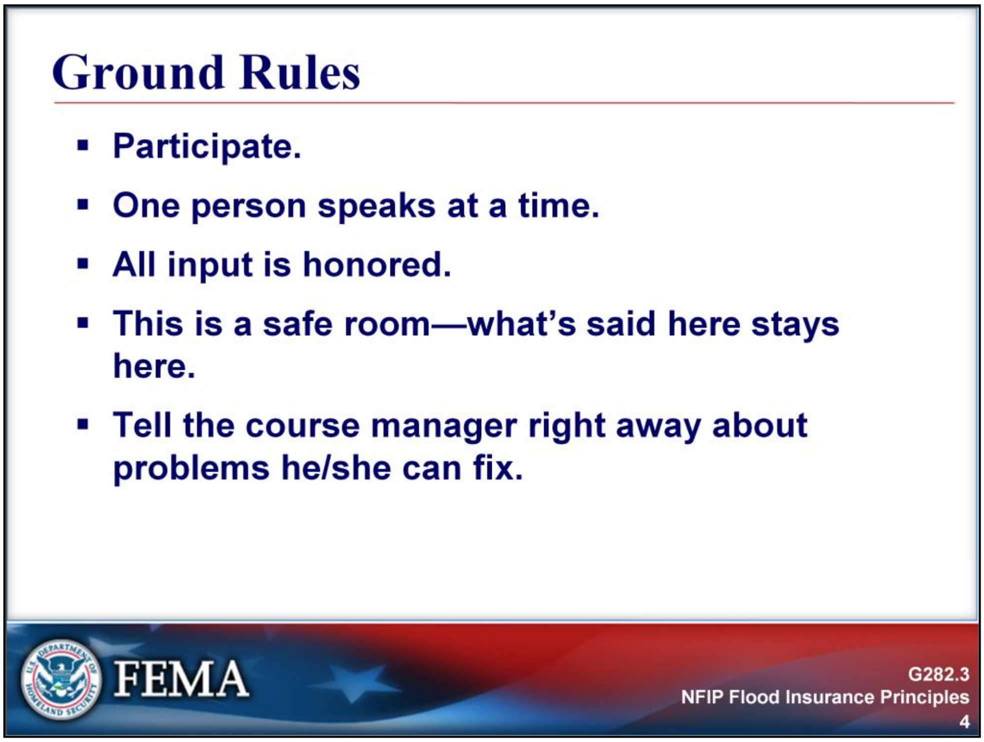
Introduction



Key Points

Introduction

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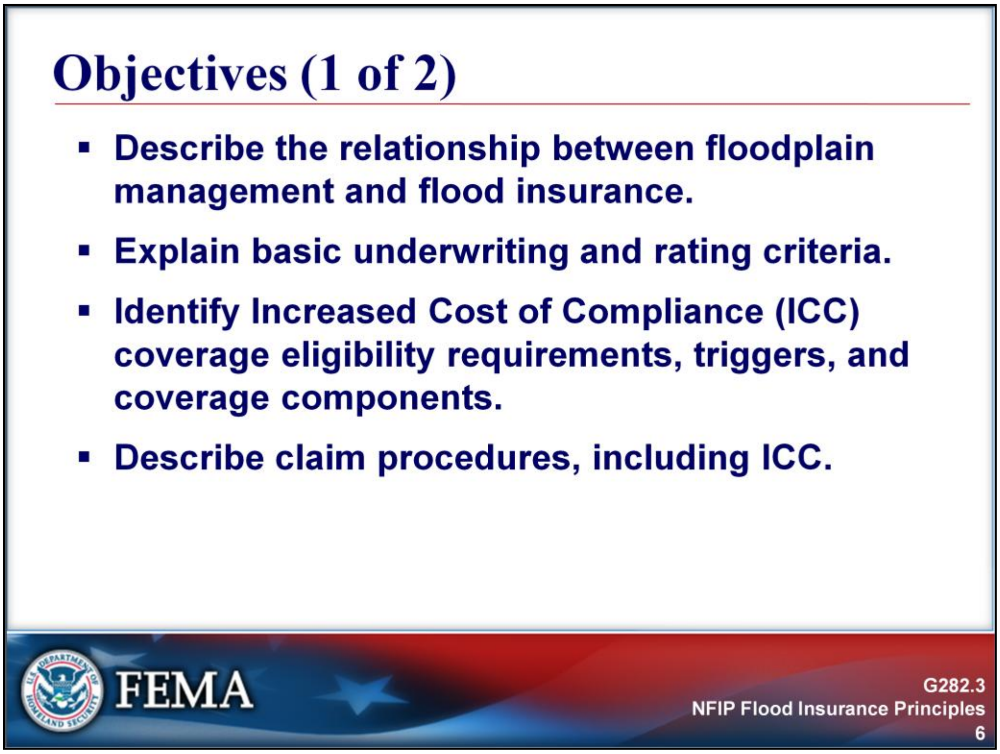
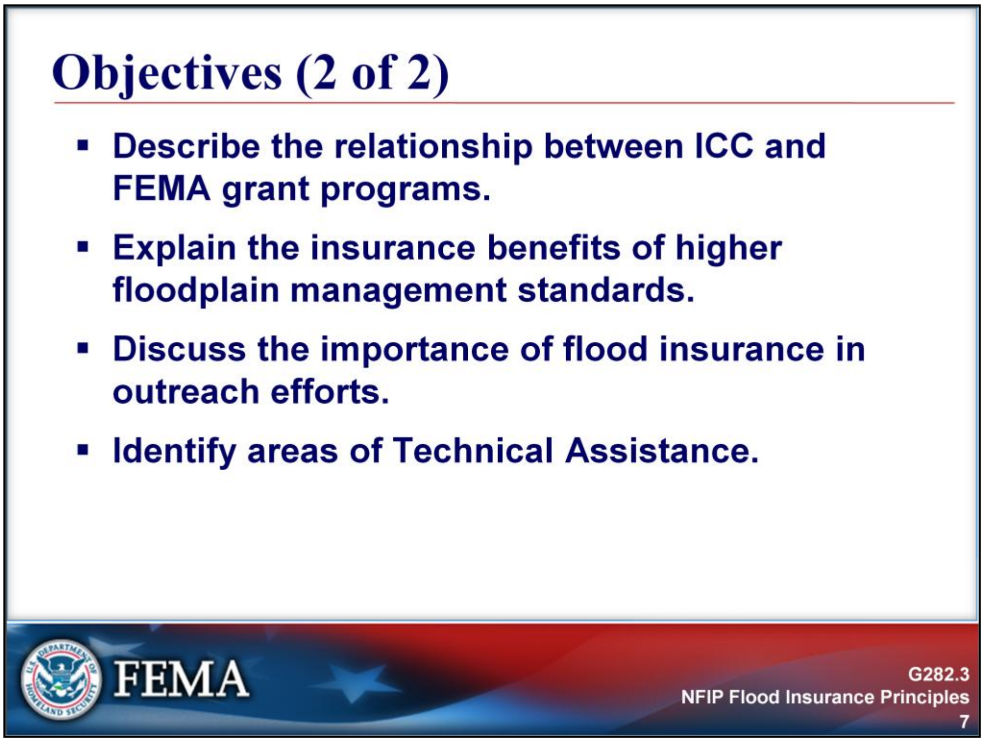


Key Points

Introduction

The objectives of this course are to :

- Describe the relationship between floodplain management and flood insurance.
- Explain basic underwriting and rating criteria.
- Identify Increased Cost of Compliance (ICC) coverage eligibility requirements, triggers, and coverage components.
- Describe claim procedures, including ICC.



Introduction

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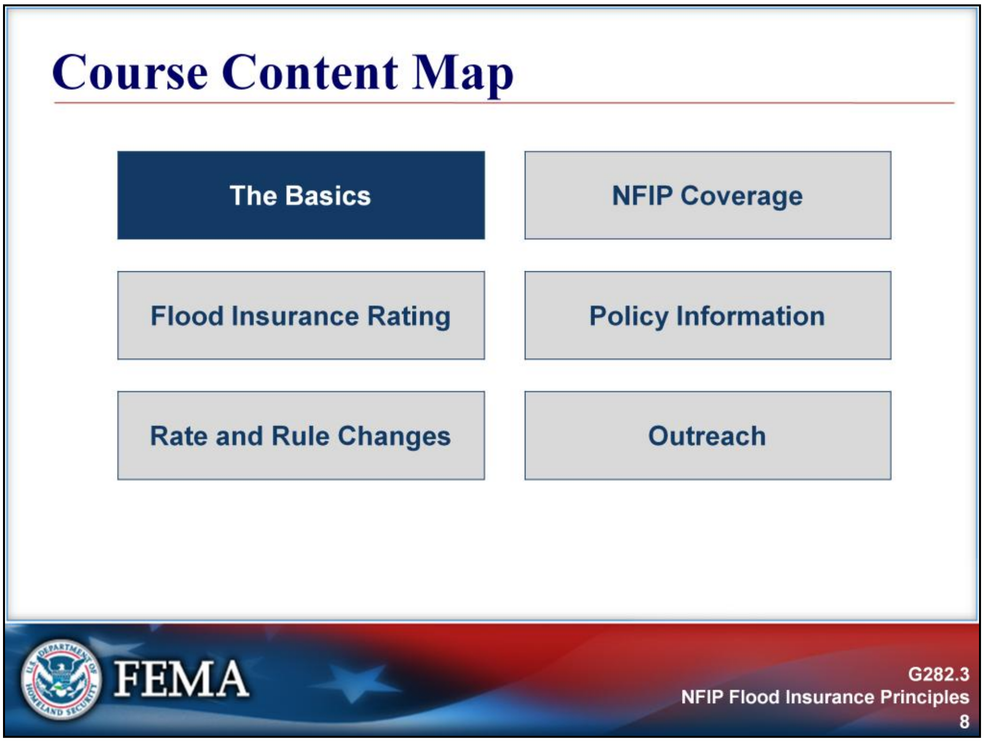
The remaining course objectives are to :

- Describe the relationship between ICC and FEMA grant programs.
- Explain the insurance benefits of higher floodplain management standards.
- Discuss the importance of flood insurance in outreach efforts.
- Identify areas of Technical Assistance.



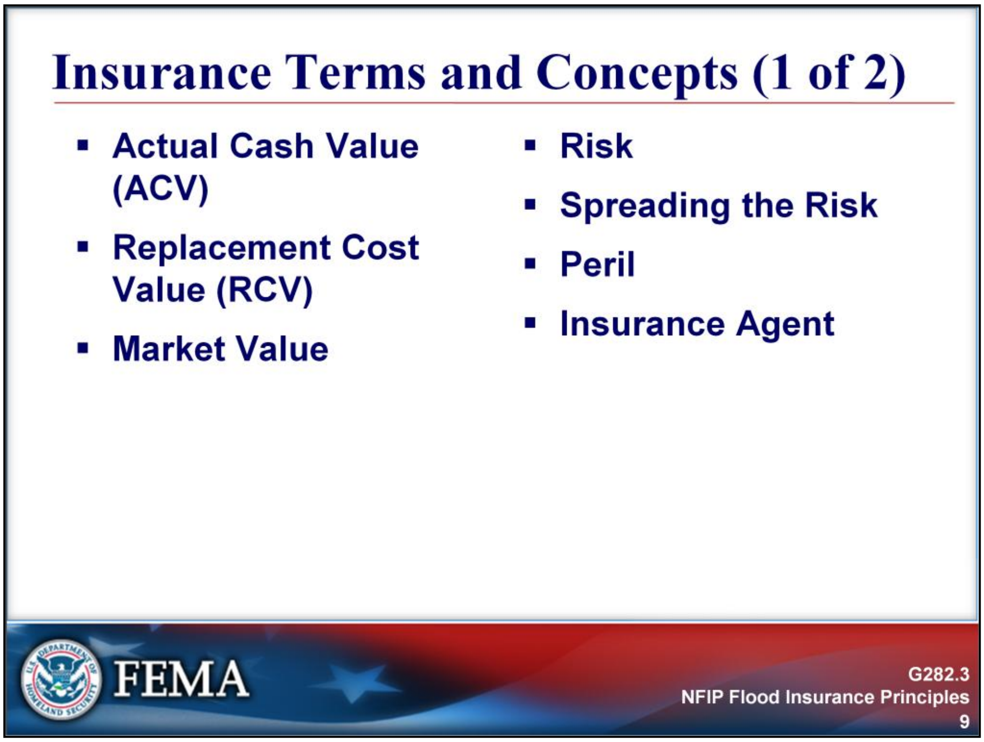
Key Points

The Basics

This course includes the following major topics :

- The Basics
- NFIP Coverage
- Flood Insurance Rating
- Policy Information
- Rate and Rule Changes
- Outreach

This section of the course covers the basics of the National Flood Insurance Program (NFIP) flood insurance principles.

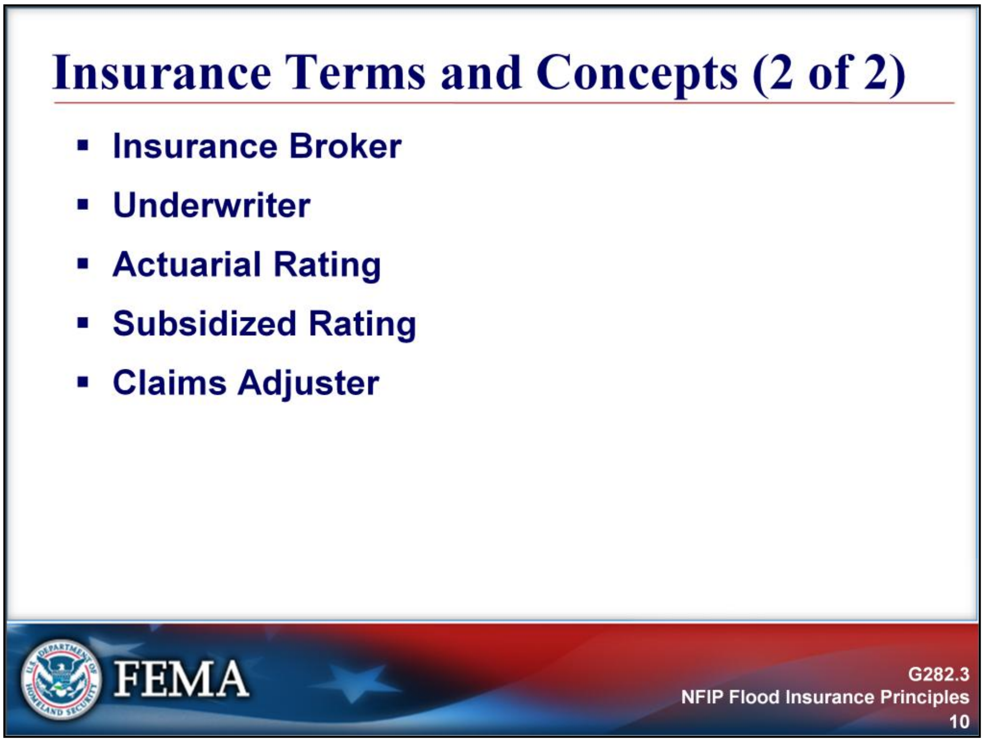


Key Points

The Basics

The following are insurance terms and concepts:

- **Actual Cash Value (ACV):** The cost to replace with new property of like kind and quality, less depreciation.
- **Replacement Cost Value (RCV):** The cost to replace the property on the same premises with other property of comparable material and quality used for the same purpose.
- **Market Value:** The price that an interested buyer would be willing to pay and an interested seller would be willing to accept on the open market, assuming a reasonable period of time for an agreement to arise.
- **Risk:** Chance of loss.
- **Spreading the Risk:** Basic insurance concept that spreads a risk among homogeneous risk groups (i.e., premium dollars go into the Flood Insurance Fund). Every insured helps pay the loss of another, thereby spreading the risk.
- **Peril:** That which causes the loss.
- **Insurance Agent:** A person licensed by the State and given authority by the insurance company to sell insurance. NFIP agents represent the Write-Your-Own company that represents FEMA (the NFIP).

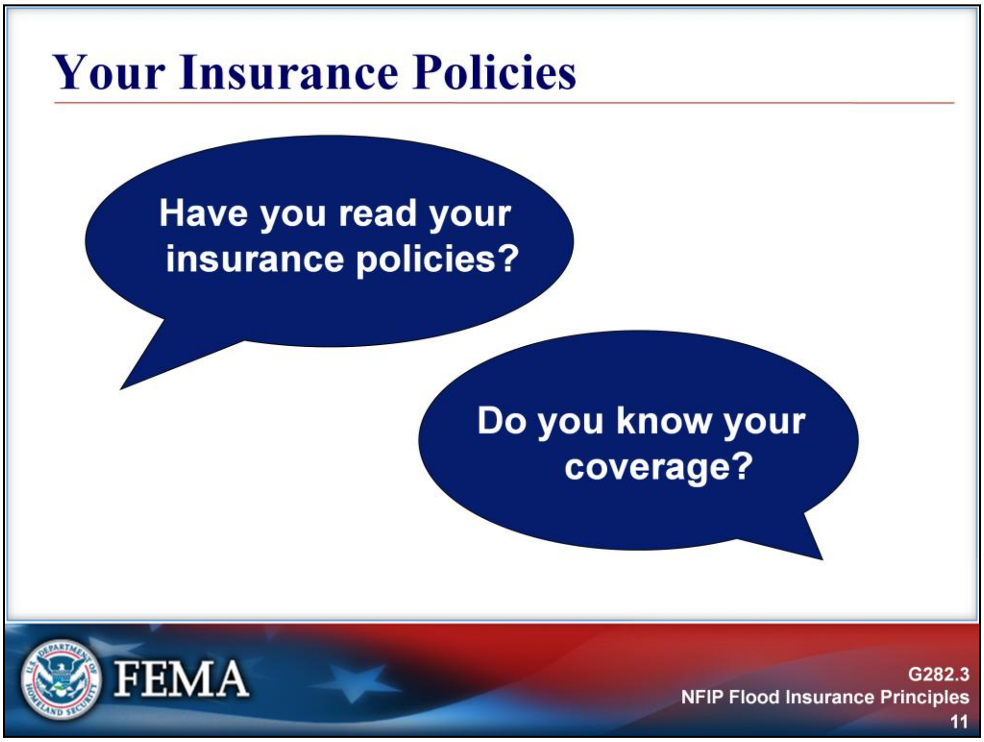


Key Points

The Basics

Additional insurance terms and concepts are :

- **Insurance Broker:** Represents the insured. Differs from an insurance agent that represents the insurance company. Brokers may be used to place buildings that do not qualify for insurance under the NFIP.
- **Underwriter:** Insurance underwriters evaluate applications for insurance policies. They assess the degree of risk to the insurance company of the person or property listed on the application. FEMA is the underwriter of the NFIP.
- **Actuarial Rating:** Rate based on the risk. The rate is not subsidized.
- **Subsidized Rating:** Rating having partial financial support from FEMA.
- **Claims Adjuster:** The insurance representative who investigates and settles claims on behalf of the insurance company. It is important to understand that adjusters, working on behalf of Write-Your-Own companies and the NFIP Direct, collect adjusters fees based on the amount of the claim settlement.



Key Points **The Basics**

Answer the following questions:

Have you read your insurance policies? Do you know your coverage?

Most people are not familiar with the terms of their insurance policies. An insurance policy is a legal contract.

Note that:

- The terms of most insurance policies are set by the companies that issue the policies.
- The terms of an NFIP insurance policy are set by Federal law.

Flood

In the National Flood Insurance Program (NFIP), a flood:

- Is surface water from any source.
- Inundates at least:
  - 2 acres or;
  - Two adjacent properties.
- May be a mudflow that:
  - Flows like a river.
  - Seeks its own level.

Boston, MA - 1919

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Key Points | **The Basics**

The term “flood,” as used in the National Flood Insurance Program (NFIP) means a general and temporary condition of partial or complete inundation of:

- Two or more acres of normally dry land area or;
- Two or more properties (at least one of which is your property) from:
  - Overflow of inland or tidal waters;
  - Unusual and rapid accumulation or runoff of surface waters from any source.
- Two or more properties are required to rule out events such as sump pump failures that affect only one home. A fire hydrant break or clogged draining system affecting more than one residence would be covered.

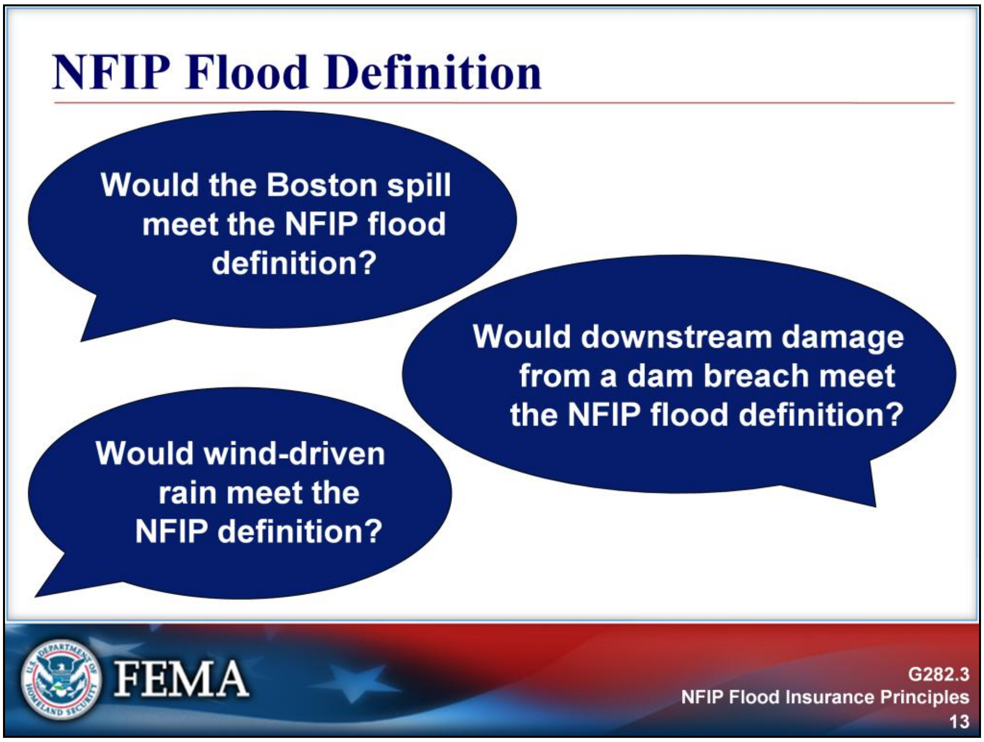
A flood can include a mudflow that:

- Flows like a river.
- Seeks its own level.

The photo shows a disaster in Boston, during which an enormous storage tank of molasses collapsed.

Read the accounts of that incident:

- Reports from witnesses at the scene stated that machine gun-like sounds were heard as the rivets burst from the tank, and that the ground shook from the explosion.
- As the tank collapsed, a wave of molasses 8 to 15 feet high spilled onto the street. Many buildings were knocked off of their foundations and destroyed. The molasses was reported to be 2 to 3 feet thick several blocks from the collapse.
- The Boston Globe reported that people “were picked up by a rush of air and hurled many feet.” Approximately 150 were injured; 21 people and several horses were killed.



Key Points

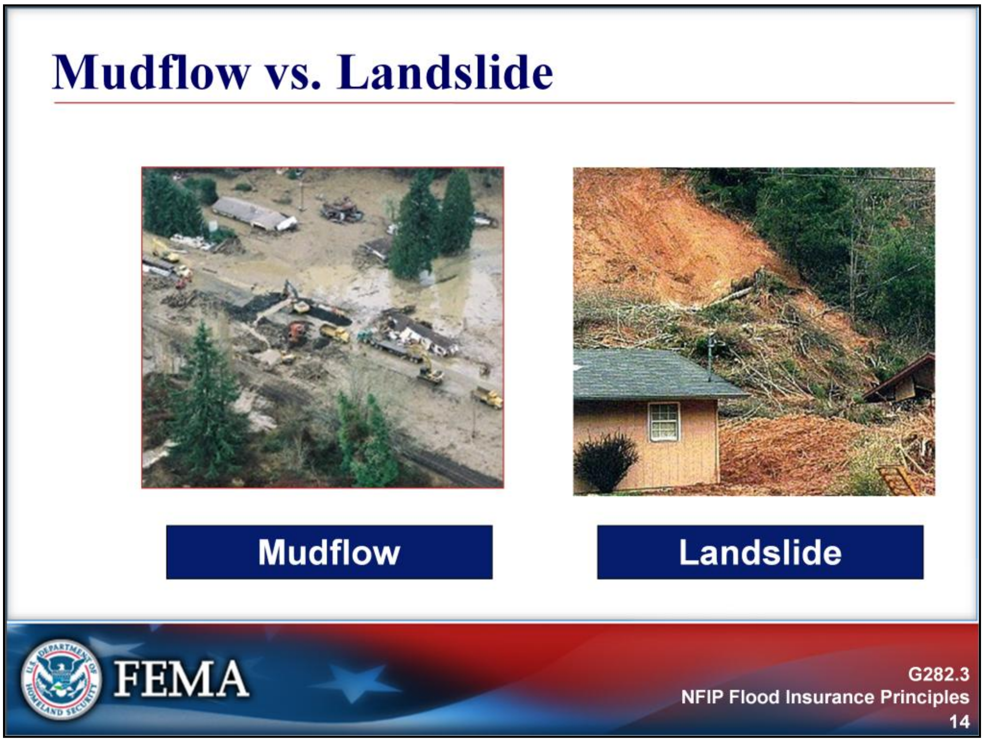
The Basics

Answer the following discussion questions:

If the Boston molasses disaster happened today, would it meet the NFIP definition of a flood?

Would downstream damage from a dam breach meet the NFIP flood definition?

Would wind-driven rain meet the NFIP flood definition?



Key Points

The Basics

he photo on the left shows a mudflow, while the photo on the right shows a landslide.

The distinction between a landslide and mudflow can be made by asking whether the material can be shoveled. If the material can be shoveled, the event is a landslide. If the material cannot be shoveled, the event is a mudflow.

A mudflow as defined under the NFIP does not involve land movement. Therefore, a landslide does not meet the NFIP definition of a flood.

Key Points

The Basics

The person who writes flood insurance is a State Licensed Insurance Agent who:

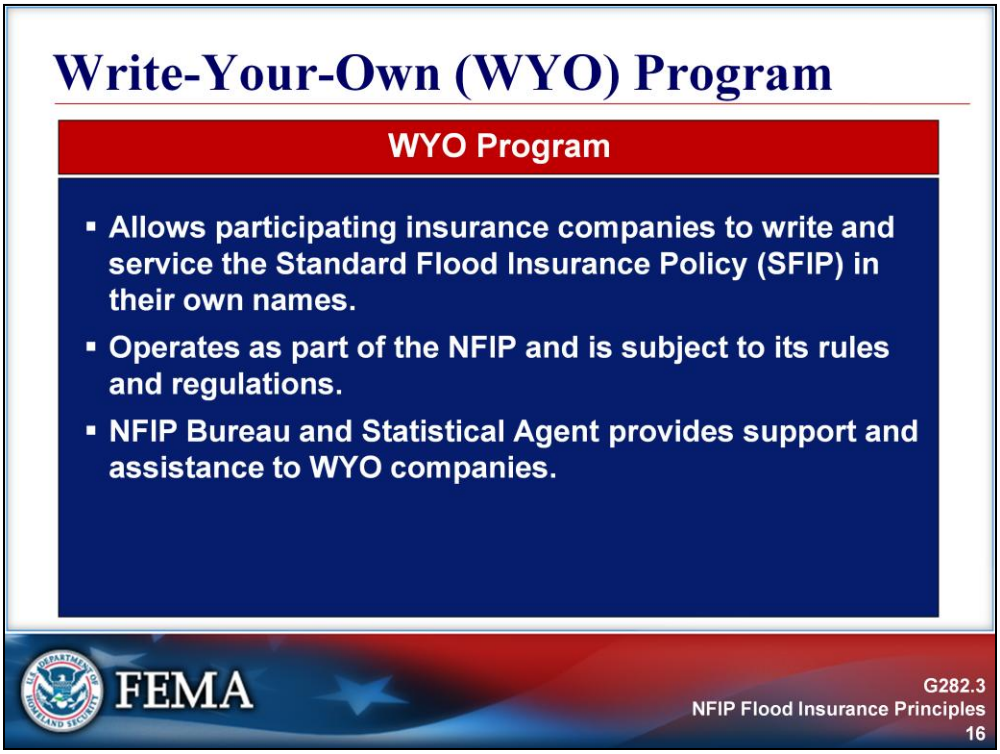
- Can write property and casualty policies.
- Is in good standing with the licensing department.
- Has completed mandatory training requirements.

Not all insurance agents are prepared to write flood insurance. You can find an NFIP Insurance Agent by using one of the following:

- www.floodsmart.gov
- 1-888-379-9531

The www.floodsmart.gov site lists agents who meet criteria for inclusion on the list, such as receiving minimum training. FEMA does not endorse particular agents.

Insurance agents are licensed by the State, and the State Insurance Commission sets and enforces licensing requirements, including providing training.



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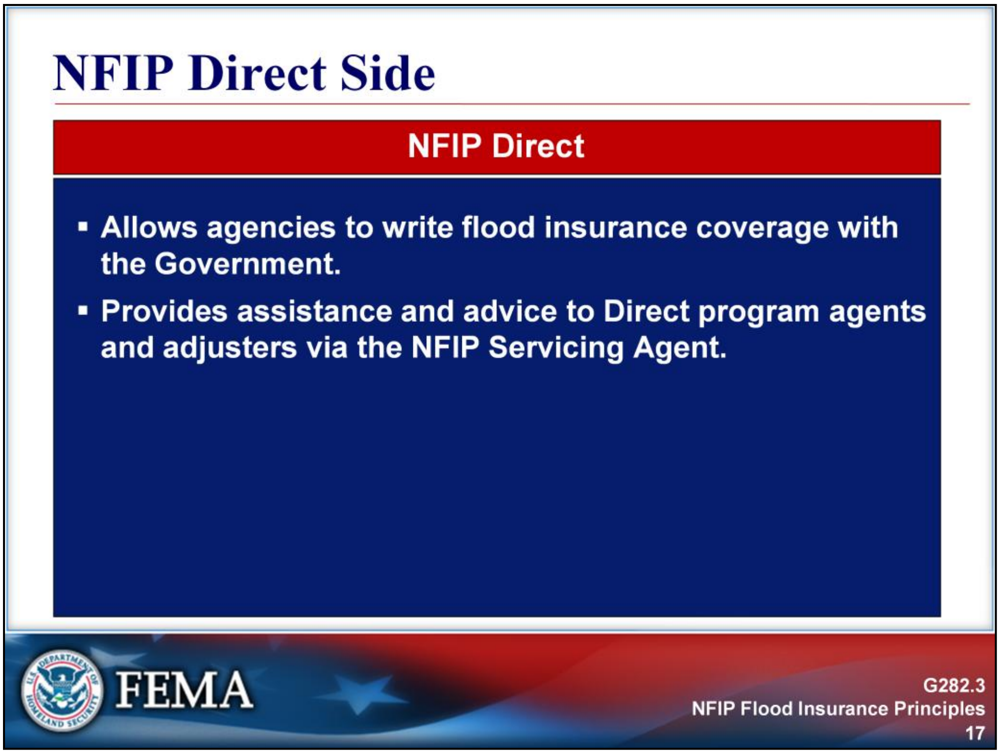
- Flood insurance cannot be provided by the private-sector because the risk is too great.
- FEMA offers two programs for writing insurance:
  - Write-Your-Own (WYO), which includes over 95 percent of NFIP policies.
  - NFIP Direct, which includes fewer than 5 percent of NFIP policies.
- The rates are the same with either method.
- Property owners can have all their insurance coverage under a single carrier if their insurance company participates in the WYO program, rather than having a separate carrier for flood insurance.
- The Write-Your-Own (WYO) Program began in 1983 and is a cooperative undertaking between the insurance industry and FEMA. An NFIP Bureau and Statistical Agent provides support and assistance to WYO companies. Review the following key points:
  - The WYO Program allows participating property and casualty insurance companies to write and service the Standard Flood Insurance Policy (SFIP) in their own names. Note that the companies receive an expense allowance for policies written and claims processed, while the Federal Government retains responsibility for underwriting losses. The WYO Program operates as part of the NFIP and is subject to its rules and regulations.
  - The WYO Program is intended to:
    - Increase the NFIP policy base and the geographic distribution of policies.
    - Improve service to NFIP policyholders through the infusion of insurance industry knowledge.
    - Provide the insurance industry with direct operating experience with flood insurance.
  - Because flood insurance is a hard product to sell, FEMA hoped that companies with marketing departments could boost NFIP coverage.



Key Points

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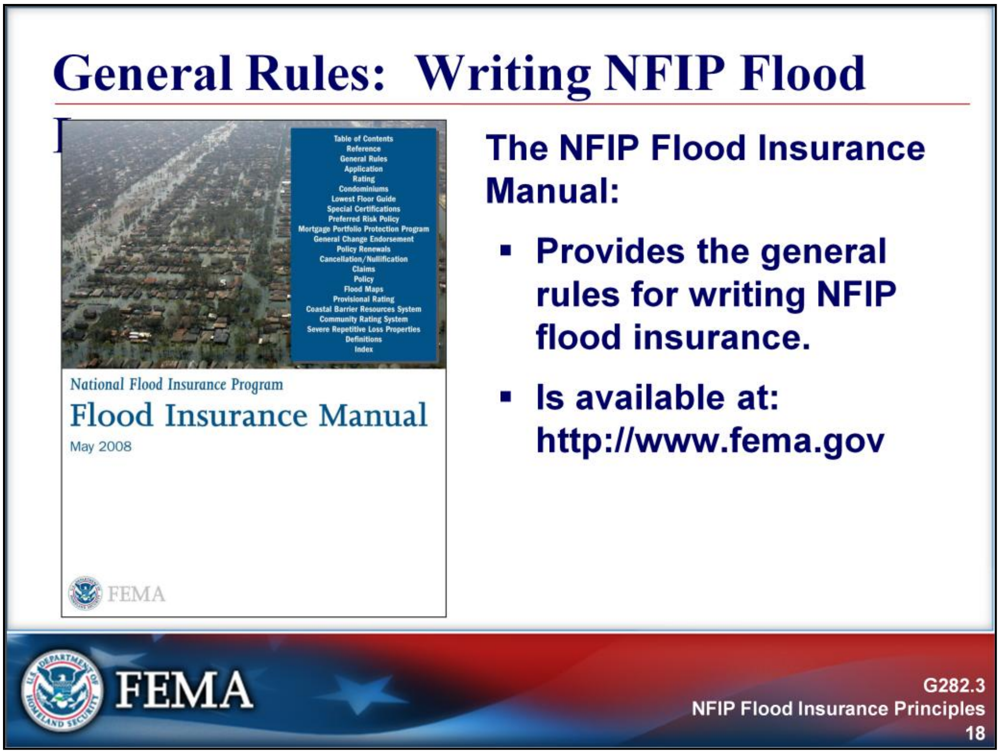
NFIP Direct is a program established by FEMA to allow any property and casualty insurance agency the opportunity to write flood insurance coverage directly with the Federal Government. NFIP Direct key points:

- The NFIP Servicing Agent assists and advises agents and adjusters who handle Direct Program policies.
- The Direct Program provides a safety net if a WYO company discontinues writing NFIP flood insurance.
- The policy is written by a state-licensed property and casualty insurance agent who does not represent a WYO company.
- Fewer than 5 percent of all NFIP policies are written under the Direct program.
- NFIP Direct also allows NFIP to handle specific policy groups (i.e., rep loss, severe rep loss) in order to manage mitigation/grants.



Key Points

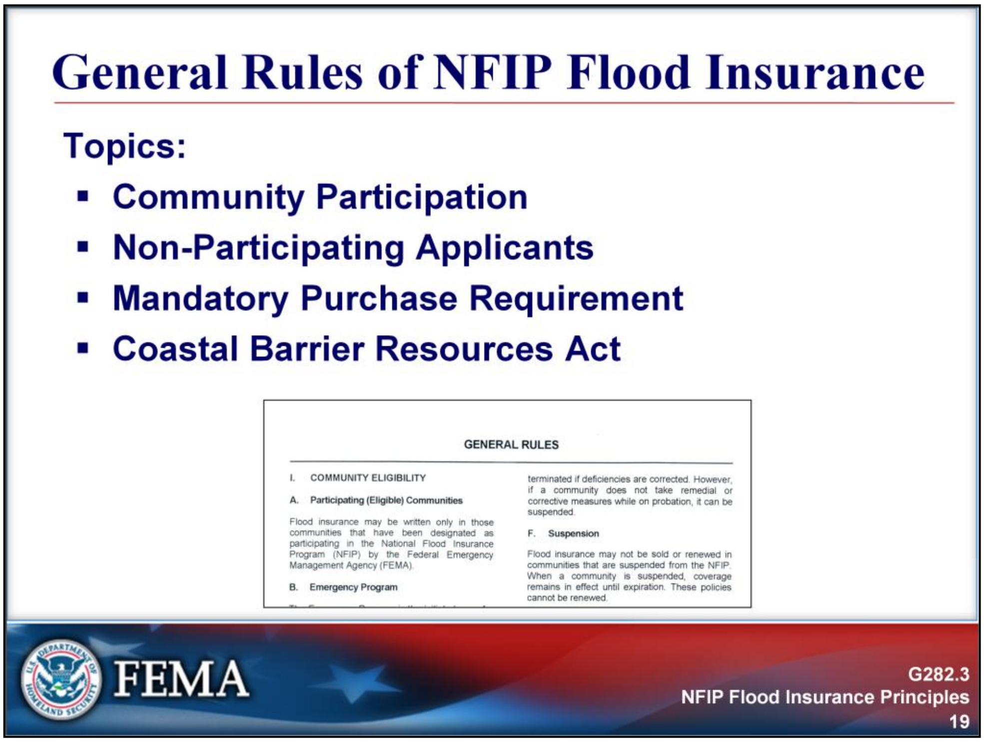
The Basics

The NFIP Flood Insurance Manual provides the general rules for writing NFIP flood insurance. Note that the manual is available at **http://www.fema.gov**. Typing Flood Insurance Manual in the Advanced Search box produces a link to the manual.

The Floodplain Manager (FPM) may get calls from citizens who were just quoted a rate, and didn’t understand why the rate was so high.

The FPM can refer callers to their insurance agent, but the Flood Insurance Manual offers basic information to answer questions.

Your instructor will show you how to access the Flood Insurance Manual on the FEMA Web site.



Key Points

The Basics

The next portion of this course will discuss the general rules for writing NFIP flood insurance, including the following topics:

- Community Participation
- Non-Participating Applicants
- Mandatory Purchase Requirement
- Coastal Barrier Resources Act

GENERAL RULES

I. COMMUNITY ELIGIBILITY

A. Participating (Eligible) Communities

Flood insurance may be written only in those communities that have been designated as participating in the National Flood Insurance Program (NFIP) by the Federal Emergency Management Agency (FEMA).

B. Emergency Program

The Emergency Program is the initial phase of a community's participation in the NFIP. Limited amounts of coverage are available.

C. Regular Program

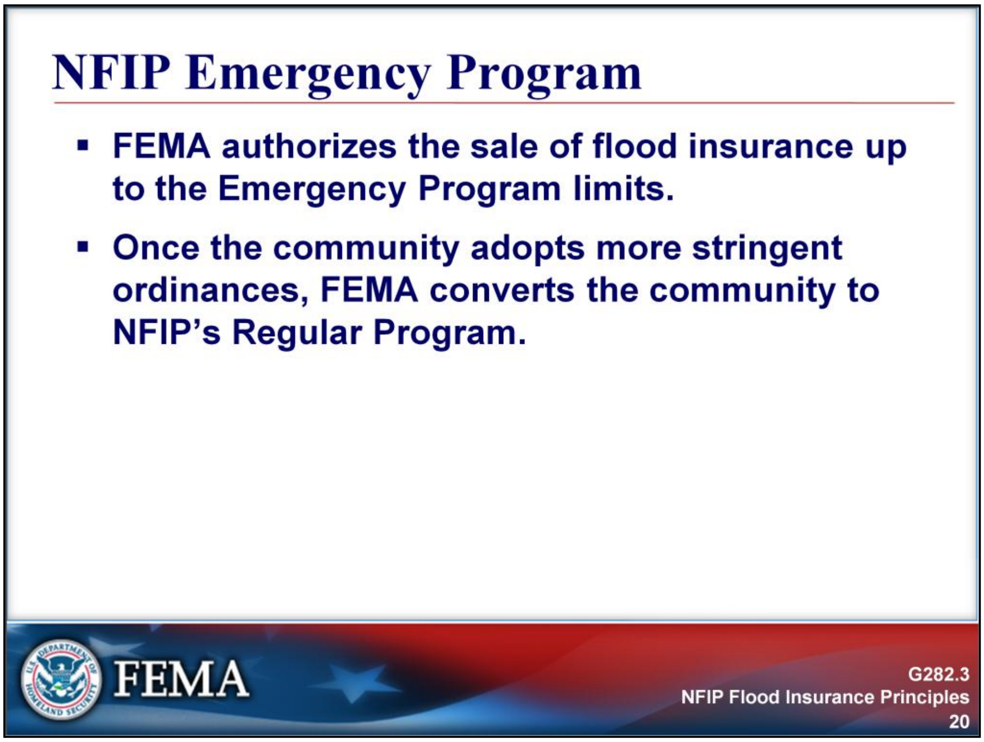
terminated if deficiencies are corrected. However, if a community does not take remedial or corrective measures while on probation, it can be suspended.

F. Suspension

Flood insurance may not be sold or renewed in communities that are suspended from the NFIP. When a community is suspended, coverage remains in effect until expiration. These policies cannot be renewed.

G. Non-Participating (Ineligible) Communities

When FEMA provides a non-participating community with a Flood Hazard Boundary Map (FHBM) or Flood Insurance Rate Map (FIRM)



Key Points

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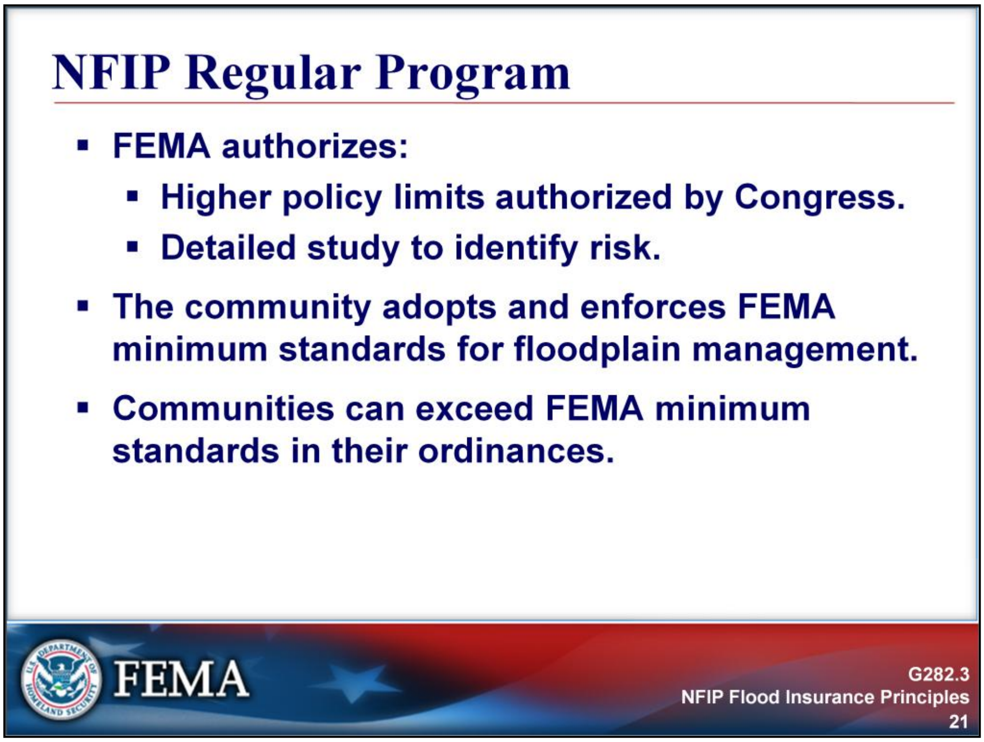
Community participation in NFIP flood insurance refers to a community that voluntarily applies to participate in the NFIP in order to purchase flood insurance. Reasons to apply may be:

- Community interest in flood insurance, or
- Notification from FEMA that the community contains one or more Special Flood Hazard Areas (SFHAs).

The application includes adopted resolutions or ordinances to minimally regulate new construction in SFHAs.

Key points about NFIP emergency program communities:

- FEMA authorizes the sale of flood insurance in the community up to the Emergency Program limits. The program provides:
  - A limited amount of flood coverage.
  - Flat rates.
  - Limited underwriting.
- During the Emergency Phase, FEMA assesses the community's degree of flood risk and development potential.
  - If appropriate, FEMA arranges for a study of the community to determine base flood elevations and flood risk zones. Consultation with the community occurs at the start of and during the study.
  - FEMA provides the studied community with a Flood Insurance Rate Map (FIRM) delineating base flood elevations and flood risk zones. The community has 6 months to adopt base flood elevations in local zoning and building code ordinances, and to meet other requirements. Once the community adopts more stringent ordinances, FEMA converts the community to NFIP's Regular Program.
- Communities with minimal or no flood risk are converted to the Regular Program without a study.



Key Points

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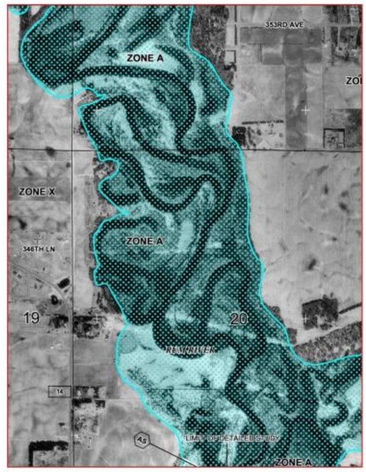
The key points of the regular NFIP program:

- **Regular Program of the NFIP:** In the NFIP Regular Program, FEMA authorizes the sale of additional flood insurance in the community up to the Regular Program limits. The community implements adopted floodplain management measures. FEMA then arranges for periodic community assistance visits with local officials to provide technical assistance regarding complying with NFIP floodplain management requirements. Local officials may request flood map updates as needed. FEMA evaluates requests, encourages cost-sharing, and issues revised maps as priorities dictate.

Participating Communities

- NFIP participating communities:
  - Have mandatory purchase requirements within SFHAs.
  - Are listed in the online Community Status Book.
- Flood insurance benefits property owners inside and outside of SFHAs.



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Key Points **The Basics**

Zones beginning with the letters “A” and “V” have special flood, mudflow, and erosion hazards and are designated as Special Flood Hazard Areas (SFHAs).

A community with an SFHA that participates in the NFIP has a FEMA-identified high-risk flood area.

The online Community Status Book lists participating communities. Information available includes:

- Map date
- When the community joined the NFIP
- The community identification number

To access the Community Status Book, go to www.fema.gov and type Community Status Book in the Advanced Search box.

Flood insurance is important within the SFHA.

- In a high-risk flood area, a structure is four times more likely to experience a flood than a fire over the life of a 30-year mortgage.
- Most homeowners do not question the need for fire insurance, which lenders routinely require as a condition of making a loan.

Property owners outside of SFHAs also benefit from flood insurance. Twenty-five percent of flood claims come from non-SFHA areas.

Key Points

The Basics

A community with one or more identified SFHAs has 1 year to apply to participate in the NFIP. If the community fails to join:

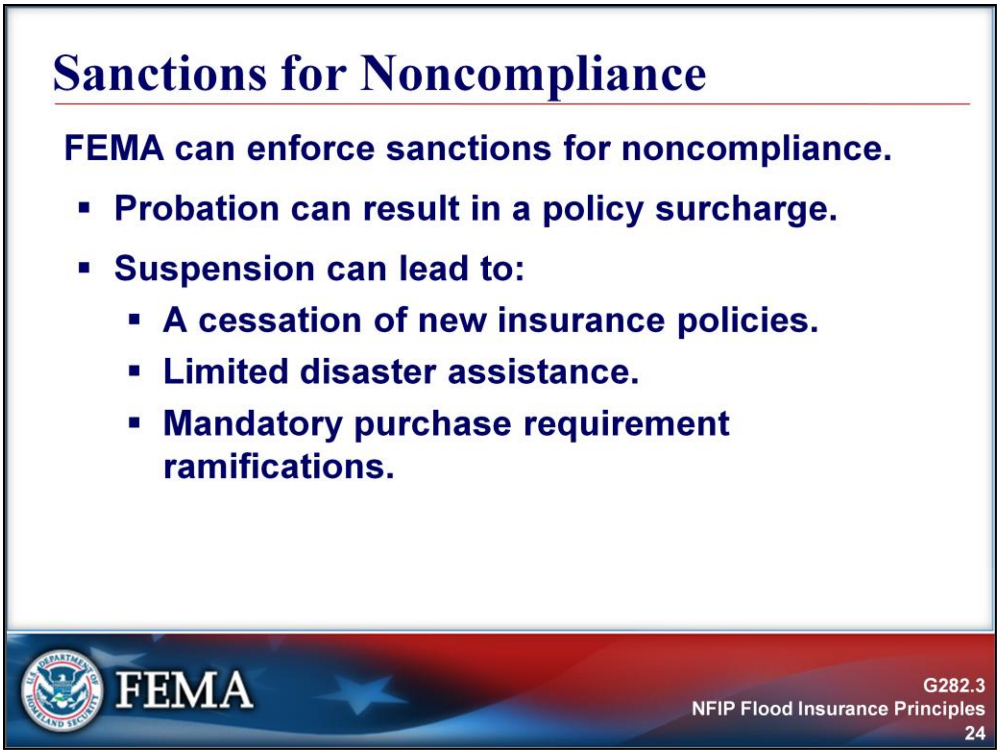
- Flood insurance will continue to be unavailable to property owners.
- Disaster assistance will be limited.
- Conventional loans will be difficult to obtain.

In a non-participating community, property owners currently cannot buy flood insurance through the NFIP. Flood insurance through the NFIP would become available only if the community joins the NFIP.

Limited disaster assistance is available in non-participating communities.

Consider the following example:

- The FIS/FIRM identifying flood hazards becomes effective on September 1, 2008.
- A flood results in a Presidential disaster declaration on November 1, 2008. Disaster assistance is available.
- The community chooses not to participate in the NFIP on September 1, 2009.
- A flood results in a Presidential disaster declaration on October 1, 2009. Disaster assistance to property owners is limited.



Key Points

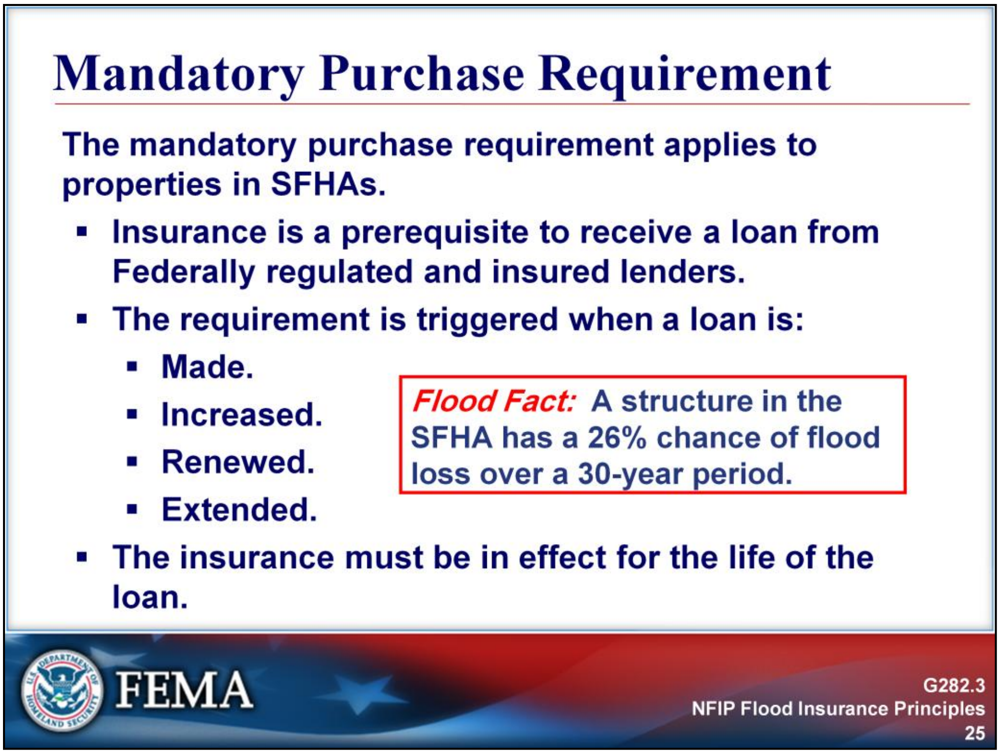
The Basics

44 CFR 59.24 prescribes sanctions that FEMA can impose if a community fails to uphold and enforce its ordinance. Study the following key points regarding sanctions:

- **Probation.** FEMA looks for “substantive and multiple” deficiencies and/or violations before undertaking probationary action. Probation results in a $50 surcharge on all new and renewed flood insurance policies. FEMA is required to notify all policyholders that poor compliance is the reason for the extra charge. FEMA and the State will closely monitor progress toward correcting the problems that led to probation. Probation is the precursor to suspension.
- **Suspension.** Communities may be suspended from the NFIP for failure to correct any of the problems that led to probation. In order to be reinstated, a community must correct or mitigate identified violations to the fullest extent possible and institute acceptable administrative and enforcement procedures.

  A community may be suspended without probation if its ordinance is not updated when required. FEMA and the State work with communities to revise ordinances. Ordinance revisions may be prompted by a map revision that requires a more stringent ordinance. If FEMA revises the standards in the NFIP regulations (Section 60.3), all communities must update their ordinances.

  New flood insurance policies may not be written and existing policies may not be renewed in suspended communities, severely restricting the availability of mortgages and other loans, Federal grants, and disaster assistance.



Key Points **The Basics**

The mandatory flood insurance purchase requirement applies to properties in SFHAs.

Under the provisions of the Flood Disaster Protection Act of 1973, individuals, businesses, and others buying, building, or improving property located in SFHAs 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, i.e., when the structure is used as collateral for a loan.

The mandatory purchase requirement is triggered when a loan is made, increased, renewed, or extended.

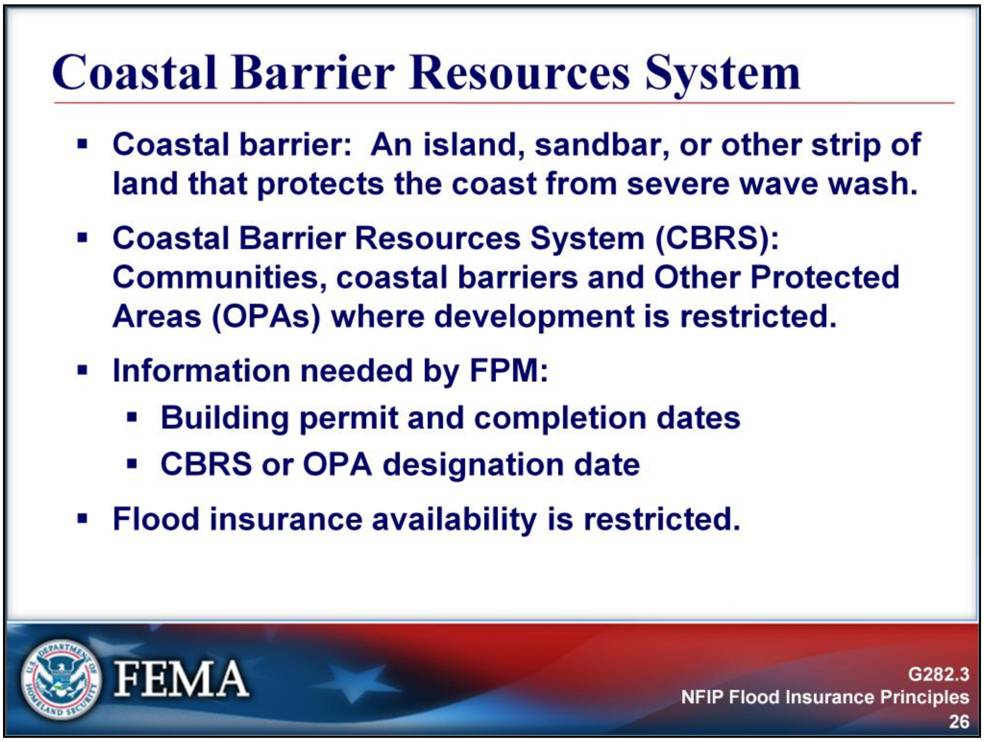
Read the following situation:

A borrower seeks a loan to purchase 40 acres in the country, where there is no structure at risk of flooding. The collateral for the loan is a house in a SFHA. If the loan is for more than $5,000 and the repayment period is longer than a year, flood insurance is required for the building used as collateral.

Note that the insurance should be in effect for the life of the loan.

Lenders have the prerogative to:

- Require flood insurance coverage for the replacement value of the building, rather than for the amount of the loan.
- Require flood insurance regardless of flood risk zone.



Key Points

The Basics

A coastal barrier is a naturally occurring island, sandbar, or other strip of land, including coastal mainland that protects the coast from severe wave wash.

Department of the Interior legislation identified coastal barriers and Other Protected Areas in the Coastal Barrier Resources System (CBRS).   The Department of the Interior, Fish and Wildlife Service designates CBRS and OPA areas. The CBRS boundaries can only be changed by Congress.

FEMA FIRMs include the CBRS boundaries so that agents and underwriters are able to determine eligibility for flood insurance coverage.

COBRA banned the sale of NFIP flood insurance for structures built or substantially improved on or after a specified date. For the initial COBRA designation, this date is October 1, 1983.

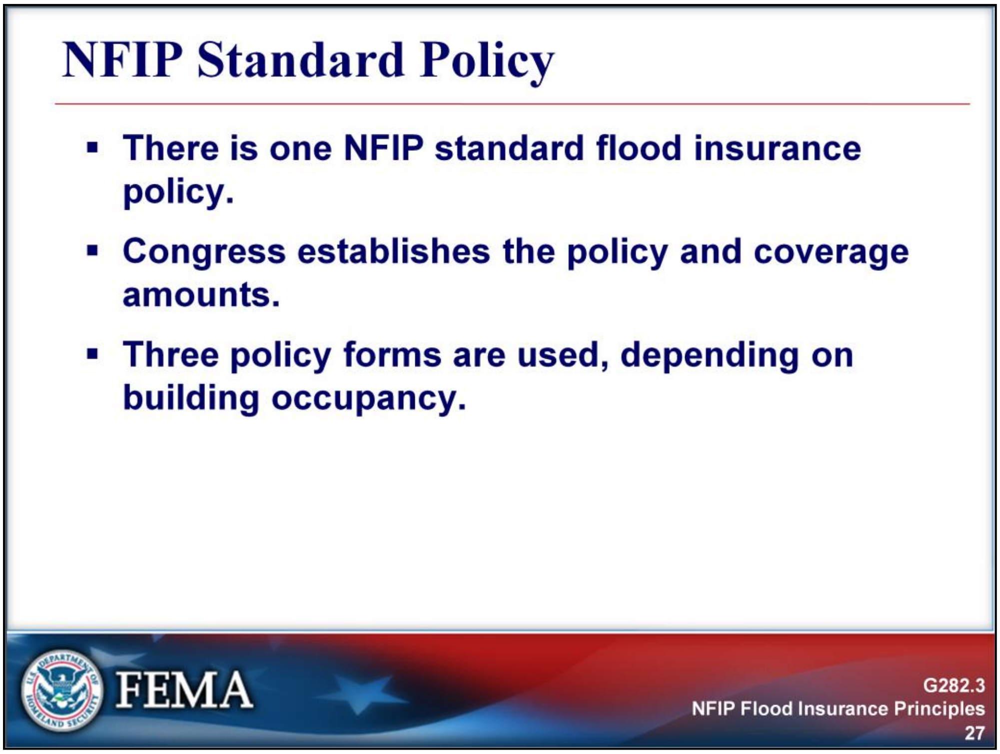
Floodplain Managers in communities with CBRS and/or OPA areas need to know:

- When a building was permitted and completed.
- The date of CBRS or OPA designation for the area. The designation date is on the FIRM that includes the building location.

NFIP flood insurance is not available for buildings constructed after the designation date.

Buildings constructed before the designation date may purchase flood insurance until such time as the building is either substantially damaged or substantially improved.   At that point, flood insurance no longer is available.

When submitting a new flood insurance policy application or request for a quote, agents can consult the NFIP Flood Insurance Manual’s listing of communities that have identified OPA or CBRS areas.

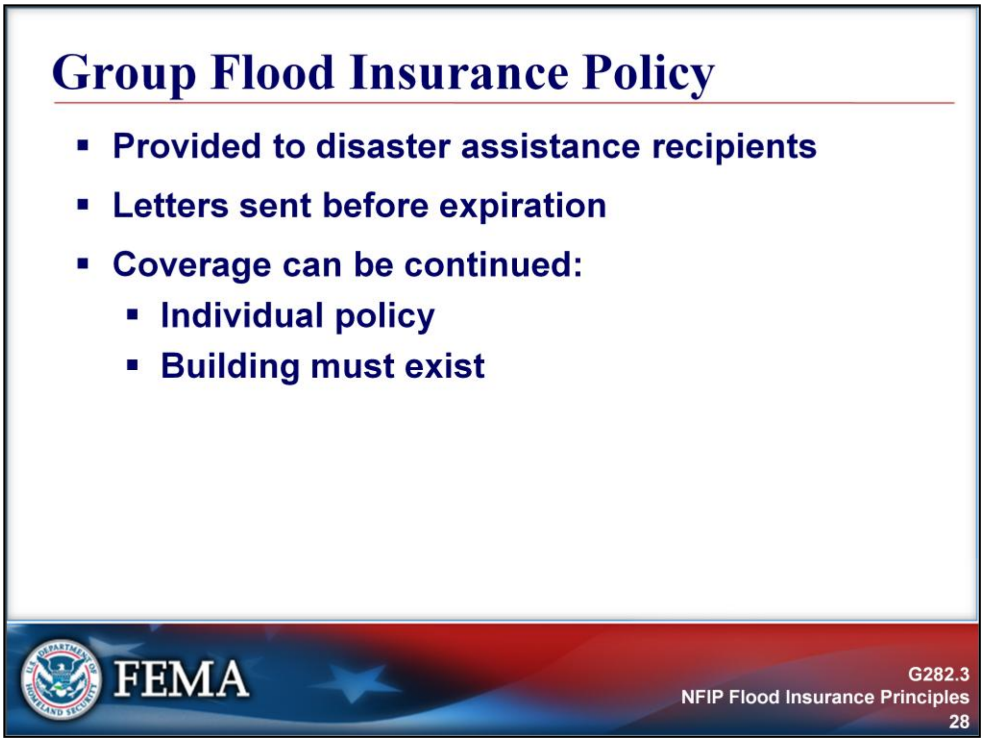


Key Points

The Basics

- There is one NFIP standard flood insurance policy.
- Congress establishes the policy and coverage amounts.
- Three policy forms are used, depending on building occupancy.
    - The Dwelling Policy Form is issued to homeowners, residential renters, and condominium unit-owners.
    - The General Property Policy Form issued to owners or lessees of non-residential buildings or units, or residential condominium buildings that are uninsurable under the Residential Condominium Building Association Policy (RCBAP).
    - The Residential Condominium Building Association Policy Form is issued to condominium associations to insure eligible residential condominium buildings.

Copies of each policy form are on the classroom resource table.



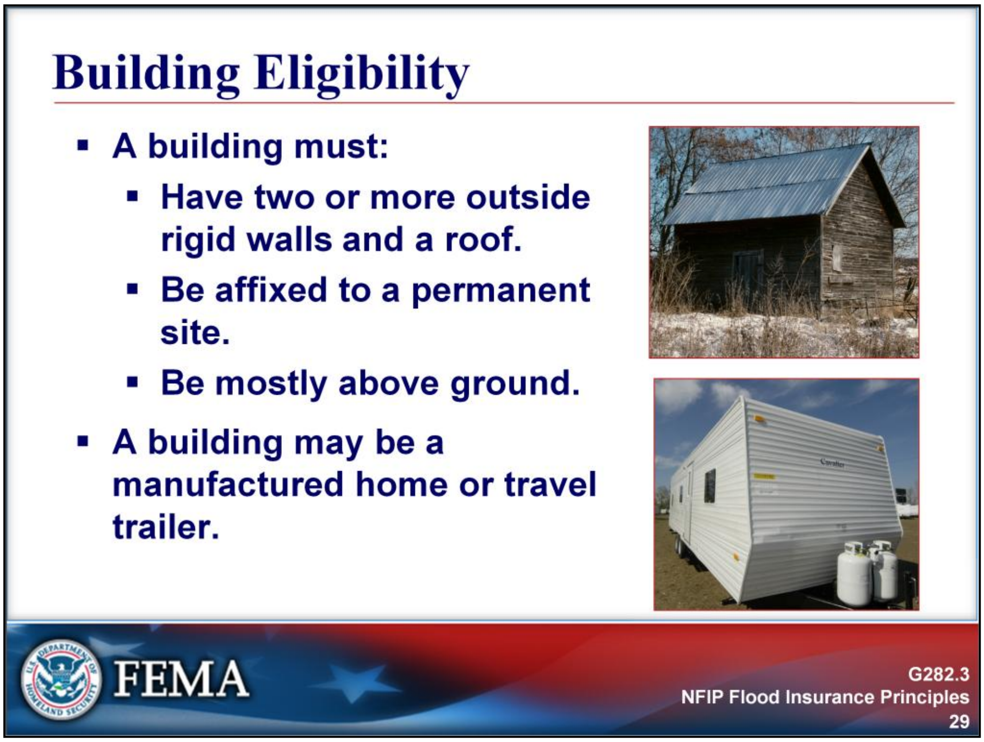
Key Points [redacted]

A Group Flood Insurance Policy (GFIP) insures individuals who suffered flood losses resulting from a disaster that received a Presidential declaration. The GFIP is a standard NFIP policy, but is administered through coordination with FEMA's Individuals and Households disaster assistance program.

The policy term is 3 years. Read the following features:

- **Receipt of Disaster Assistance.** Covered individuals were named by a State as recipients of an Individuals and Households grant program award for flood damage. Individual owners and property locations are listed in the group policy.
- **Letters to Insured.** A notice is sent to the policyholders approximately 60 days before the end of the 3-year term encouraging/requiring them to continue coverage with a standard NFIP policy.
- When the group policies expire, the policyholder will be responsible for purchasing a new flood insurance policy through an insurance agent. New policies take 30 days to go into effect.
- **Continuance of Coverage.**
  - After the initial 3-year policy expires, individuals are encouraged/required to continue coverage with an Individual Policy.
  - The Individual Policy is in effect as long as the repaired building exists.
  - If owners sell the property before expiration of the GFIP, the building is no longer covered. Owners must inform buyers of the requirement to purchase flood insurance.

Areas with a series of flood events may include owners who failed to maintain flood insurance after GFIP expiration and, therefore, are not eligible for disaster assistance.



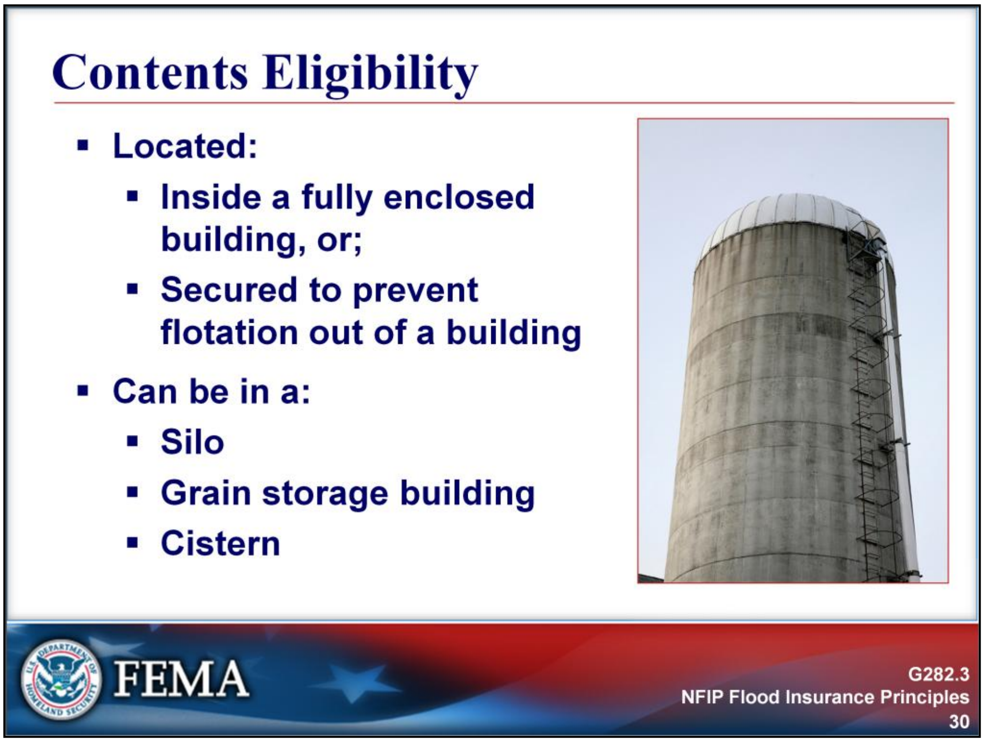
Key Points **The Basics**

The following features describe buildings that are eligible for NFIP flood insurance coverage:

- A building must:
  - Have two or more outside rigid walls and a fully-secured roof.
  - Be affixed to a permanent site.
  - Have at least 51 percent of the actual cash value, including machinery and equipment, above ground.

- A building may be a manufactured (mobile) home or travel trailer affixed to a permanent foundation.

  It is important for the FPM to document that travel trailers and manufactured homes in the SFHA with flood insurance coverage are properly anchored. Without documentation, the owners cannot collect on insurance claims.



Key Points

The Basics

Building contents that are eligible for NFIP flood insurance contents coverage are:

- Located inside a fully enclosed building, or
- Secured to prevent flotation out of a building that is not fully enclosed.

The following is an example of when contents coverage would have covered a loss.

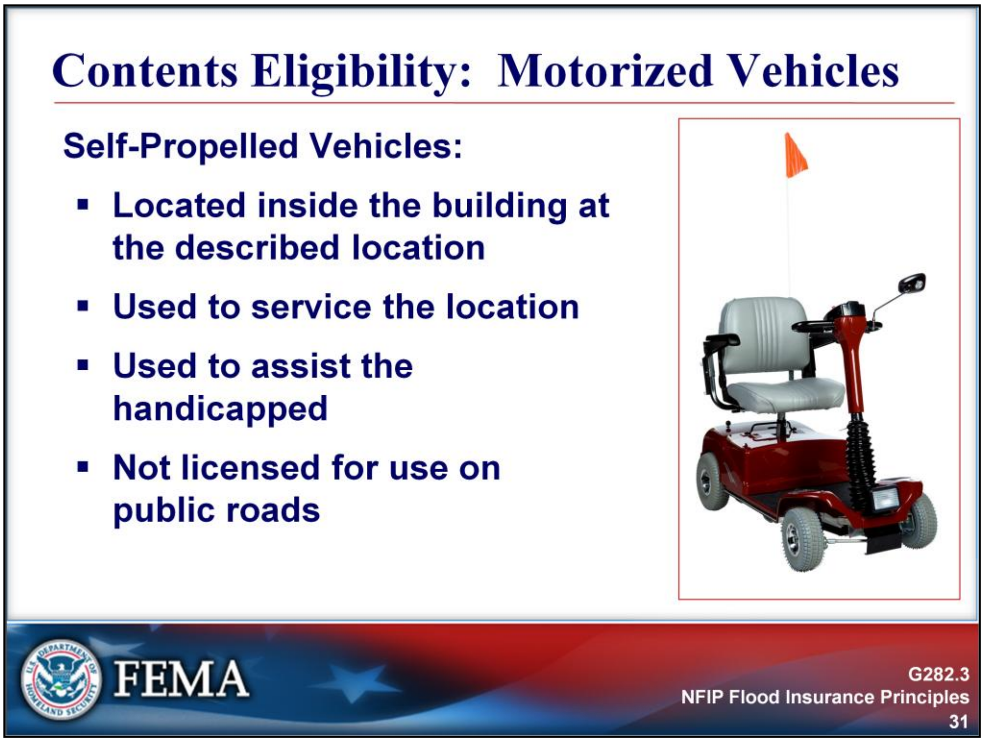
A homeowner had flood insurance on the building, but not the contents. During a flood, a riding mower in a fully enclosed area was a total loss. If the owner had contents insurance, the mower would have been covered.

An issue with buildings under construction is loss of materials that float out of the building. For insurance purposes, items that float away are considered not reasonably secured.

Silos, grain storage buildings, and cisterns are eligible for contents coverage.

Commercial Contents Coverage is available.

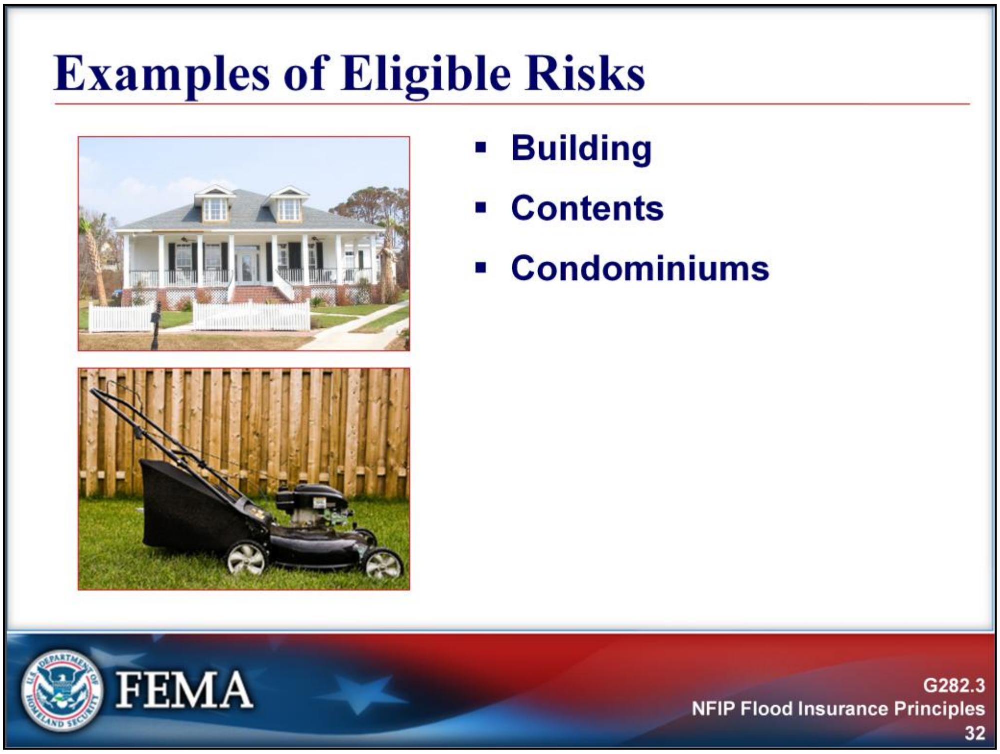
Antiques are insured to replace the function of the item, not the value.



Key Points **The Basics**

To be eligible, self-propelled vehicles and equipment should be located inside the building at the described location, and:

- Used to service the location, or
- Used to assist the handicapped, and
- Not licensed for use on public roads.



Key Points

The Basics

The photos on the visual show examples of a range of eligible flood insurance risks that could be insured under the NFIP, from garden equipment to condominium buildings.

Both building and contents coverage are available, and one policy usually covers both building and contents. If a homeowner is buying flood insurance to secure a mortgage, only building coverage is required. Contents coverage is advisable as well.

Tenants (renters) are eligible to purchase contents coverage to protect their personal property.

The Basics

Key Points

Property that is not eligible for NFIP flood coverage includes:

- Buildings that are noncompliant with the local floodplain ordinance and have been placed on the 1316 Property List.
- Containers such as gas and liquid storage tanks.
- Buildings entirely over water. Buildings newly constructed or substantially improved on or after October 1, 1982, and located entirely in, on, or over water or seaward of mean high tide are ineligible for coverage. Buildings built before October 1, 1982, are eligible for NFIP coverage if not substantially damaged or substantially improved.
- Buildings that are partially underground, if more than 50 percent of the actual cash value of the building is below ground.

There is limited coverage for basements and enclosures under elevated buildings.

Key Points | **The Basics**

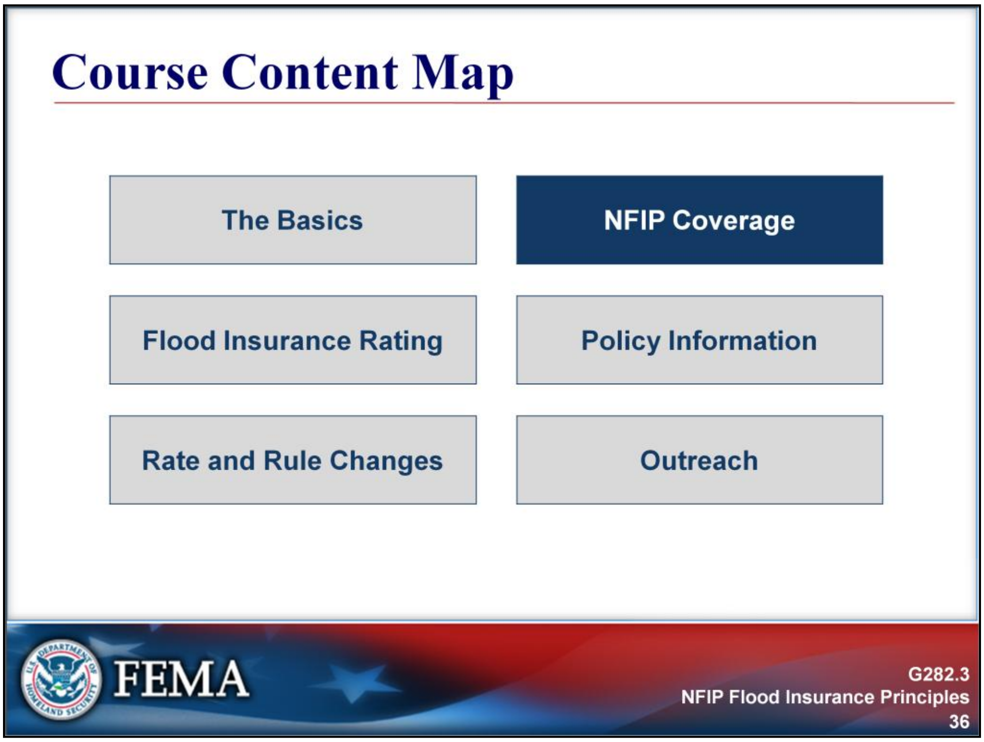
Activity Instructions:

1. Refer to the photos in the visual.
2. Answer the following question : **Which of these structures are eligible for NFIP flood insurance coverage?**

Key Points **The Basics**

Activity Instructions:

1. Refer to the photos in the visual.
2. Answer the following question : **Which of the pictured items are eligible for NFIP flood insurance coverage?**



Key Points [redacted]

This section of the course addresses NFIP coverage.

NFIP Limits of Coverage

The Insured	NFIP Coverage Limits	
Buildings	**Emergency Program**	**Regular Program**
▪ Single Family	$35,000	$250,000
▪ Other Residential	$100,000	$250,000
▪ Nonresidential	$100,000	$500,000
Contents		
▪ Residential	$10,000	$100,000
▪ Nonresidential	$100,000	$500,000

FEMA

G282.3
NFIP Flood Insurance Principles
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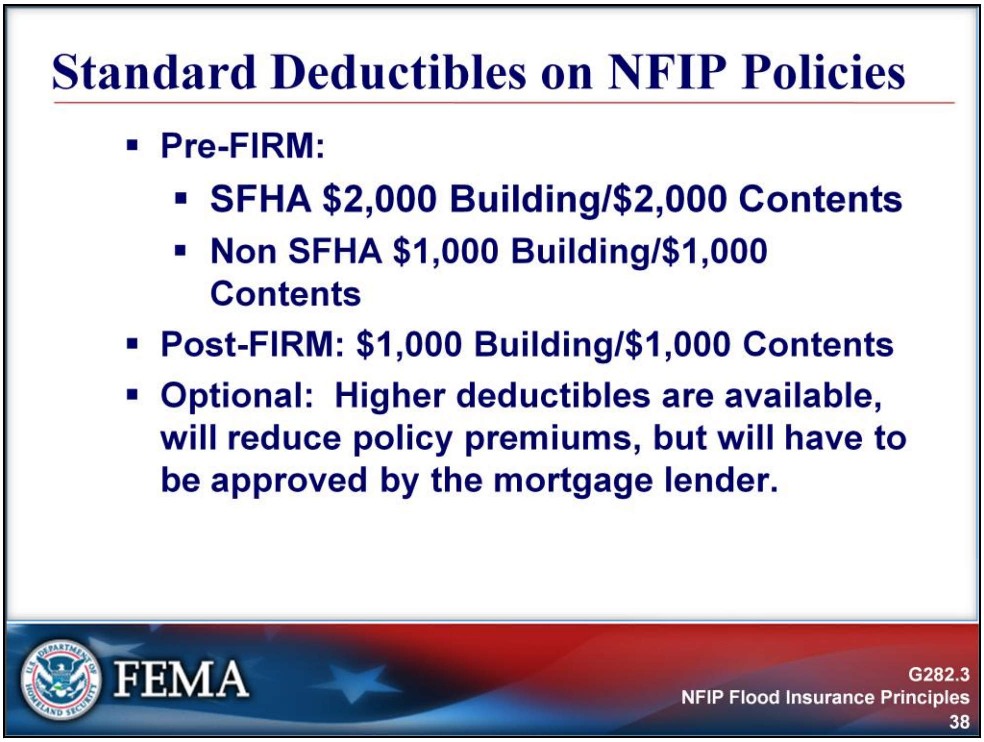
Key Points

NFIP Coverage

The limits of NFIP coverage depend on the type of building and whether the Emergency or Regular Program is in effect.

Very few communities participate in the emergency phase. As of September 30, 2008, there were 609 communities in the Emergency Program and 20,003 in the Regular Program.

Map Modernization program goals are to study the remaining communities in the Emergency Program in depth and convert them to the Regular Program.



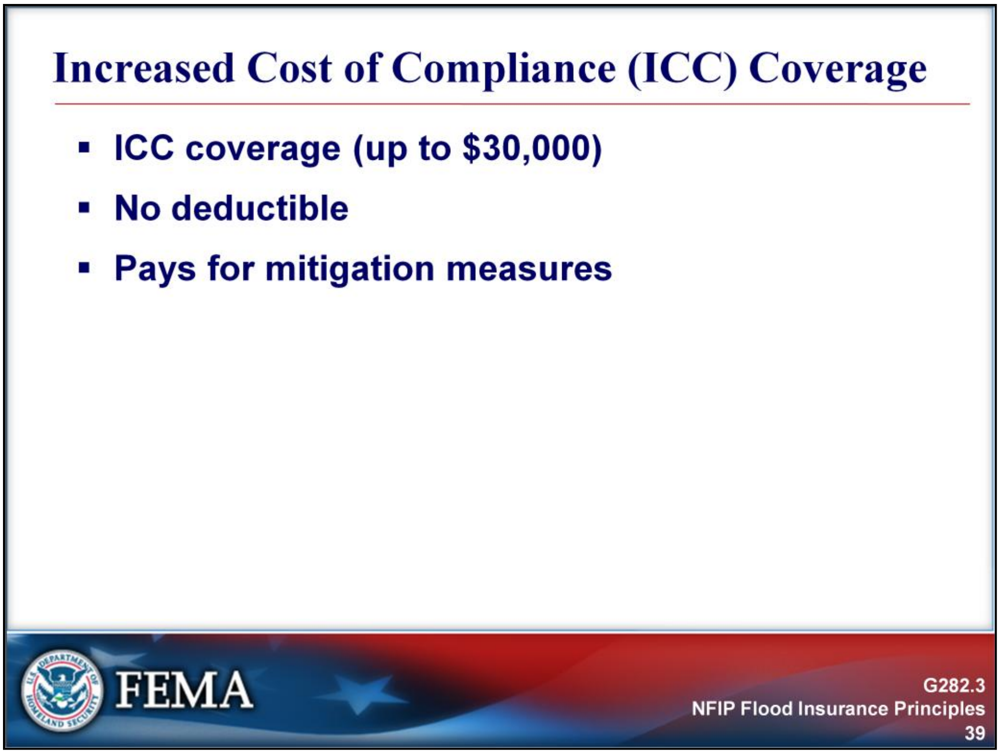
Key Points

NFIP Coverage

A deductible is the amount that the insured pays toward the amount of a loss. The NFIP policy covers the balance of the claim. Deductibles vary according to whether buildings are pre- or post-FIRM, and the amount of the deductible can be raised or lowered.

Below are the standard deductibles on NFIP policies:

- Pre-FIRM: Non SFHA $1,000 Building/$1,000 Contents and SFHA $2,000 Building/$2,000 Contents
- Post-FIRM: $1,000 Building/$1,000 Contents
- Lower deductibles may be purchased for an additional premium.
- Optional: Higher deductibles are available, and an insurance agent can provide information on specific amounts of available deductibles. Optional higher deductibles reduce policy premiums but will have to be approved by the mortgage lender.

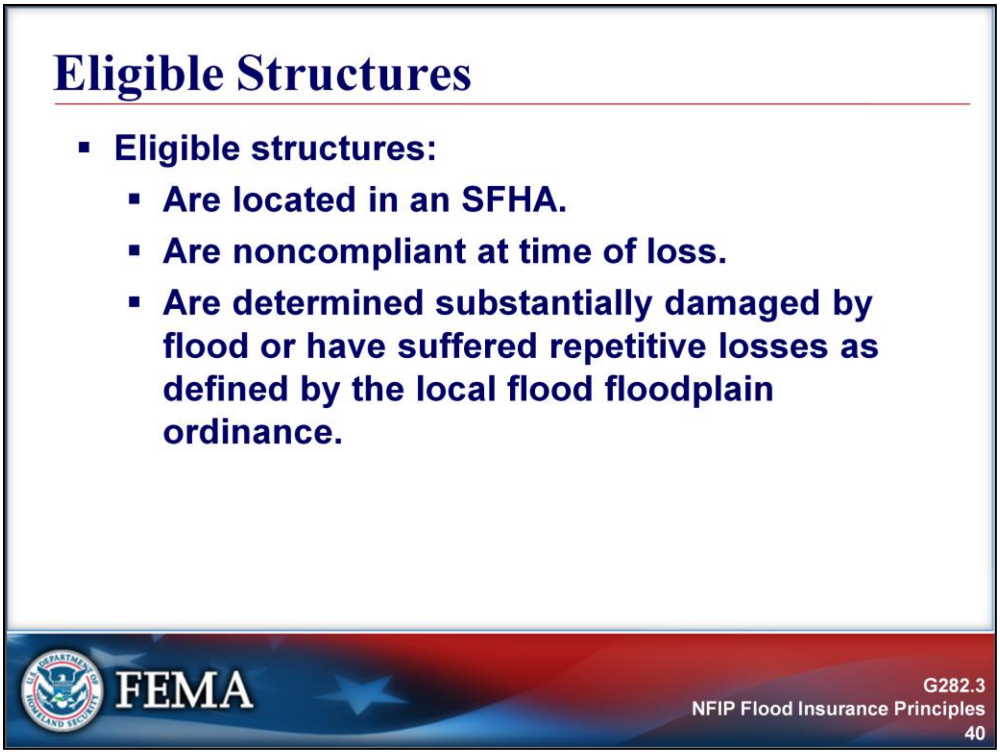


Key Points

NFIP Coverage

Increased Cost of Compliance (ICC) coverage is available to help property owners pay for mitigation measures to bring insured structures into compliance.

The standard flood insurance policy provides up to $30,000 (with no deductible) to implement eligible mitigation measures.



Key Points **NFIP Coverage**

Eligible structures are:

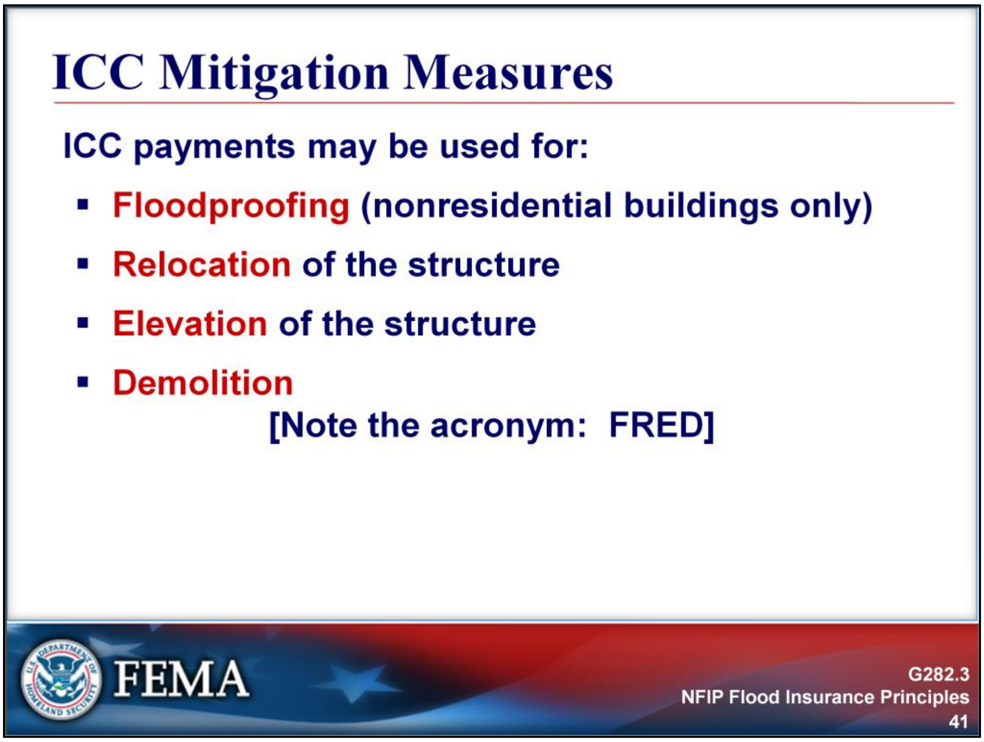
- Located in an SFHA.
- Noncompliant with the floodplain ordinance at time of loss.
- Declared substantially damaged by flooding by the local FPM, meaning the cost of repairs is more than 50 percent of Market Value. Repetitive flood losses also may be criteria for ICC if included in the ordinance.

When the FPM issues a substantial damage letter, the policyholder can file an ICC claim on a structure.

FEMA Unified Hazard Mitigation Assistance grants allow ICC benefits to be used as part of the non-Federal cost share for mitigation projects. ICC is not a grant.

Refer to the two-page brochure: F-663, Increased Cost of Compliance Coverage: Creating a Safe Future, in the Resource Booklet.

If the building is in a non SFHA (B, C, X, or D) Zone, documentation is needed as to why the building is required to undertake the mitigation action (e.g., the community adopted and enforces advisory or preliminary base flood elevations [BFEs] provided by FEMA). Substantial Damage must be the result of damage by flood.



Key Points

NFIP Coverage

ICC payments may be used for any of the following activities, and for any combination of the activities:

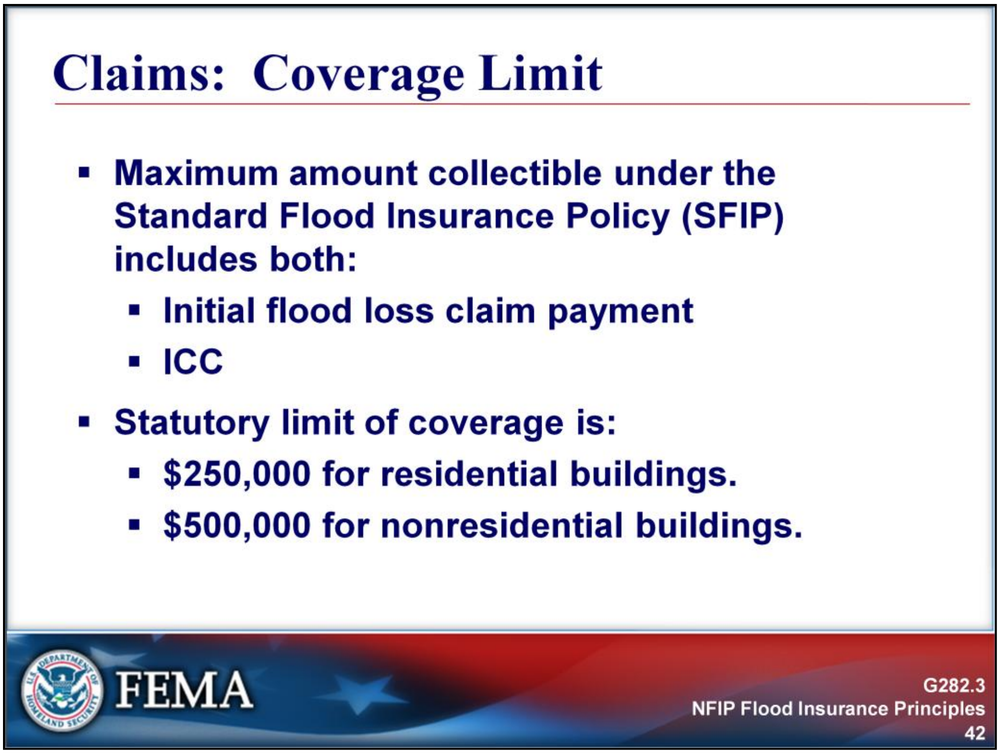
- Floodproofing (nonresidential buildings only)
- Relocation of the structure
- Elevation of the structure
- Demolition

These activities are referred to by the acronym FRED.

With ICC coverage, the building must be elevated, flood-proofed, demolished, or relocated as soon as reasonably possible—policyholders will have 4 years to complete the required mitigation measures starting from the date of the substantial damage declaration by the State or community. (Two years was standard; time was extended to 4 years by WYO Clearinghouse Bulletin W-06019 www.nfipiservice.com/pdf/bulletin/w-06019.pdf.)

For ICC claims arising out of Katrina, Rita, and Wilma, qualifying ICC compliance activities must be completed within 7 years of the date of the community's initial letter declaring the subject building substantially damaged (WYO Clearinghouse Bulletin W-09015).

ICC funds can be assigned to the community if part of a FEMA grant buyout or mitigation program.



Key Points

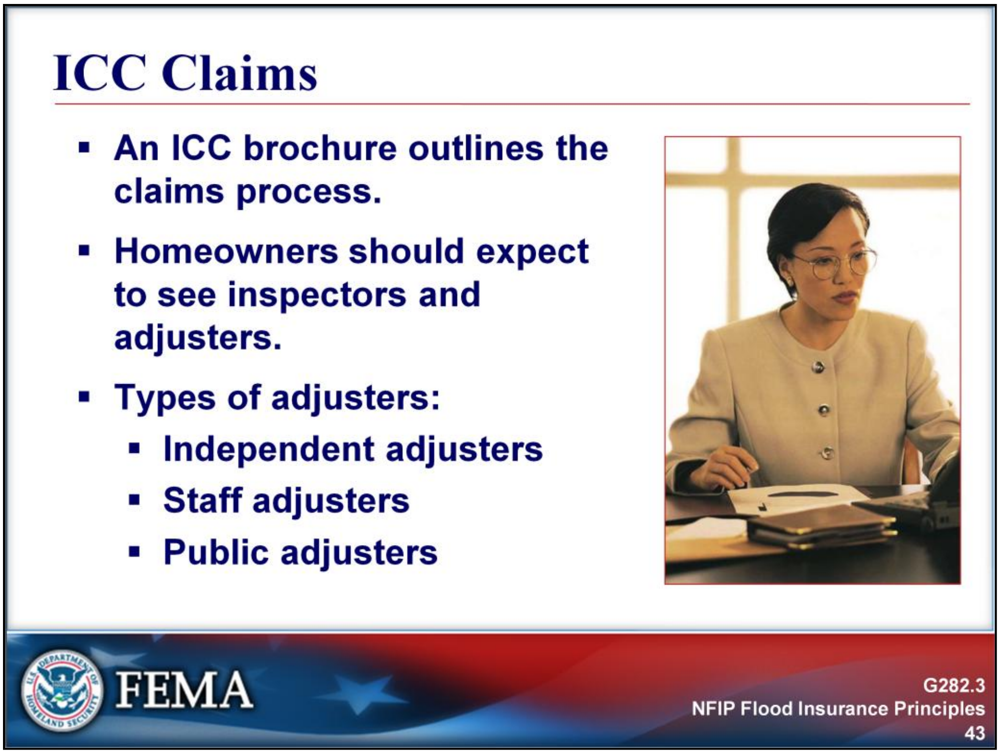
NFIP Coverage

The maximum amount collectible under the SFIP for both the ICC payment and the direct loss payment for flood cannot be greater than the maximum limits of coverage for that class of buildings. The statutory limits of flood insurance building coverage are:

- $250,000 (residential).
- $500,000 (nonresidential).

The following are examples for using ICC benefits:

- A residential building had $150,000 in coverage and filed a direct loss claim for $150,000. Bringing the building into compliance would cost a total of $180,000. The $30,000 in ICC coverage can pay the difference between the claim and total cost.
- A nonresidential building was insured for $500,000, and claimed a direct loss of $480,000. Only $20,000 of the ICC coverage could be used for mitigation measures because of the $500,000 limit on coverage.



Key Points **NFIP Coverage**

ICC Brochure F-663, Increased Cost of Compliance Coverage, in the Resource Booklet describes the ICC claim process.

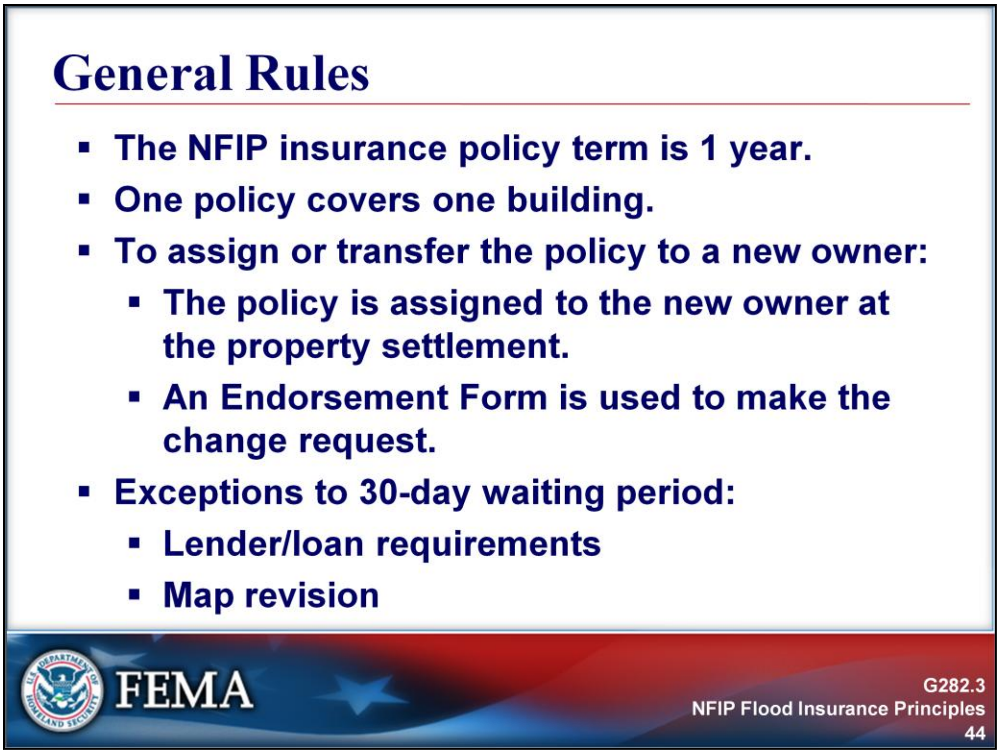
The FPM should consider notifying owners of damaged property that a number of inspectors will come for various purposes. Some inspections are for Individual Assistance and others are for insurance, but to the homeowner, everybody is FEMA.

Owners who file an ICC claim will be dealing with insurance adjusters. Types of insurance adjusters are:

- Independent adjusters, who are hired by insurance agents and insurance companies.
- Staff adjusters, who are employees of WYO companies.
- Public adjusters, who work on their own behalf. Public adjusters are compensated by receiving a portion of the insurance settlement. Homeowners should ask public adjusters to show certification.

The adjuster will give the insured an ICC brochure if the structure may be substantially damaged.

All insured owners receive a Claims Handbook when they purchase a new policy, at each renewal, and at time of a claim.



Key Points **NFIP Coverage**

The policy term for an NFIP insurance policy is 1 year.

Below are the steps to assign—or transfer—the policy to a property's new owner:

- The policy is assigned to the new owner at property settlement.
- One policy covers one building.
- An Endorsement Form is used to make the change request.

For a primary residence, 10 percent of coverage can be assigned to a detached garage.

Some situations allow for rating under one or two policies. For example, a house with a breezeway connecting two sections might be covered with a policy for each section or with a single policy. The agent and property owner choose the alternative that is most beneficial to the owner.

If a map change results in a different zone or flood risk, a seller can endorse a pre-existing policy that is rated at a lower risk to a buyer to take advantage of grandfathering. The ability to transfer the policy is a selling point.

Key Points

NFIP Coverage

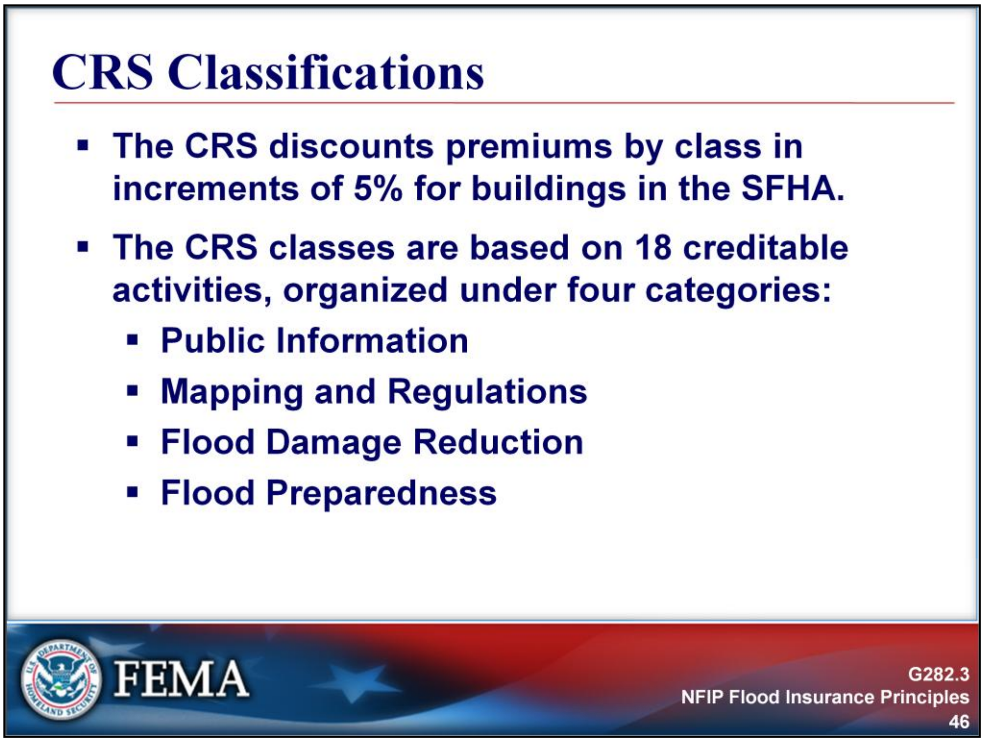
To find out how many points your community could already qualify for, visit www.crs2012.org and click on the Community Self-Assessment tab.

If you have close to 500 points, contact your State or FEMA NFIP Specialist and ask for help.

When you are sure you will have at least 500 points, schedule a visit from your ISO representative.

ISO will help you figure out easy ways to earn more points and give you guidance on filling out the CRS application to avoid common mistakes.

Look over the Community Assistance Visit (CAV) process. After any issues are resolved and a CAV is closed, a letter will be issued by the appropriate FEMA Region. CRS Application must be made within 6 months of the date on a “good” CAV letter.



Key Points

NFIP Coverage

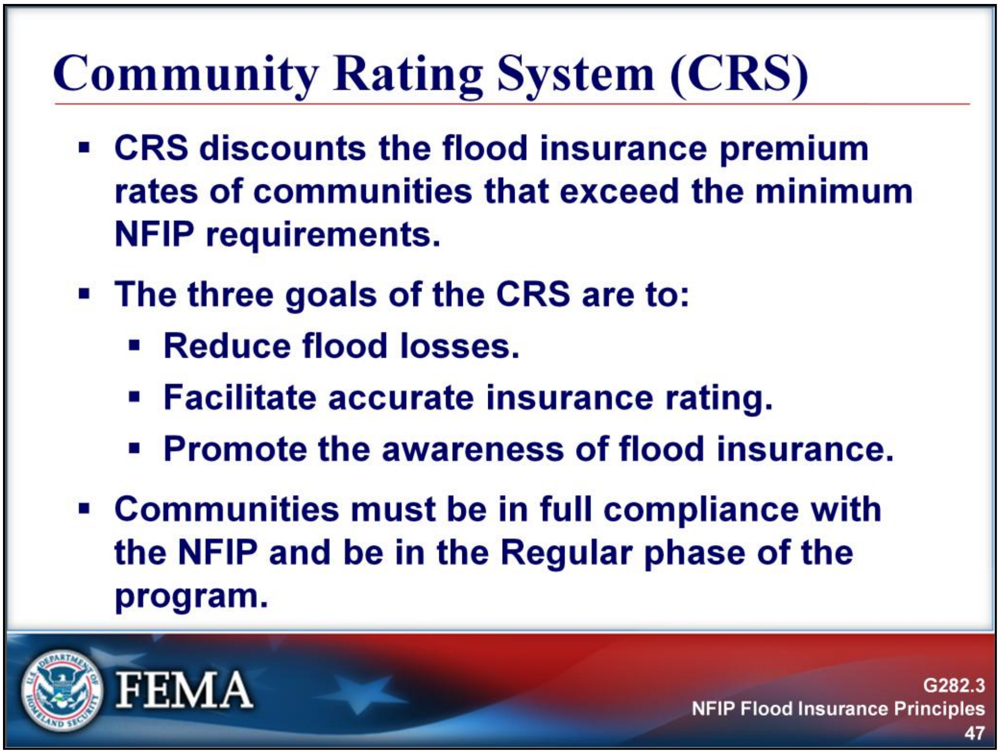
For CRS participating communities, flood insurance premium rates are discounted in increments of 5 percent for buildings in the SFHA. Note that:

- A Class 1 community would receive a 45 percent premium discount.
- A Class 9 community would receive a 5 percent discount.
- Class 10 is for communities that do not participate in the CRS and thus receive no discount.

The CRS classes for local communities are based on 18 creditable activities, organized under four categories:

- Public Information
- Mapping and Regulations
- Flood Damage Reduction
- Flood Preparedness

The CRS Coordinator’s Manual is available at http://www.fema.gov/library/viewRecord.do?id=2434.



Key Points

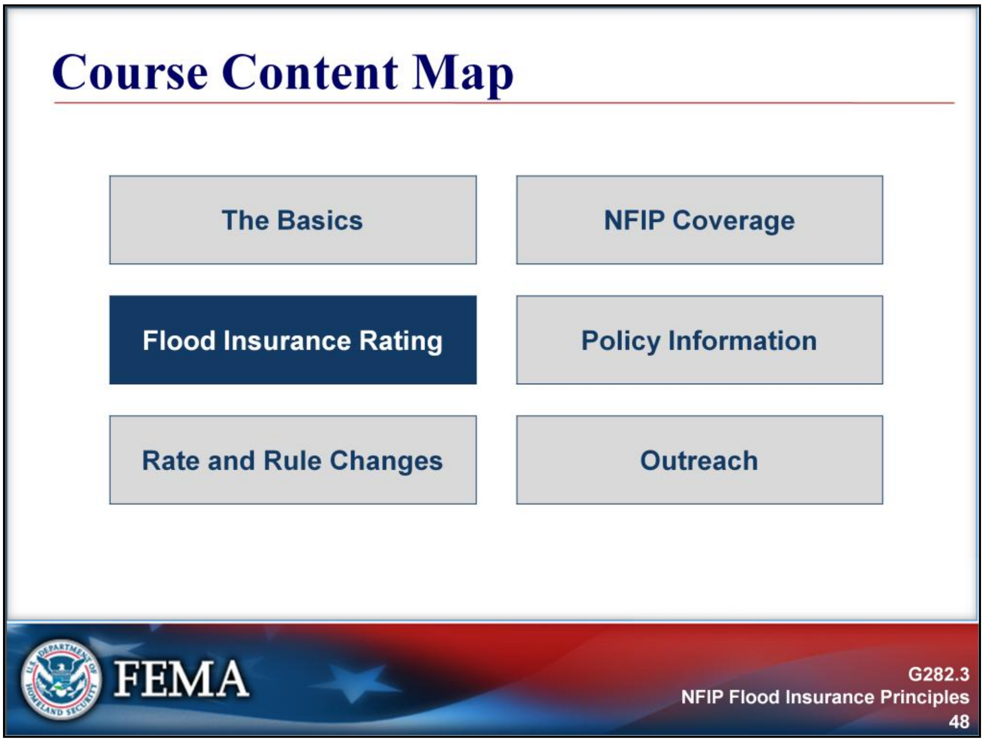
NFIP Coverage

The NFIP Community Rating System (CRS) is a voluntary incentive program that recognizes and encourages community floodplain management activities that exceed the minimum NFIP requirements.

As a result of CRS enrollment, flood insurance premium rates are discounted to reflect the reduced flood risk resulting from the community actions meeting the three goals of the CRS:

- Reduce flood losses;
- Facilitate accurate insurance rating; and
- Promote the awareness of flood insurance.

Communities must be in full compliance with the NFIP and be in the Regular phase of the program.

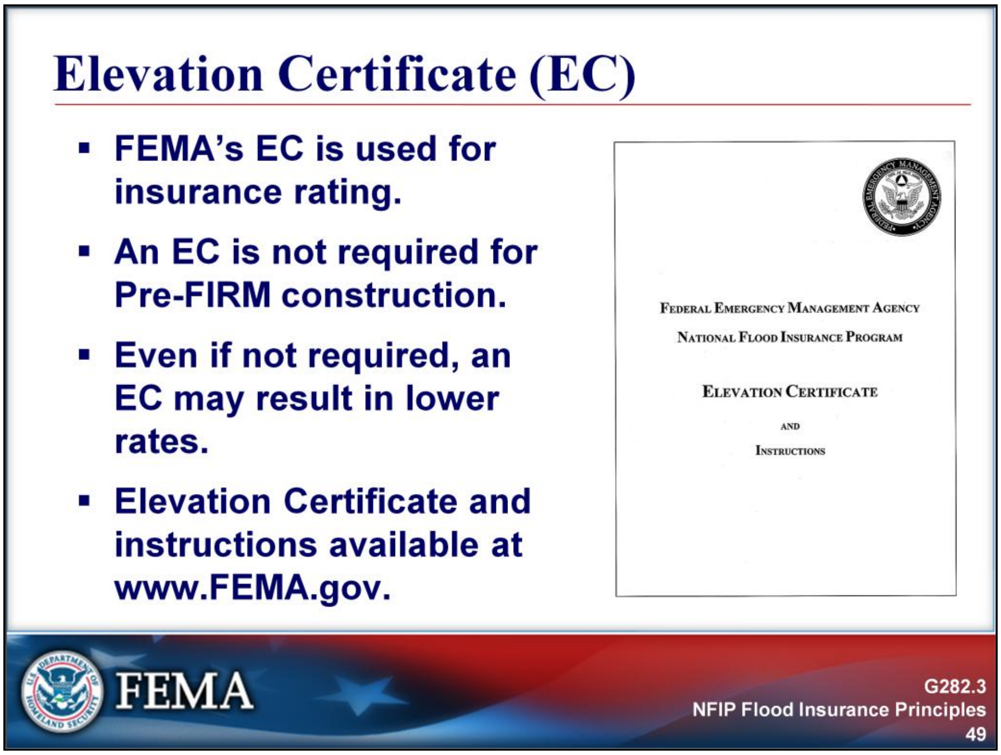


Key Points

Flood Insurance Rating

Estimated Section Length: 2 hours

This section of the course covers flood insurance ratings.



Key Points

Flood Insurance Rating

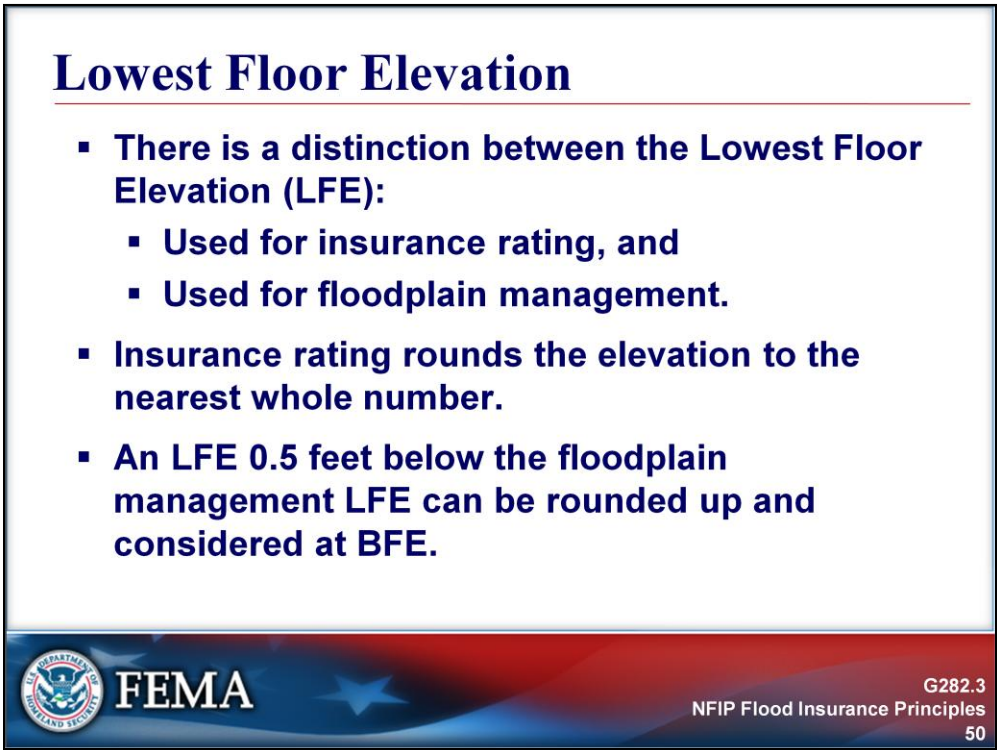
- FEMA's Elevation Certificate (EC) was approved for use through March 31, 2012. Elevation information on the Elevation Certificate is used to rate post-FIRM buildings either constructed after December 31, 1974, or after the original FIRM date.

- The Elevation Certificate is used to document a structure's elevation, and is retained in the FPM's records. Flood insurance rating information includes:
  - Building type.
  - Lowest floor in relation to the BFE.
  - Description of flood openings.
  - Size of enclosures below BFE.

- The EC is optional on pre-FIRM construction. The FPM may advise owners to get an EC if the actuarial rating would result in a more beneficial rate. The EC is required to document the structure elevations and other pertinent rating information.

- In Approximate Zone A , EC is used to document a building's Lowest floor in relation to the Highest Adjacent Grade or in relation to a community determined flood elevation. Proper flood openings can significantly decrease premiums.

- The Elevation Certificate form and instructions are available on the FEMA website, search "Elevation Certificate".



Key Points

Flood Insurance Rating

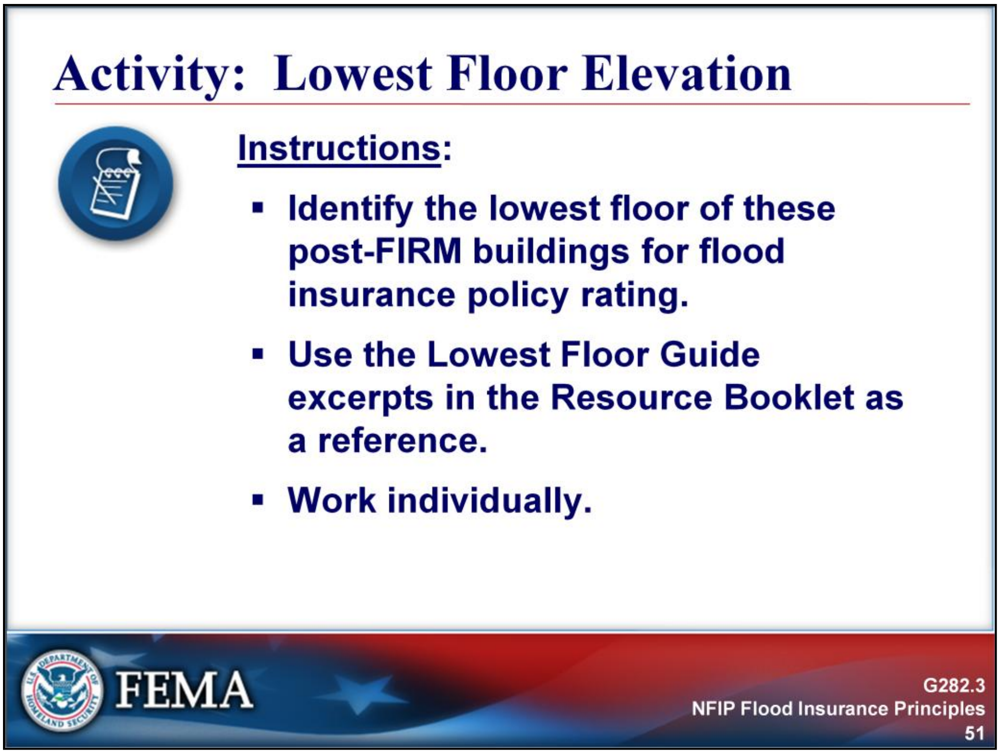
Refer to the excerpts from the Lowest Floor Guide in the Resource Booklet. There is a distinction between the Lowest Floor Elevation:

- Used for insurance rating, and
- Used for floodplain management.

A FPM may find a building noncompliant, but the owner insists that the NFIP policy rates the structure as at BFE.

The inconsistency results from a difference in how floodplain management and insurance define the Lowest Floor Elevation.

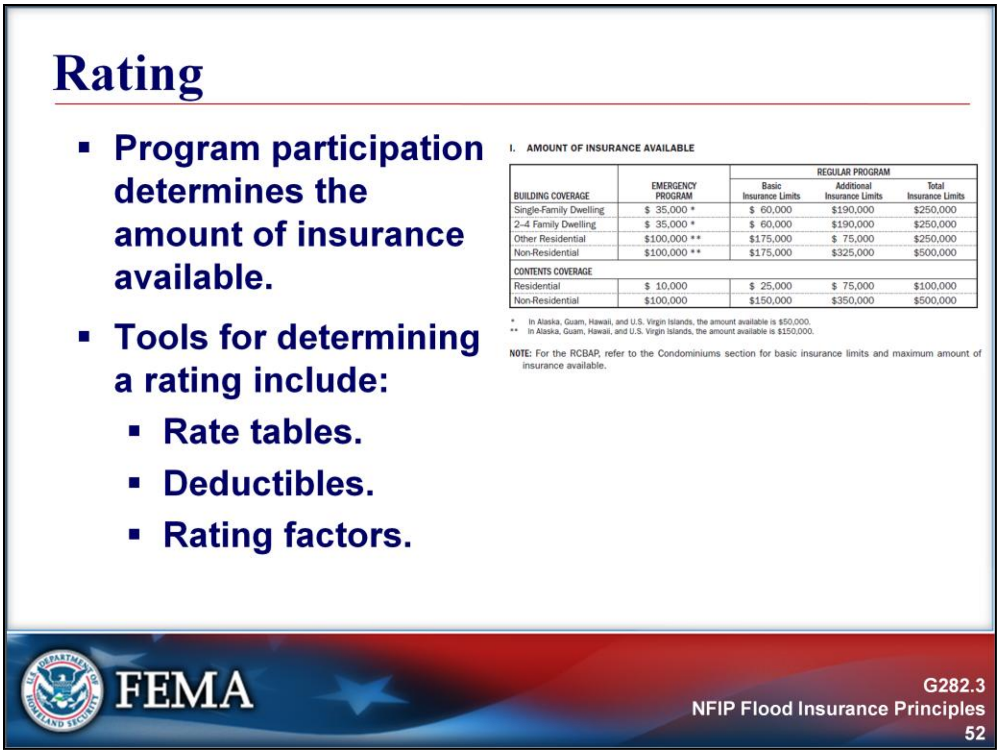
- Floodplain management measures LFE and BFE in tenths of a foot.
- Insurance agents round the BFE or LFE to the nearest whole number.
- As a result, an LFE that is 0.5 feet below the BFE by floodplain management criteria could be rounded upward and considered at BFE for insurance purposes.



Key Points **Flood Insurance Rating**

Refer to the Lowest Floor Elevation Activity in the Resource Booklet.

1. Use the Lowest Floor Guide (LFG) excerpts to identify the lowest floor of each of the following post-FIRM buildings. Identify the applicable LFG page.
    a. A building in Zone AE elevated on an at-grade crawl space without flood openings.
    b. An elevated building in Zone VE with a breakaway wall enclosure that is greater than 300 square feet.
    c. A non-elevated building in Zone AE with a basement more than 5 feet from floor to top of next higher floor.
    d. An elevated building in Zone VE with a breakaway wall enclosure of less than 300 square feet.
    e. An elevated building in Zone AE with an enclosure that has the required flood openings.
    f. An elevated building in Zone VE with an enclosure with breakaway walls of less than 300 square feet.
    g. A subgrade crawl space in an AE zone no more than 2 feet below grade.
    h. An attached garage with a lower elevation in an AE zone with no flood vents in the garage.
2. Compare LFG pages 49 and 57. What is the difference between the buildings?



BUILDING COVERAGE	EMERGENCY PROGRAM	REGULAR PROGRAM Basic Insurance Limits	REGULAR PROGRAM Additional Insurance Limits	REGULAR PROGRAM Total Insurance Limits
Single-Family Dwelling	$ 35,000 *	$ 60,000	$190,000	$250,000
2–4 Family Dwelling	$ 35,000 *	$ 60,000	$190,000	$250,000
Other Residential	$100,000 **	$175,000	$ 75,000	$250,000
Non-Residential	$100,000 **	$175,000	$325,000	$500,000
CONTENTS COVERAGE				
Residential	$ 10,000	$ 25,000	$ 75,000	$100,000
Non-Residential	$100,000	$150,000	$350,000	$500,000

Key Points

[redacted]

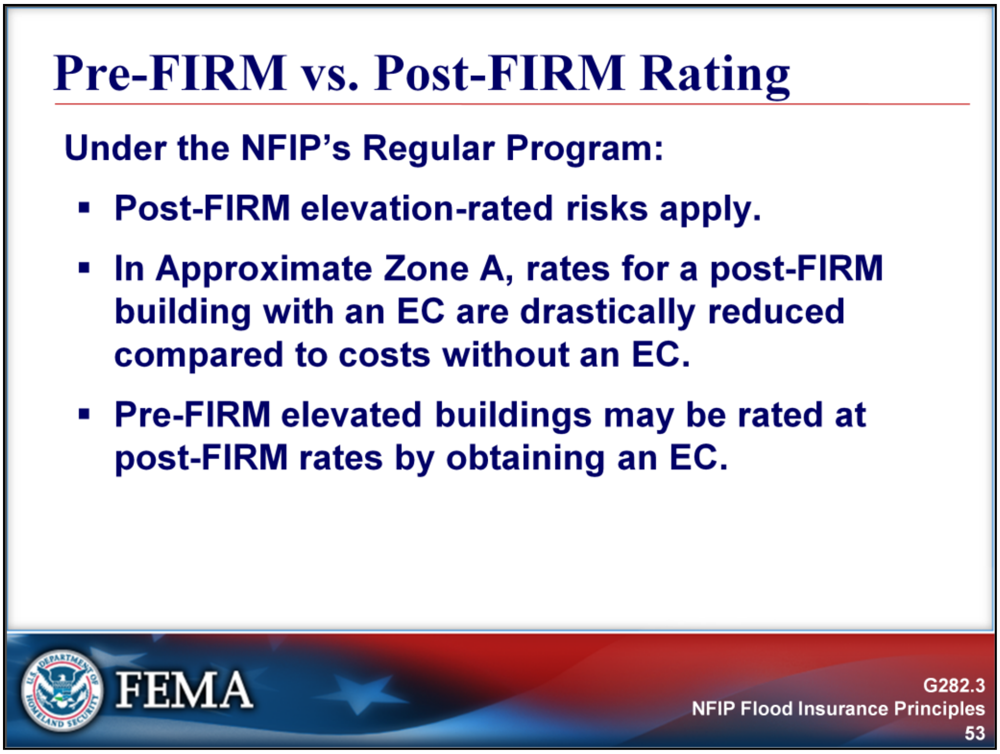
A policy rating determines the amount of insurance available.

The tools used for a rating include:

- Rate tables.
- Deductibles (optional higher deductibles).
- Rating factors, including:
  - Building age (pre-FIRM or post-FIRM)
  - Type of construction (residential, non-residential, other residential, condominium, manufactured home)
  - Basement or enclosure (slab, elevated, basement, crawl space)
  - Elevation of the lowest floor (compared to BFE)
  - Amount of coverage
  - CRS discount
  - ICC premium
  - Federal policy fee
  - Probation surcharge if appropriate

Refer to the ratings shown in Table 2, Regular Program Pre-FIRM Construction Rates in the Resource Booklet. Explain that:

- There are two layers of coverage for different types of buildings and for contents. For example, for a residential building, the first $60,000 of coverage has one rate, and additional coverage, for example, an additional $190,000 uses a different rate.
- The first layer has the higher rate, because most claims fall within that range. For example, for single family residential buildings, most claims are $60,000 or below.



Key Points

Flood Insurance Rating

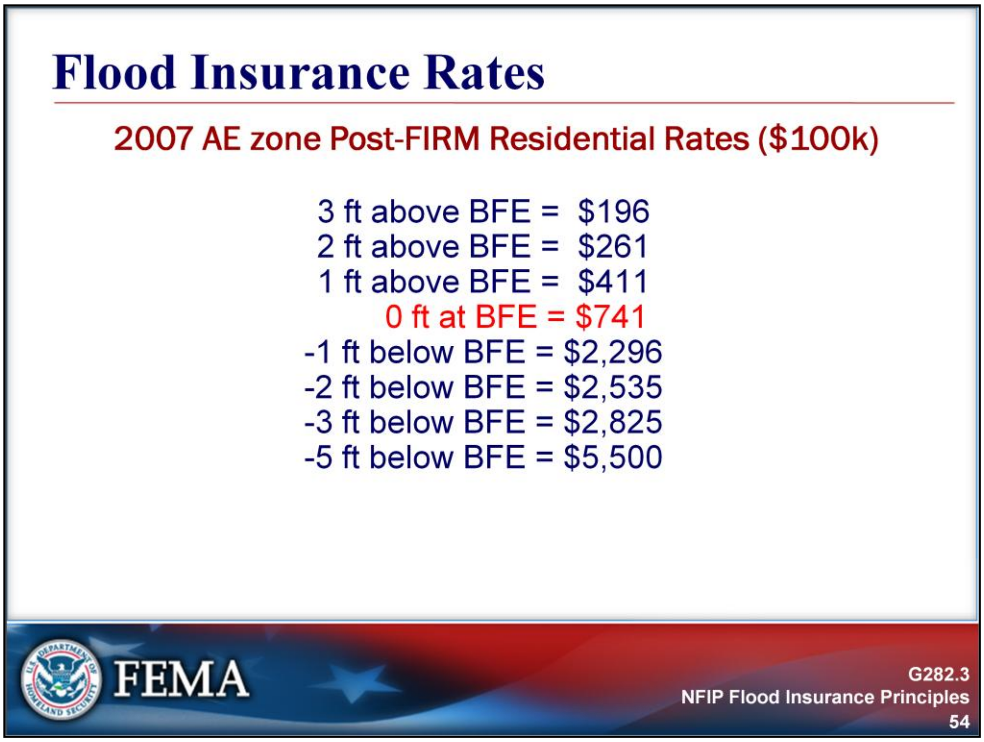
Under the NFIP Regular Program:

- Post-FIRM elevation-rated risks apply.
- In Approximate Zone A, rates for a post-FIRM rating with an EC are drastically reduced compared to costs without an EC.
- A pre-FIRM elevated building can be rated at post-FIRM rates if an EC is provided.

Read the following scenario:

- A pre-FIRM structure is in a B, C, or X zone on the current map.
- The owners buys a flood insurance policy.
- When the new FIRM becomes effective, the structure is in a Zone AE.
- Because the owners bought insurance when the zone was B, C, or X, they can still have property pre-FIRM, B, C, or X zone rated, provided that they kept continuous coverage.
- If the owners wait to buy the policy when the new FIRM becomes effective, they will pay pre-FIRM AE Zone rates.

As FPMs, you can advise citizens to buy flood insurance before a new FIRM becomes effective and avoid paying higher rates for mandatory flood insurance.



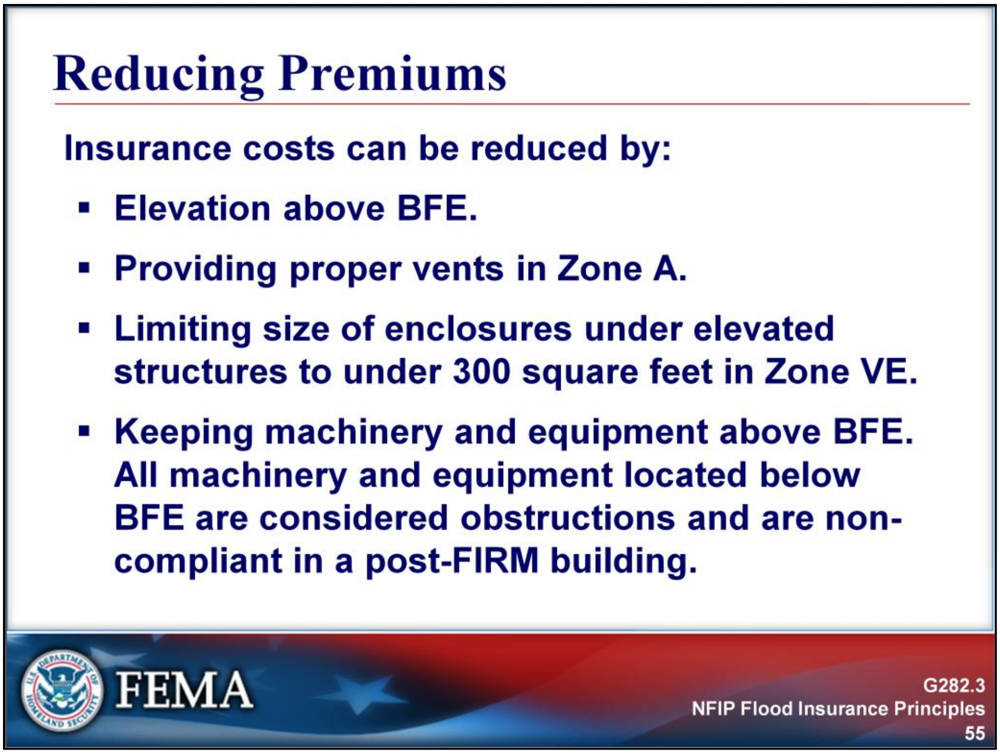
Key Points

Flood Insurance Rating

Review the 2007 rates for AE zone, post-FIRM, with $100,000 worth of coverage and standard deductible. New Rate tables are issued regularly; these are not current, they are just to give an idea of variation.

These rates are examples; many factors can influence the cost up OR down:

- Location of mechanicals.
- Inadequate flood openings.
- Building type.
- Deductibles.



Key Points

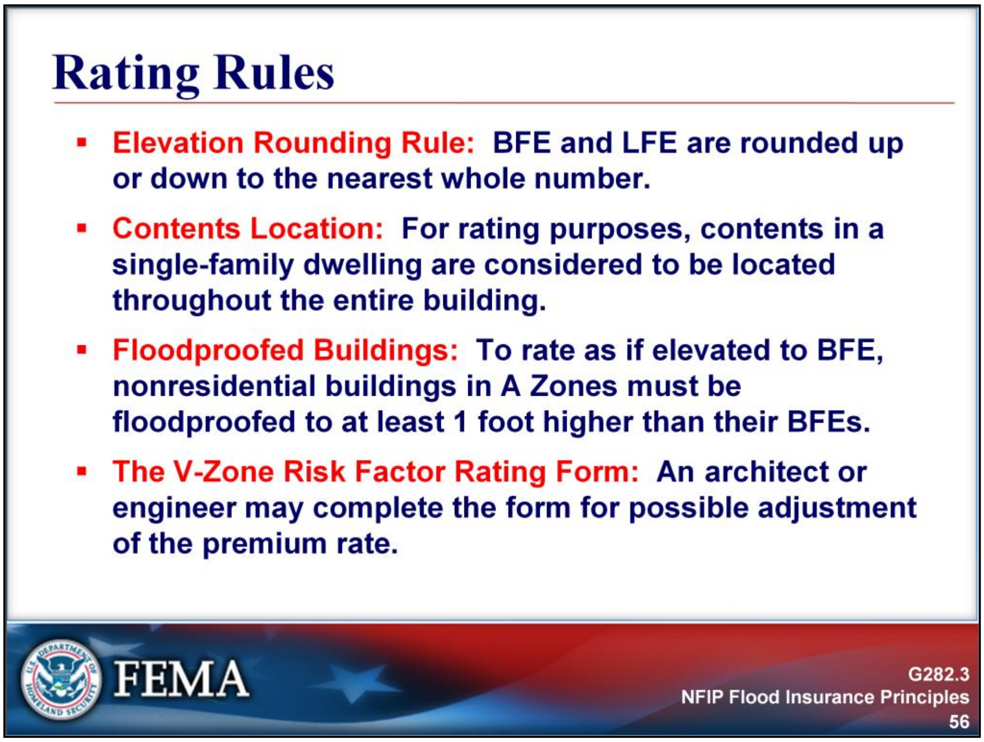
Flood Insurance Rating

The average cost of a flood insurance policy nationwide is approximately $500.

FPMs can advise citizens to reduce insurance costs by:

- Elevation above BFE.
- Providing proper vents for crawl spaces, enclosures, and garages in Zone A.
- Limiting size of enclosures under elevated structures to under 300 square feet in Zone VE. An elevated structure with an enclosure 300 square feet or larger and breakaway walls is automatically rated as a special risk subject to high rates. (Submit to Rate)
- In Post 1981 VE zones, the “without obstruction” premiums can be almost HALF the cost of “with obstruction.”
- Keeping machinery and equipment above BFE. All machinery and equipment located below BFE are considered obstructions in a VE zone, and are non-compliant in post-FIRM buildings.

Refer to the National Flood Insurance Program Sample Flood Insurance Rates in the Resource Booklet. Notice the differences in policy costs as elevation increases.



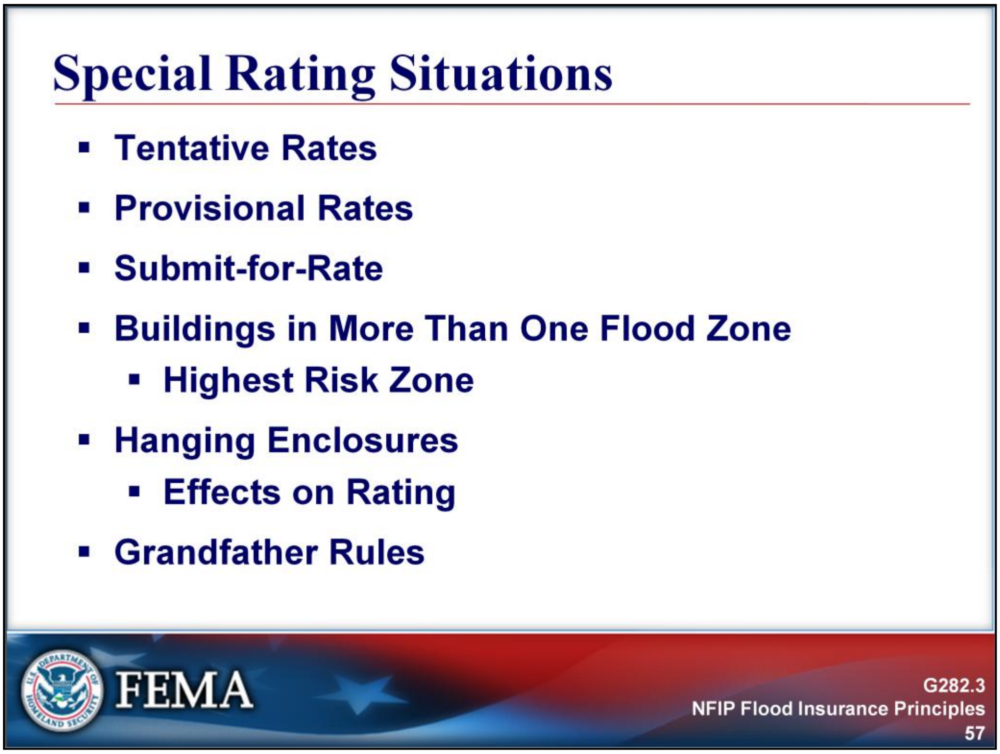
Key Points

Flood Insurance Rating

Review rating rules:

- Elevation Rounding Rule: For insurance purposes, BFE and LFE are rounded up to the nearest whole number.
- Contents Location: For rating purposes, contents in a single-family dwelling are considered to be located throughout the entire building regardless of the building type, with limited coverage in a basement and an enclosed area beneath the lowest elevated floor.
- Floodproofed Buildings: To rate as if elevated to BFE, nonresidential buildings in A Zones must be floodproofed to at least 1 foot higher than their BFEs. Floodproofing is not allowed in a VE zone.
- The V-Zone Risk Factor Rating Form is completed by an architect or engineer and submitted to the insurance underwriter. The FPM can inform property owners and architects and engineers that completion and submission of the form may result in a reduced premium rate.

Answer the following question: **Can a nonresidential building in a V Zone be floodproofed?**

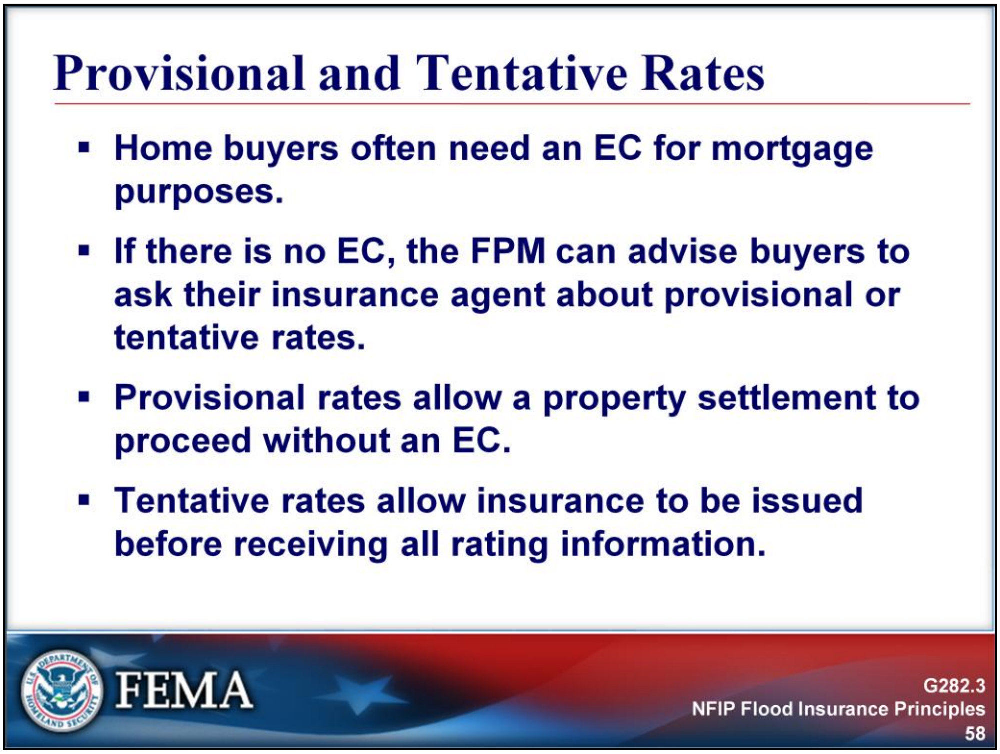


Key Points

Flood Insurance Rating

Special rating situations include:

- Tentative Rates
- Provisional Rates
- Submit-for-Rate
- Buildings in More Than One Flood Zone
    - If a building is in more than one flood zone, the zone with the highest risk is used for rating.
- Hanging Enclosures
    - Hanging enclosures are most often found in the Southeast region of the U.S.
    - If a homeowner installs a hanging enclosure under an elevated building to store lawn furniture or other items, the enclosure actually increases the flood risk by imposing stress on the entire building during a flood.
    - The bottom of the enclosure becomes the lowest floor for rating purposes.
- Grandfather Rules
- **Preferred Risk flood insurance policy map changes**—after January 1, 2011, there is a 2-year PRP extension for eligibility.



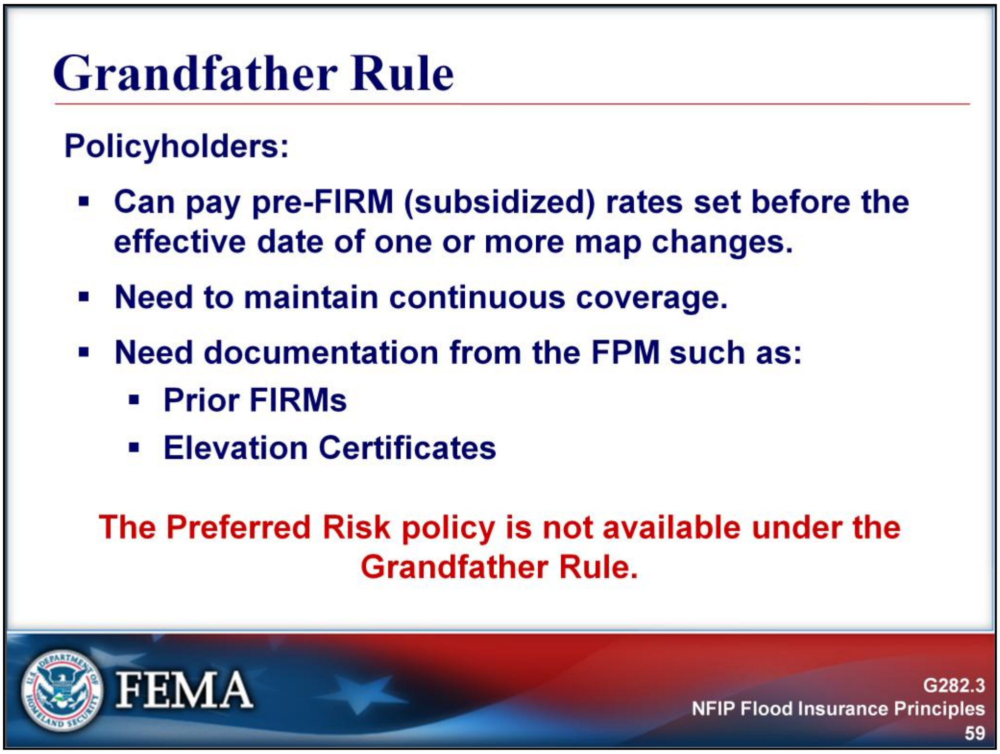
Key Points

Flood Insurance Rating

Note that:

- Home buyers often need an EC for mortgage purposes.
- If there is no EC on file, the FPM can advise buyers to ask their insurance agent about provisional or tentative rates.
- Provisional rates allow a property settlement to proceed without an EC.
- Tentative rates allow insurance to be issued before receiving all rating information.

A provisional or tentative rated policy cannot be renewed at the end of the 1-year policy term.



Key Points

Flood Insurance Rating

Refer to the NFIP Map & Zone Grandfather Rules in the Resource Booklet. Policyholders:

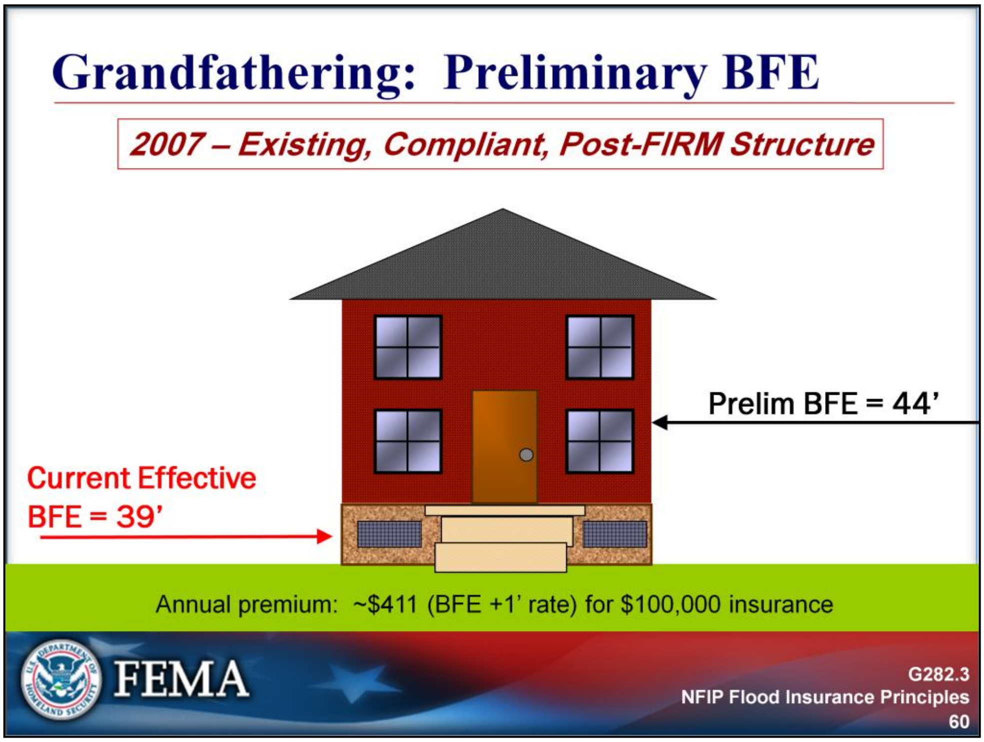
- Can pay pre-FIRM (subsidized) rates set before the effective date of a map change.
- Need to maintain continuous flood insurance coverage.
- Need documentation from the FPM such as:
    - Prior FIRMs
    - Elevation Certificates

A **Preferred Risk policy** is not available under the Grandfather Rule. However, if a property owner has a Preferred Risk policy and remapping places the property in a flood zone, the owner can retain the Preferred Risk policy until the flood insurance renewal.

Read the following example:

- The owner renewed a Preferred Risk policy on February 1, 2006.
- In June 2006, the area was remapped and the property was placed in a flood zone.
- When the policy came up for renewal on February 1, 2007, the Preferred Risk policy was no longer available. The Preferred Risk policy was converted to a Standard policy rated for the SFHA.

It is very important that the rating change be reflected in billing. In one instance, homeowners continued to be charged the Preferred Risk rate for years after being placed in a flood zone, resulting in underpayments of their flood insurance.

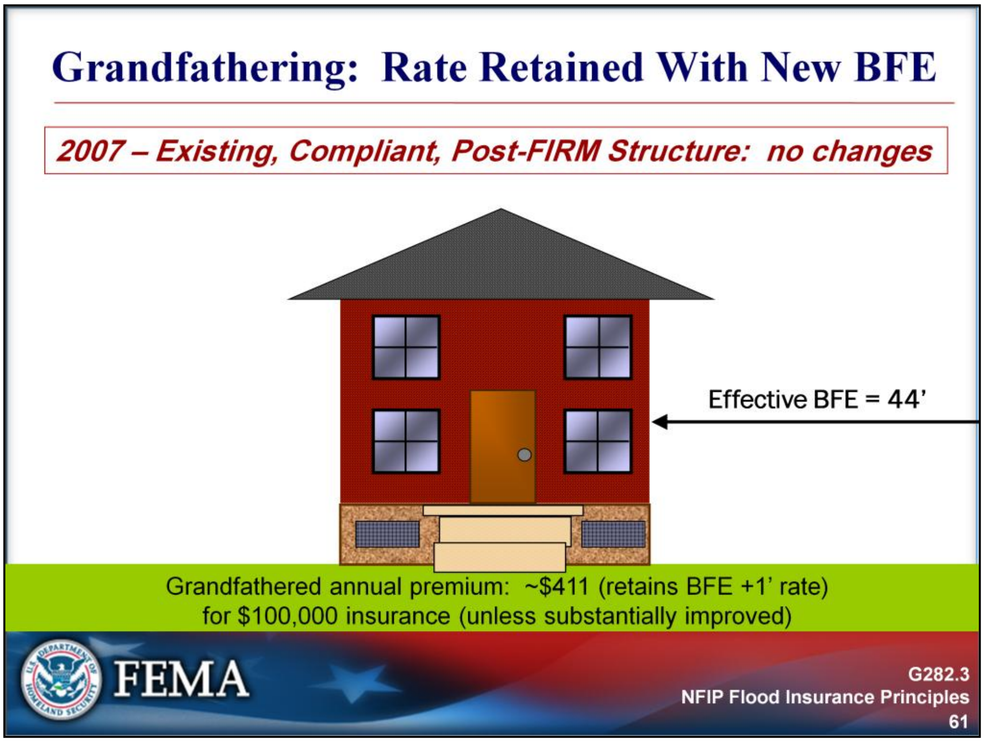


Key Points

Flood Insurance Rating

The visual shows a post-FIRM structure in an AE zone with $100,000 of coverage prior to the new maps going effective.

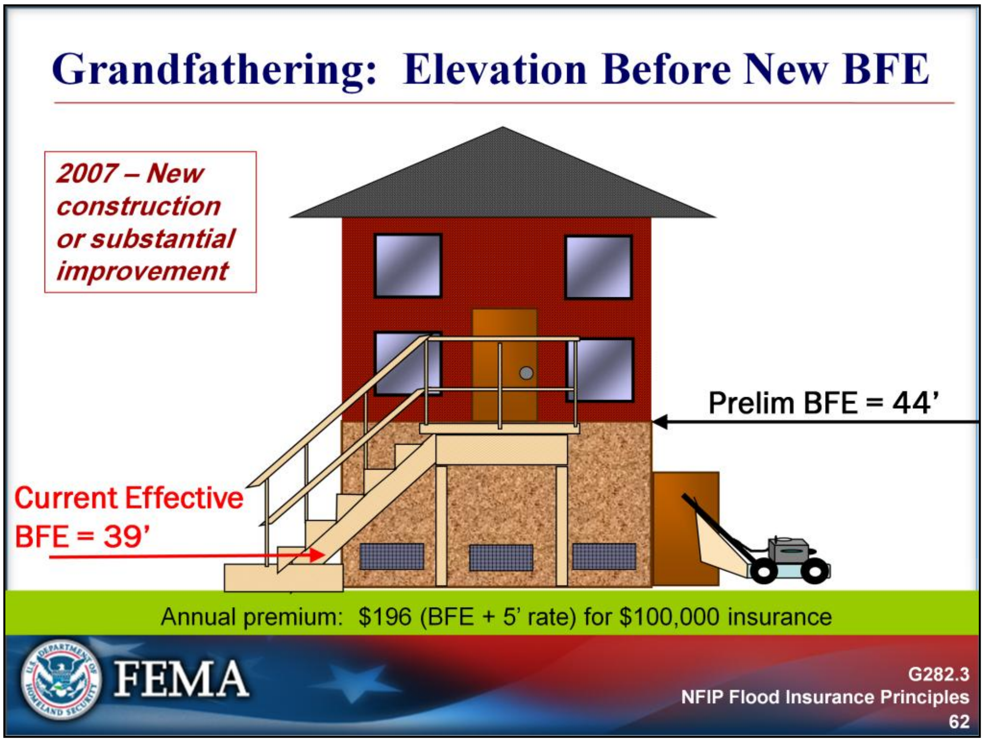
The current effective BFE is 39 feet, and the building is rated at 40 feet, or 1 foot above BFE.



Key Points

Flood Insurance Rating

This visual shows the same building, which retains the rate for 1 foot above BFE even though the new BFE on new maps would have the building rated as -4 without grandfathering.

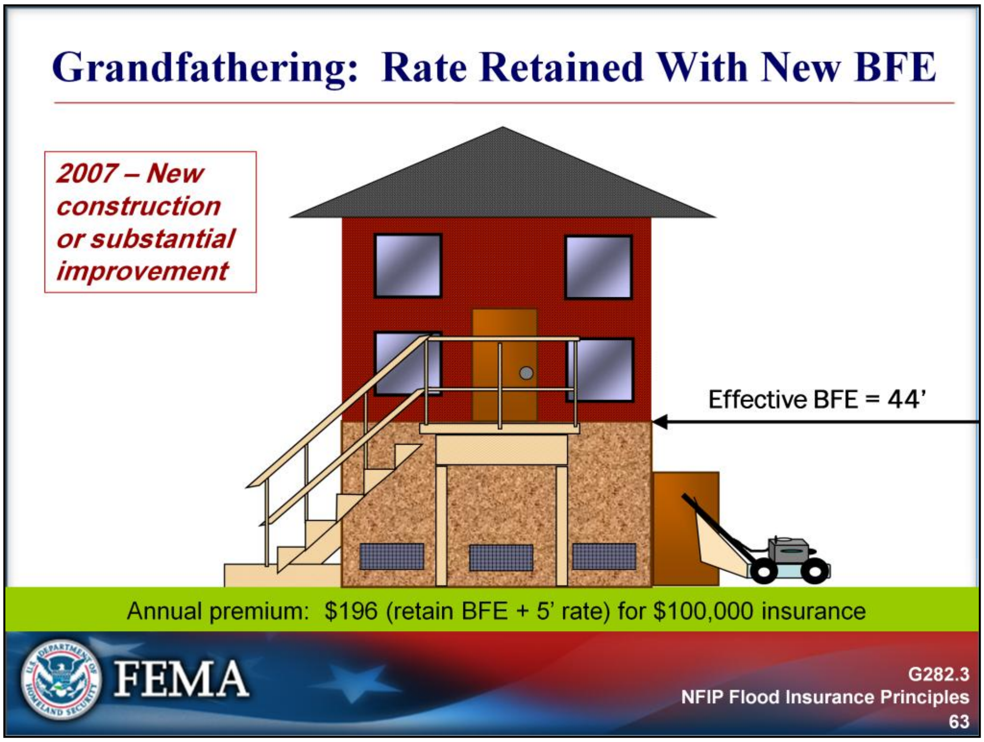


Key Points

Flood Insurance Rating

The property owner voluntarily elevates knowing that the new BFEs on the new maps will be higher than the currently effective BFE.

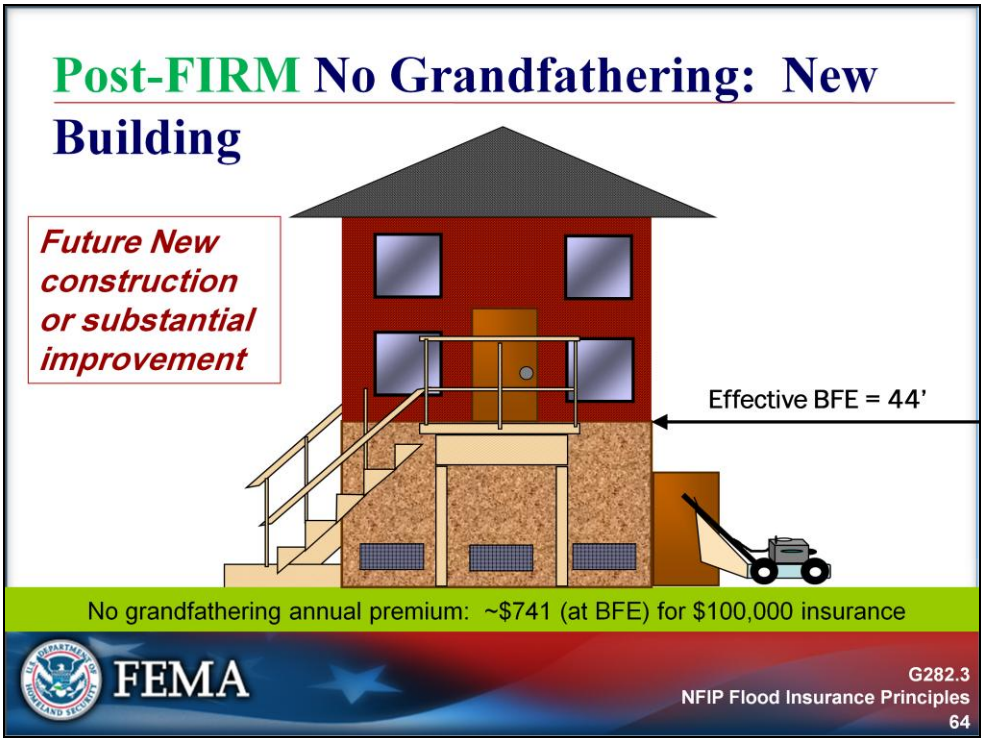
The owner receives a rate based on the zone in effect at the time of construction, which is 39 feet. The house is elevated to 44 feet, which is 5 feet above the current effective BFE. The owner’s annual premium drops from $411 to $196.



Key Points

Flood Insurance Rating

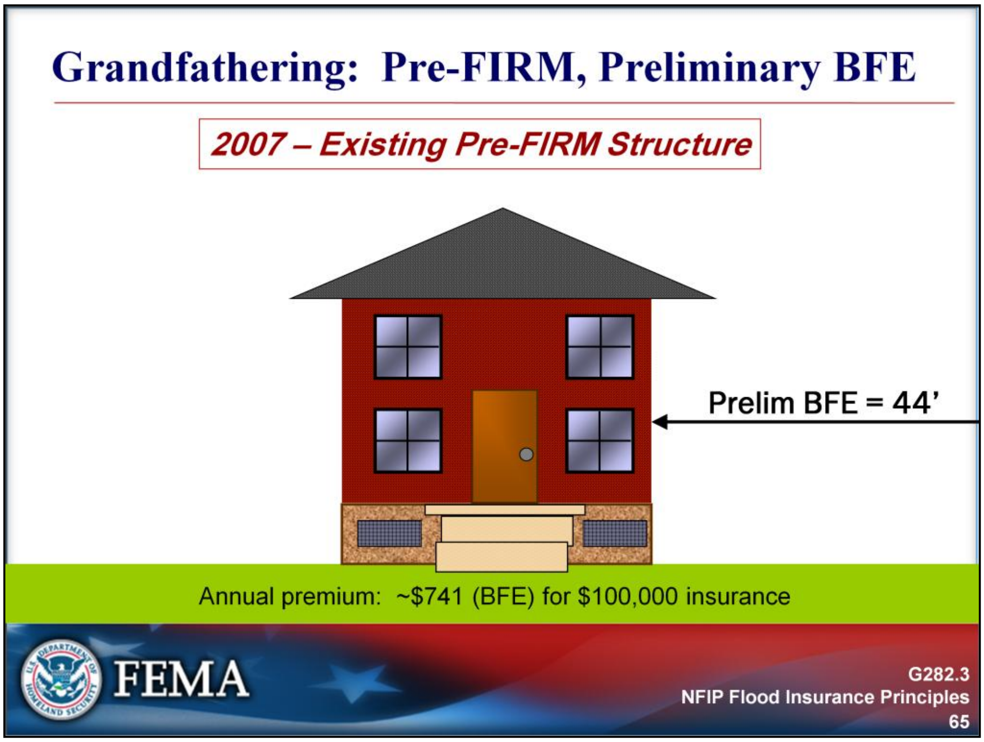
After the higher BFE becomes effective, the policy is still rated as +5 because the rates are based on the zone in effect at the time of construction.



Key Points

Flood Insurance Rating

A neighbor likes this house and builds an identical house after the new maps go into effect. The new house is rated at the current effective BFE.

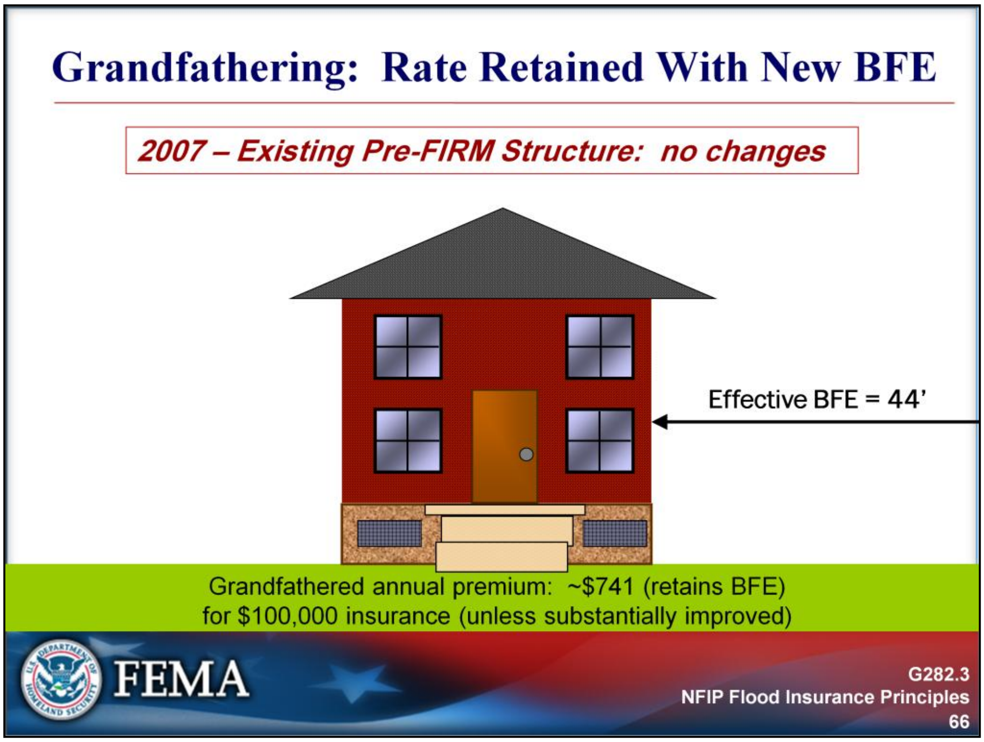


Key Points

Flood Insurance Rating

The visual shows a pre-FIRM structure in an AE zone with $100,000 of coverage prior to adoption of an effective BFE.

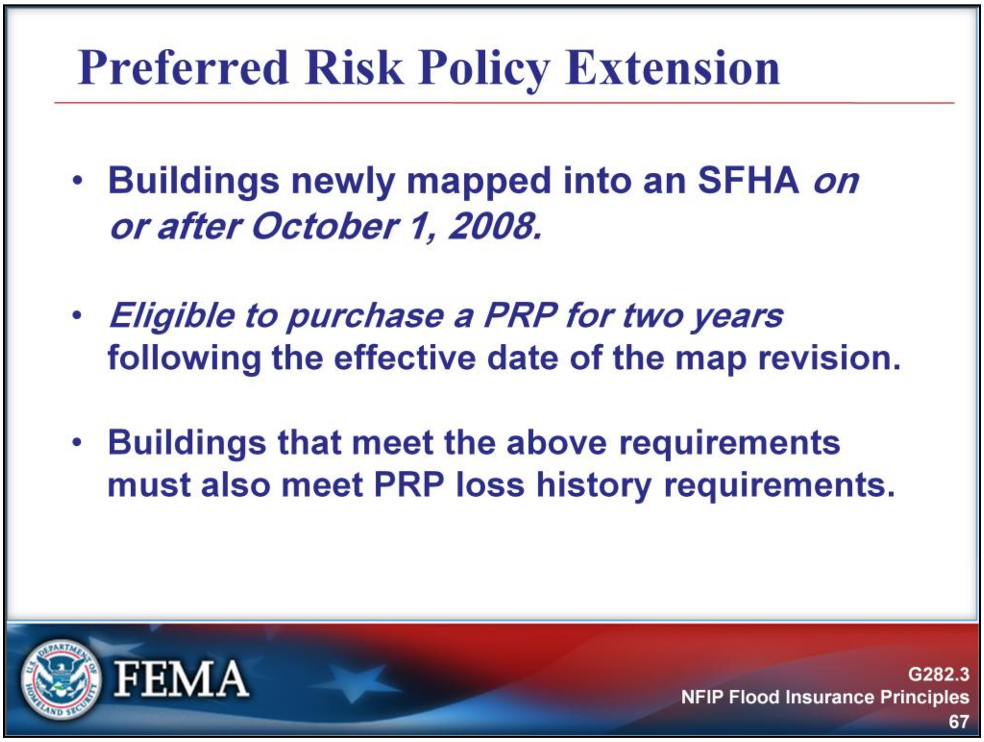
The building is rated at BFE.



Key Points **Flood Insurance Rating**

This visual shows the same building, which retains the rate for at BFE even though the effective BFE on the FIRM would have the building rated as -5 without grandfathering.

If coverage was not continuous, or the homeowner waited until after the BFE became effective, the annual premium would be $5,500.

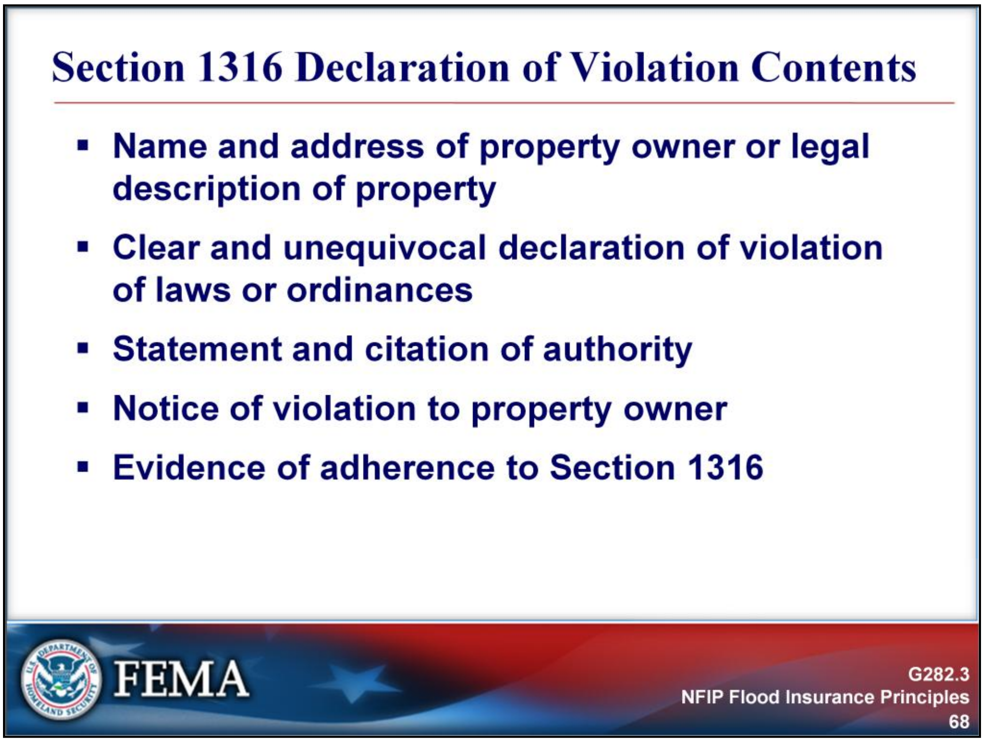


Key Points **Flood Insurance Rating**

Buildings that were newly mapped into an SFHA due to a map revision *on or after October 1, 2008, are eligible for a PRP for two policy years* following the effective date of the map revision.

Buildings meeting the above requirements must also meet the PRP loss history requirements.

If there are two claims or disaster relief payments for flood of $1,000 or more, or three losses of any amount, the structure is ineligible for the PRP. At the end of the extended eligibility period, policies on these buildings must be re-written as standard-rated policies. Additional information on the PRP extension is available as separate slides with this module if you need further detail on this topic.



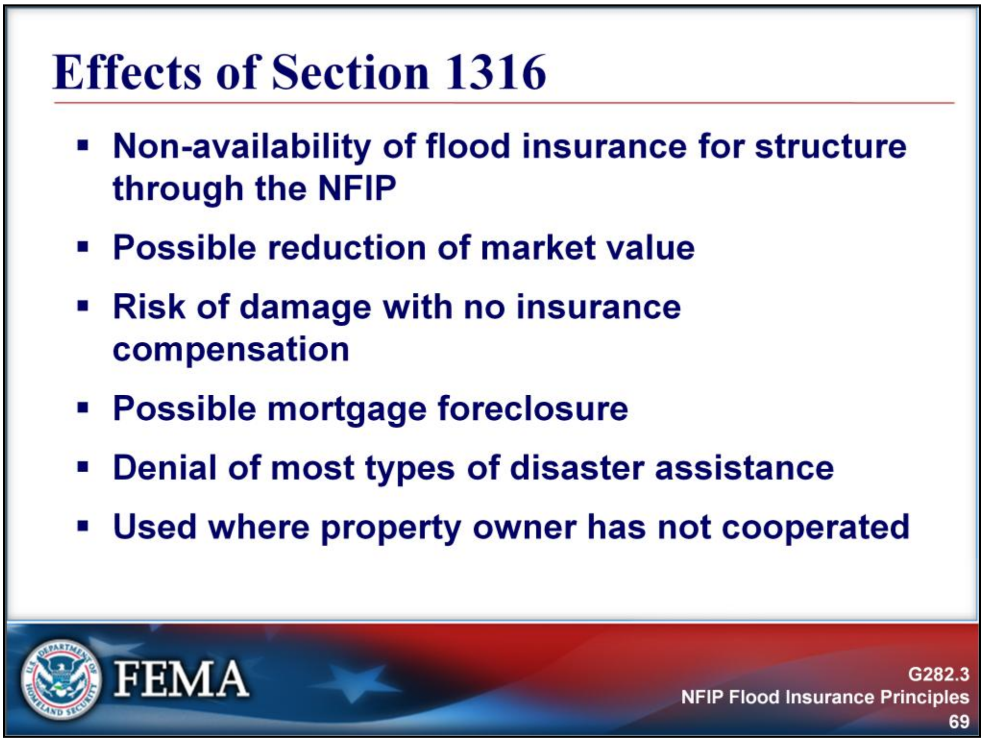
Key Points

Flood Insurance Rating

Section 1316 of the National Flood Insurance Act of 1968 states that no new flood insurance will be provided for property in violation of State or local floodplain laws, regulations, or ordinances.

Note that:

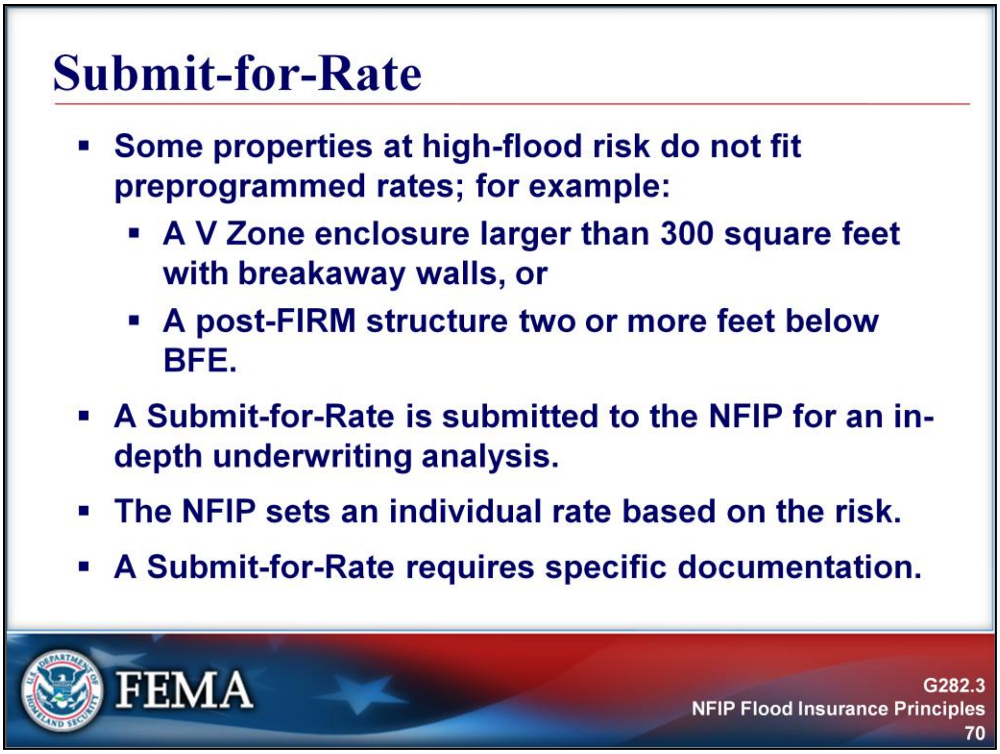
- Part 73 of 44 CFR contains the implementing procedures and criteria of a declaration of violation and denial of insurance coverage.
- A declaration must be grounded in law and objective, documentable facts relating to the structure(s) in question.



Key Points

Flood Insurance Rating

Invoking Section 1316 is a last resort to deal with property owners after other measures to gain compliance have failed, and that the declaration may be rescinded once the structure is brought into compliance.



Key Points

Flood Insurance Rating

Properties at high-flood risk, because of peculiarities in their exposure to flooding, do not lend themselves to preprogrammed rates. Examples are:

- A V Zone enclosure larger than 300 square feet with breakaway walls.
- A post-FIRM structure two or more feet below BFE.

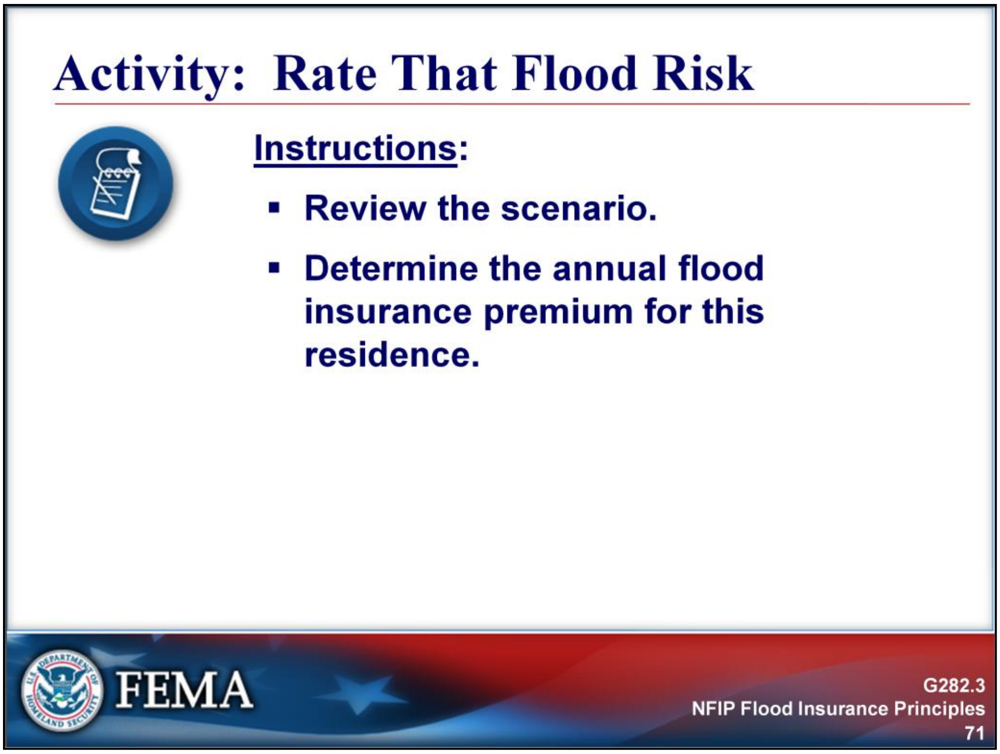
These risks require an indepth underwriting analysis and must be submitted to the NFIP through the FEMA Regional Office for an individual (specific) rate.

A Submit-for-Rate application requires specific documentation, some of which the FPM may be asked to provide, such as:

- EC.
- Copy of variance.
- Square footage of enclosure.
- Signed elevation determination form.

Regional Offices may have different Submit-for-Rate procedures. Some FPMs may not see Submit-for-Rates in their communities.

The FPM can use Submit-for-Rate submissions as tools to indicate that structures are noncompliant. The Regional Office notification to FPMs provides needed information.

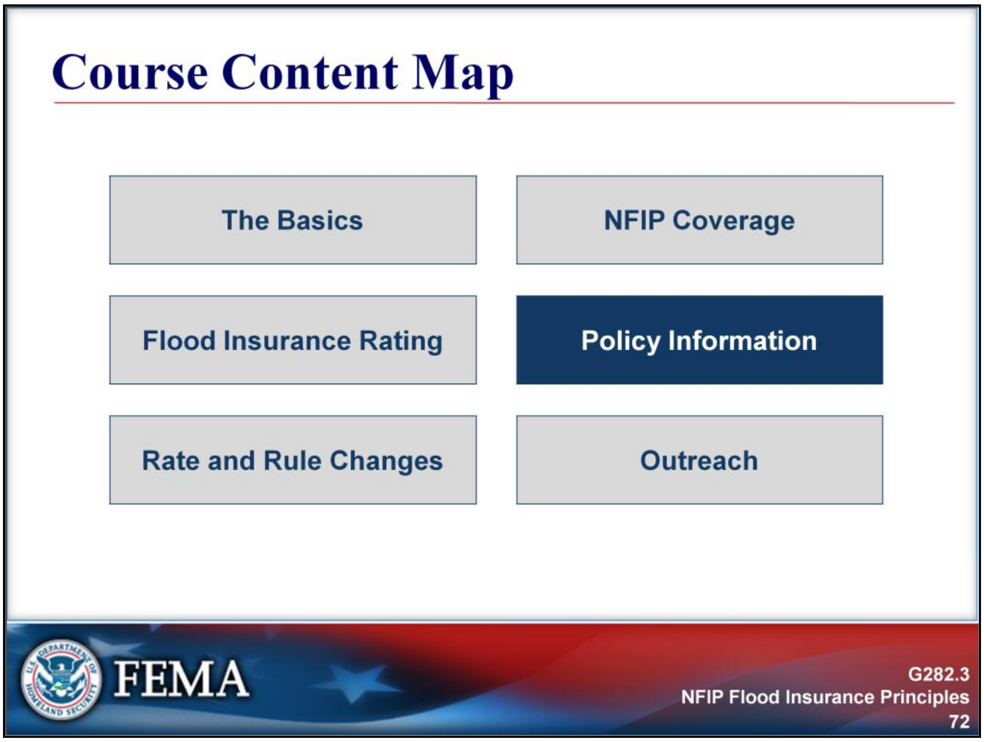


Key Points

Flood Insurance Rating

Activity Instructions:

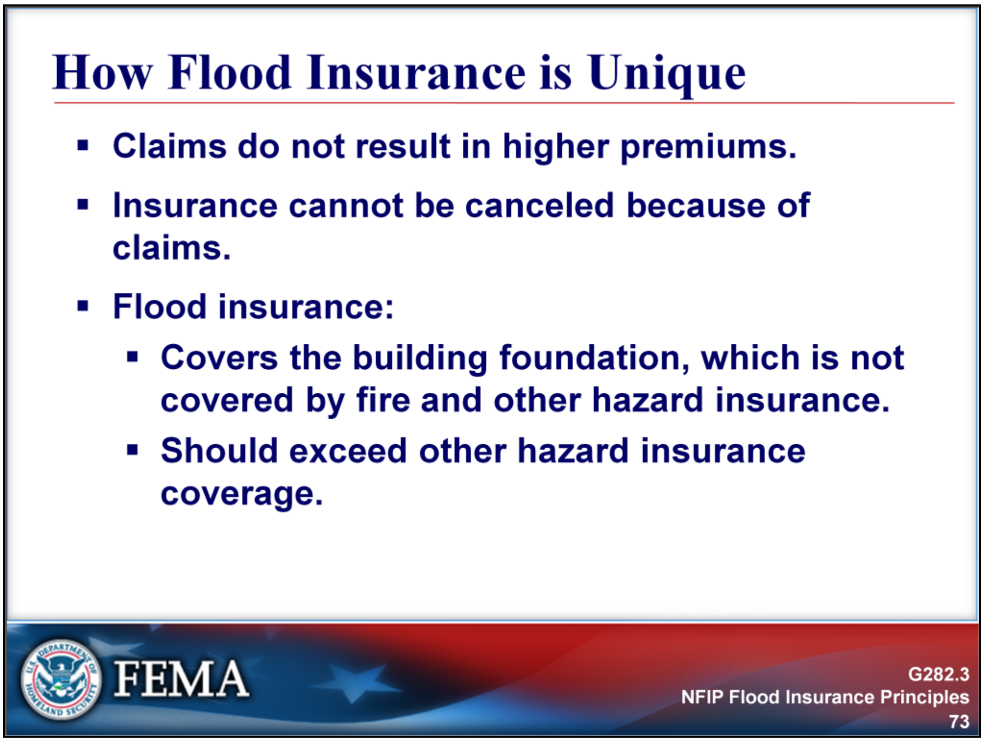
1. Refer to the rating scenario, Rate That Flood Risk, in the Resource Booklet.
2. Determine the annual flood insurance premium for the residence.



Key Points

Policy Information

This section of the course provides additional information on various policies.



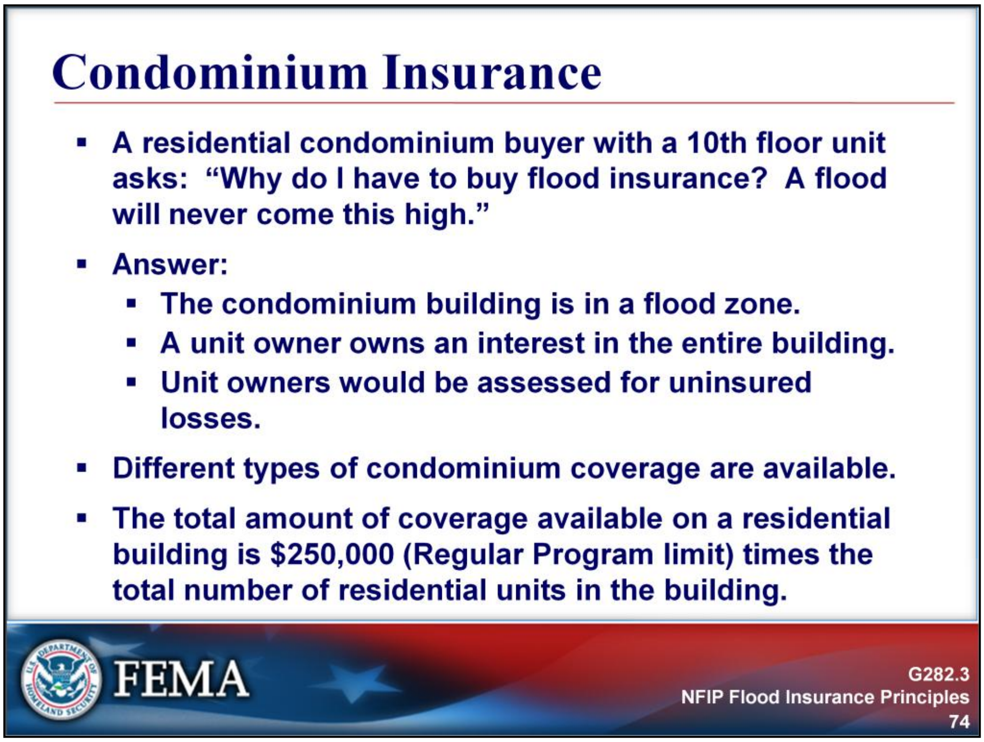
Key Points

Policy Information

Flood insurance is unique because:

- Claims do not result in higher premiums.
- Insurance cannot be canceled because of claims.
- Flood insurance:
  - Covers the building foundation, which is not covered by fire and other hazard insurance.
  - Should exceed other hazard insurance coverage.

There is no need to shop around for flood insurance.



Key Points

Policy Information

Review the following situation:

- A condominium buyer with a 10th floor unit asks: “Why do I have to buy flood insurance? A flood will never come this high.”
- Review the answer:
  - The condominium building is in a flood zone.
  - A unit owner owns an interest in the entire building.
  - Unit owners would be assessed for uninsured losses to the building.

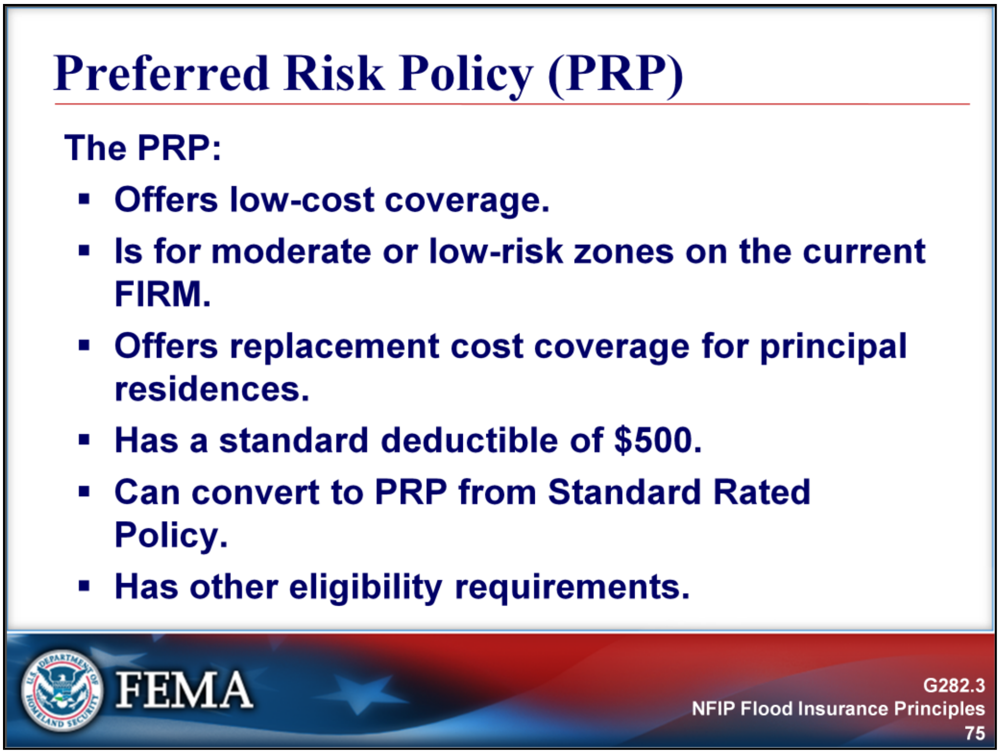
Different types of residential condominium coverage are available. The coverage can be:

- Building coverage through a building association.
- Building and/or contents coverage obtained by a unit owner and contents coverage obtained by a tenant.

A residential condominium building association is encouraged to fully insure to the building replacement value. The total amount of coverage on an entire building with residential units is $250,000 (Regular Program limit) times the total number of residential units in the building.

Coverage on a nonresidential building is limited at $500,000.

Non-residential unit owners can only buy coverage on the contents. No non-residential unit owner building coverage is available.



Key Points

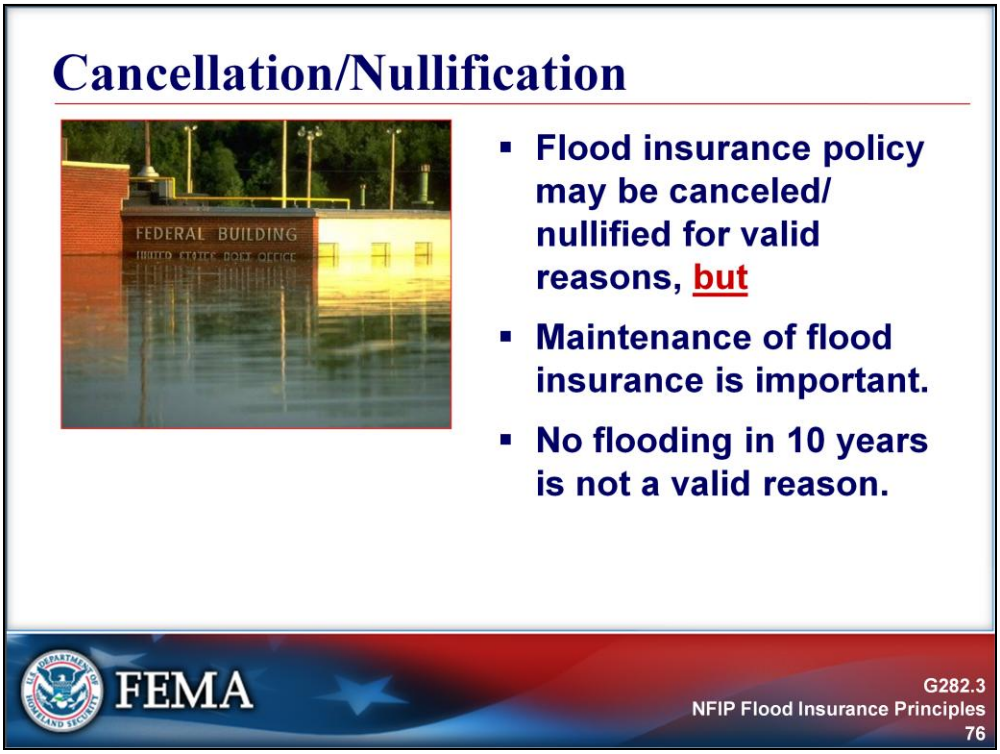
Policy Information

Following are key points about the Preferred Risk Policy (PRP):

- **General Description.** The PRP offers low-cost coverage to owners and tenants of eligible buildings located in the moderate-risk B, C, and X Zones in NFIP Regular Program communities.
- **Eligibility Requirements.** To be eligible for building/contents coverage or contents-only coverage under the PRP, the building must be in a B, C, or X Zone on the effective date of the policy.
- **Coverage Limits.** The elevated building coverage limitation provisions do not apply to the PRP.
- **Replacement Cost Coverage.** Replacement cost coverage applies only if the building is the principal residence of the insured and the building coverage chosen is at least 80 percent of the replacement cost of the building at the time of the loss, or the maximum coverage available under the NFIP.
- **Deductibles.** The standard deductible for PRPs is $500 each for building and contents, applied separately. Optional deductibles are not available for PRPs.
- **Conversion of Standard Rated Policy to PRP.** A policy written as a Standard B, C, or X Zone policy and later found to be eligible for a PRP may be endorsed or rewritten as a PRP for only the current policy term.

An example of premium differences when the PRP is compared to other policies is shown on the next page.

The PRP is a bargain, especially considering that 25 percent of NFIP claims are outside of the SFHA.



Key Points

Policy Information

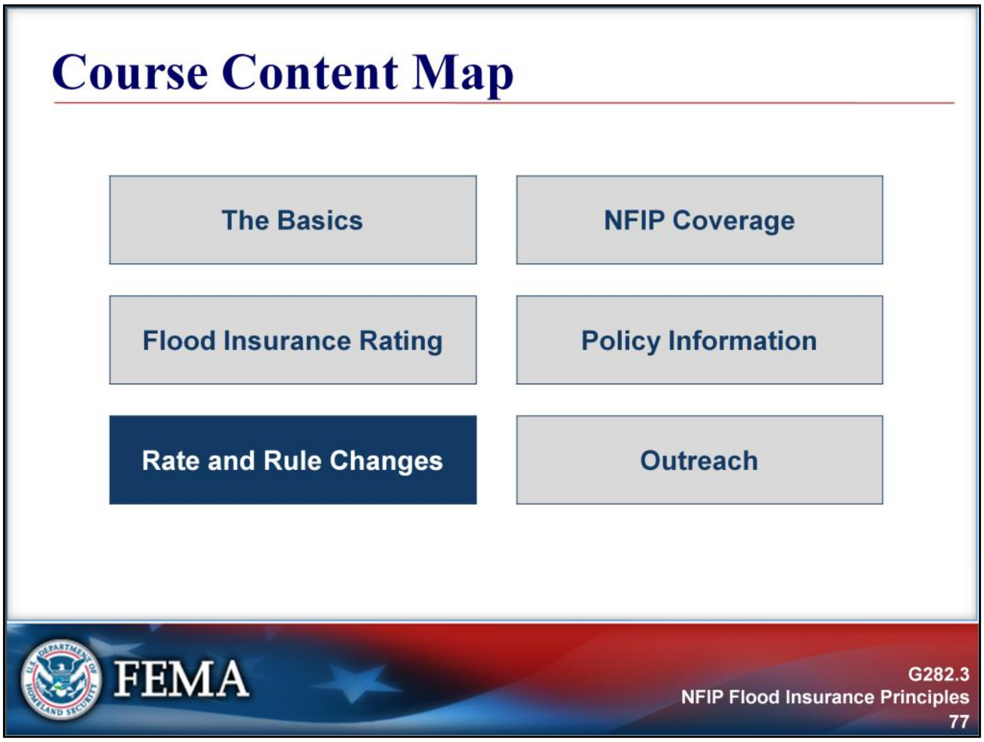
The FPM may receive calls from policyholders who want to cancel flood insurance. Property owners looking for ways to save money tend to forget the agreement to maintain flood insurance and need to be reminded.

Your Instructor will demonstrate how to locate the list of reasons for cancellation/nullification in the Flood Insurance Manual. Note that there is a definitive list of valid reasons to cancel a flood insurance policy. The fact that a property hasn't flooded in 10 years is not one of the reasons.

Valid reasons include:

- Building sold or removed.
- Contents sold or removed.
- Policy canceled and rewritten to establish a common expiration date with other insurance coverage.
- Duplicate NFIP policies.
- Nonpayment.
- Risk not eligible for coverage.
- Property closing did not occur.
- Policy not required by mortgagee.
- Insurance no longer required by mortgagee because property is no longer located in an SFHA due to a physical map revision.
- Condominium policy (unit or association) converting to residential condominium building association policy (RCBAP).
- Mortgage paid off.
- Voidance prior to effective date.
- Voidance due to credit card error.
- Policy was written to the wrong facility (severe repetitive-loss property).
- Continuous lake flooding or closed basin lakes.
- Cancel/rewrite due to mis-rating.
- Fraud.
- Cancel/rewrite due to map revision.

It is important to maintain flood insurance if there is no valid reason to cancel.



Key Points

Rate and Rule Changes

This section of the course covers rate and rule changes.

Key Points **Rate and Rule Changes**

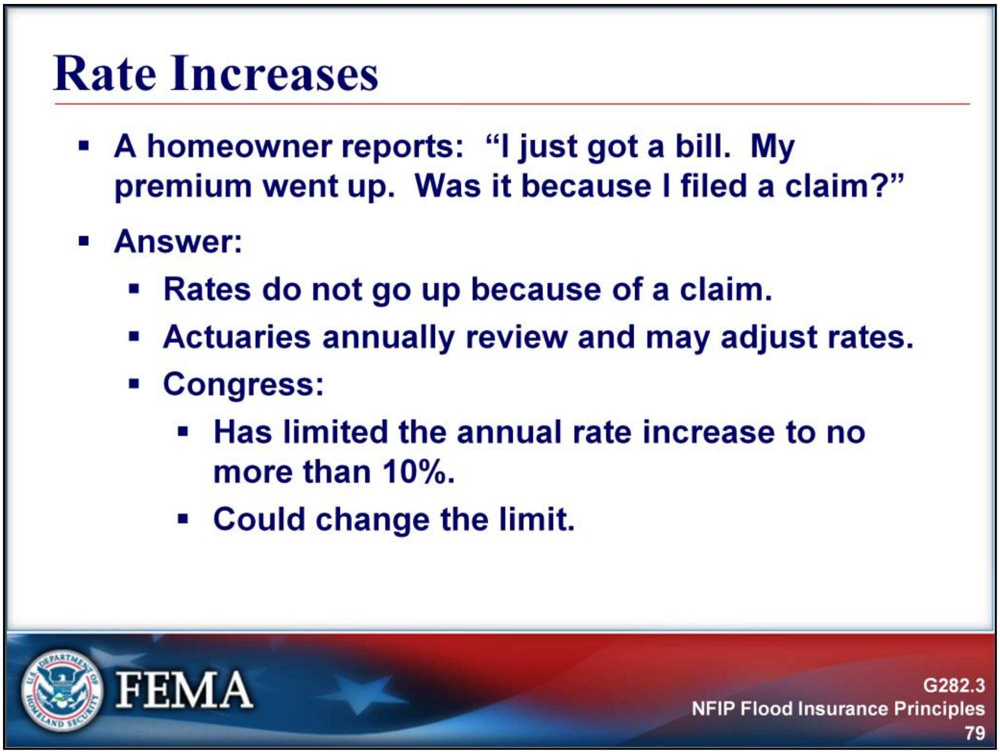
The goal of SRL properties strategy is to minimize the damage caused by repeated flooding.

- Properties identified as SRL are targeted for mitigation measures.
- Policyholders:
    - Receive notice that their policies will not be renewed at the current rate.
    - Receive mitigation offers from FEMA.
    - Pay higher flood insurance rates if they refuse offers.

The Severe Repetitive Loss program relates to flood mitigation grant programs. Grants are funded using the National Flood Insurance Fund. The object is to protect the fund by removing high-loss properties.

The FPM role is to assure that mitigated properties are in compliance with the floodplain ordinance.

SRL properties are administered by a Special Direct Facility in the Direct side program.



Key Points

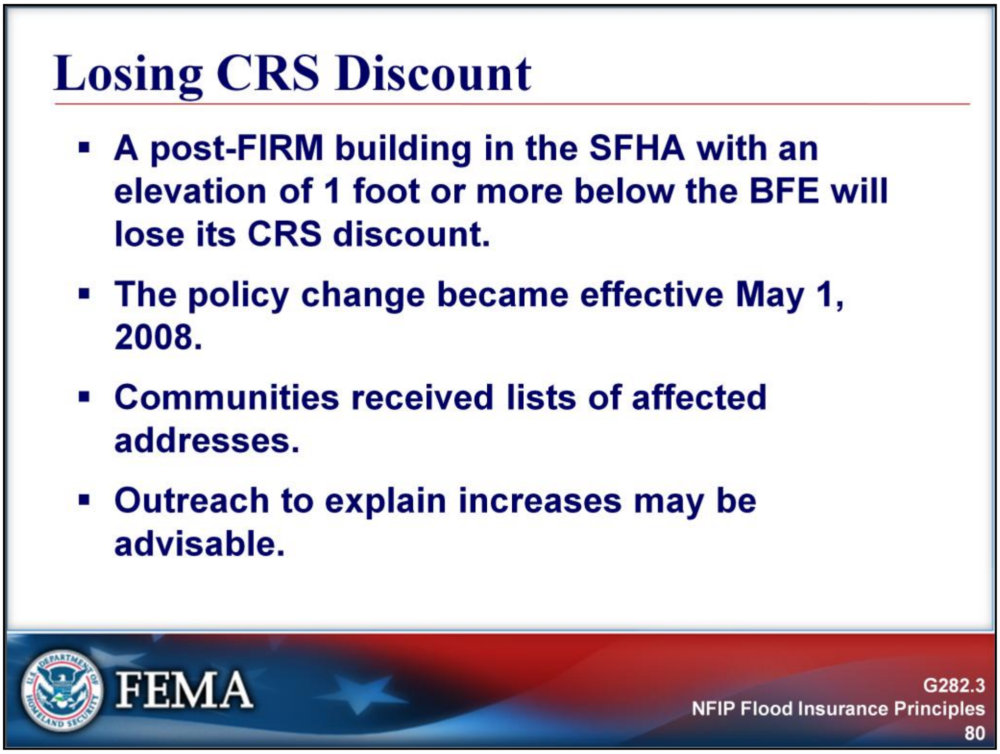
Rate and Rule Changes

Consider the following situation:

A homeowner reports: "I just got a bill. My premium went up. Was it because I filed a claim?"

Now consider the answer:

- The rates did not go up because of a claim. Flood insurance rates do not go up because of a claim.
- Actuaries annually review and may adjust rates.
- Congress establishes annual NFIP rate ceilings.
- Congress:
  - Has limited the annual rate increase to no more than 10 percent.
  - Could change the limit of coverage.

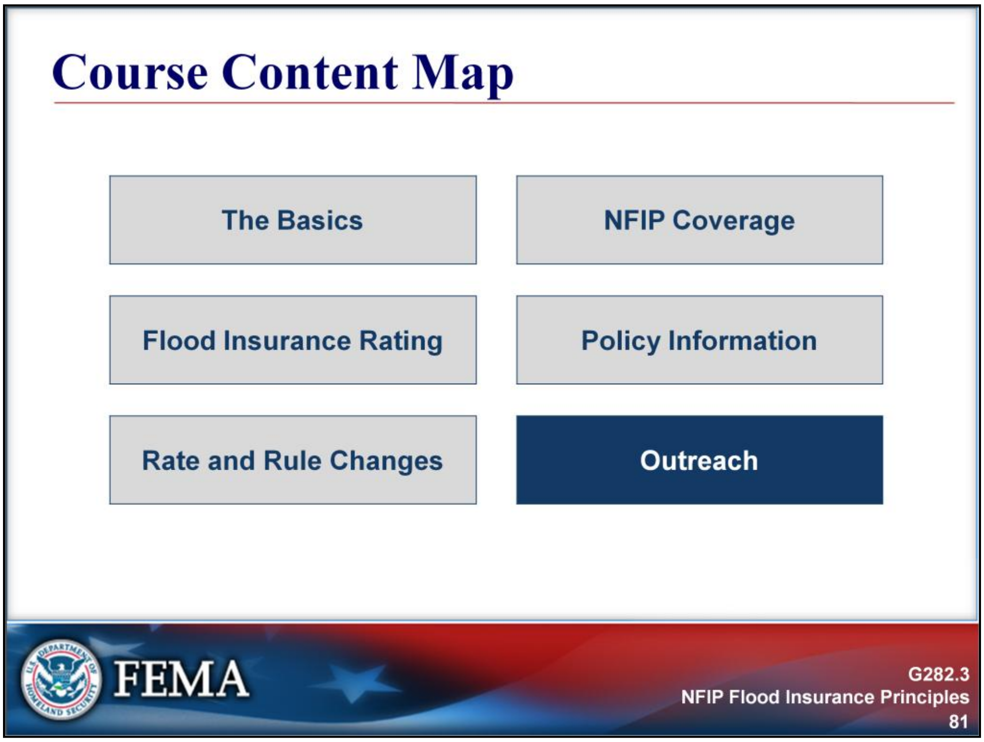


Key Points

Rate and Rule Changes

A post-FIRM building in the SFHA with an elevation of 1 foot or more below the BFE will lose its CRS discount. The policy change became effective May 1, 2008.

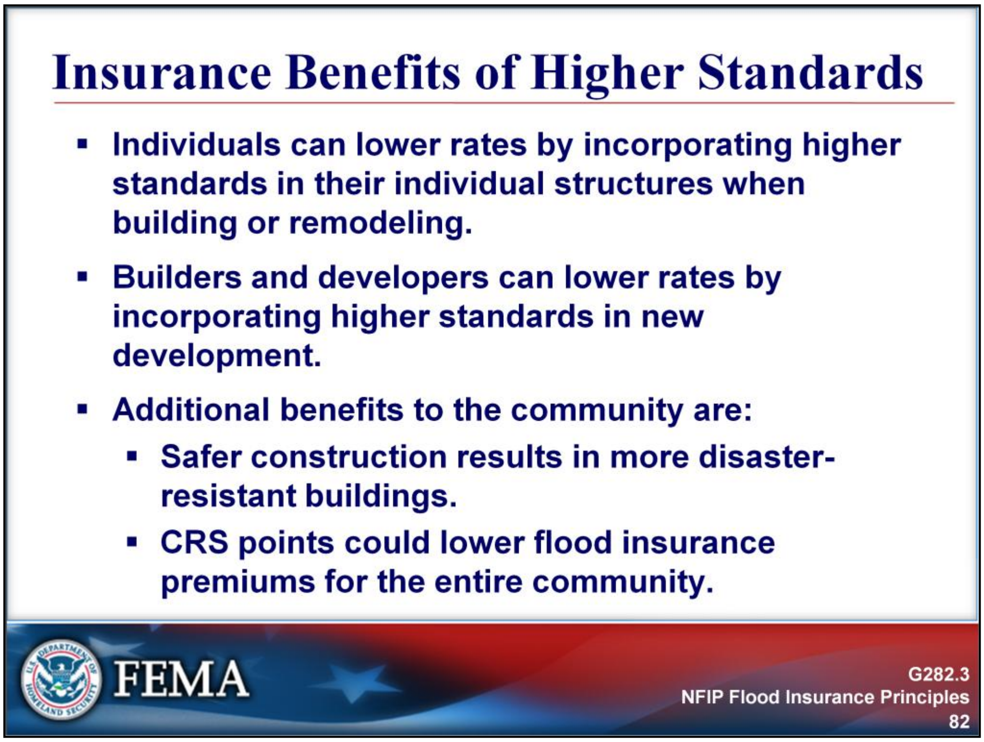
- Communities received lists of affected addresses.
- FPMs might consider outreach to property owners to explain the reasons that they will be getting higher bills as a result of the change.



Key Points

Outreach

The final section of the course covers outreach efforts.



Key Points | **Outreach**

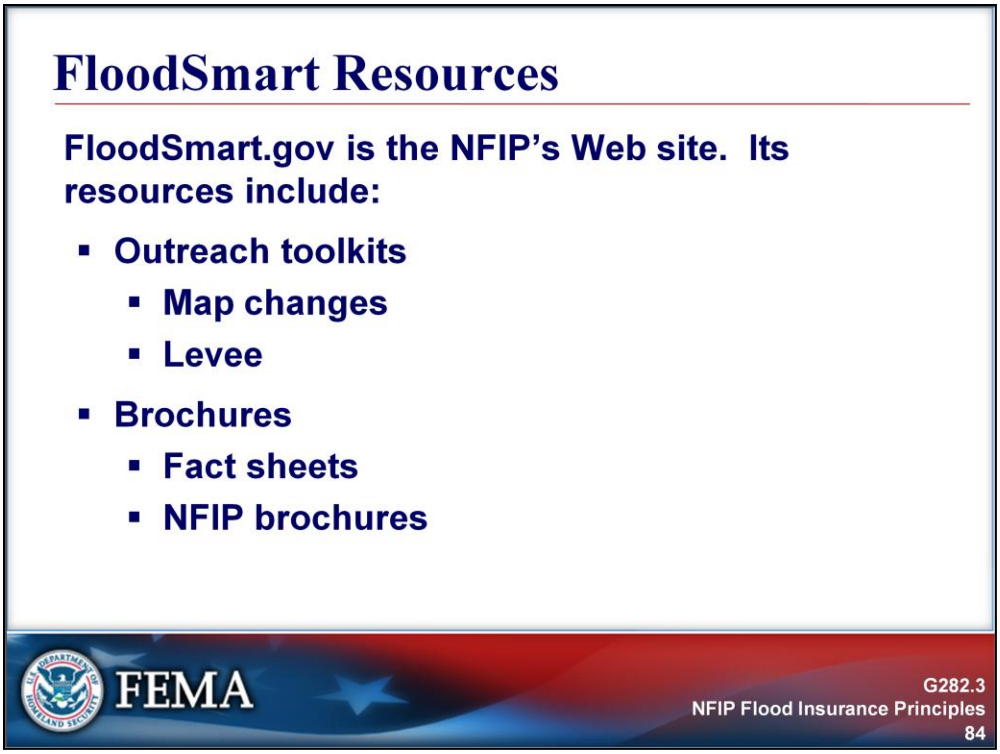
- Individuals can lower rates by incorporating higher standards in their individual structures when building or remodeling.
- Builders and developers can lower rates by incorporating higher standards in new development.
- Additional benefits to the community are:
  - Safer construction results in more disaster-resistant buildings.
  - If the community joins the Community Rating System, CRS points could lower flood insurance premiums for the entire community.

Key Points **Outreach**

Answer the following questions:

- **When are people most receptive to getting flood insurance coverage?**

- **What is your message?**

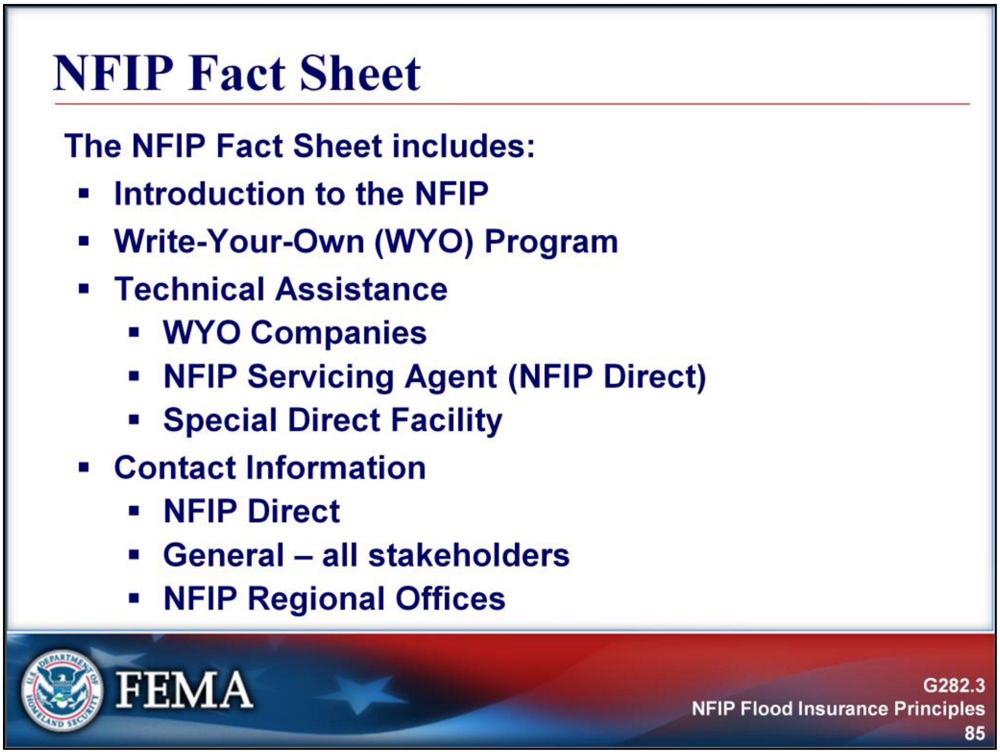


Key Points **Outreach**

Note the FloodSmart Web site, FloodSmart.gov. The following are FloodSmart resources:

- Outreach toolkits
  - Map changes
  - Levee
- Brochures
  - Fact sheets
  - NFIP brochures

Policyholders receive occasional mass mailings from the NFIP about flood insurance, and the information may lead to calls to the FPM for explanations.



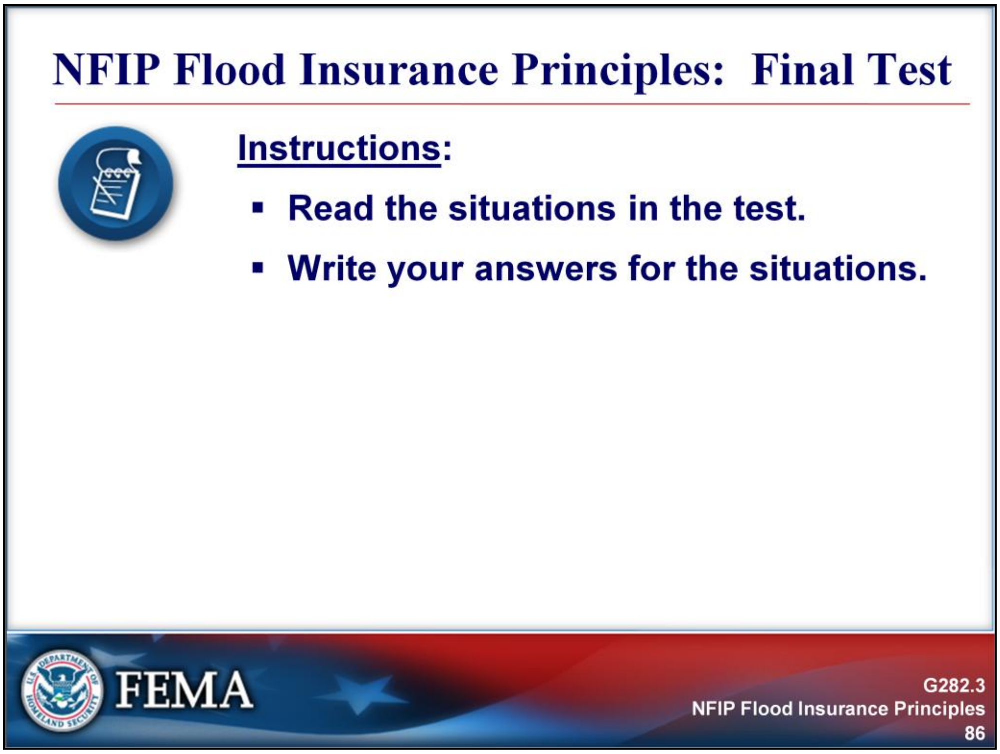
Key Points

Outreach

Refer to the NFIP Fact Sheet in the Resource Booklet.

- Introduction to the NFIP
- Write-Your-Own (WYO) Program
- Technical Assistance
  - WYO Companies
  - NFIP Servicing Agent (NFIP Direct)
  - Special Direct Facility
- Contact Information
  - NFIP Direct
  - General – all stakeholders
  - NFIP Regional Offices

The Fact Sheet can serve as a useful outreach tool.

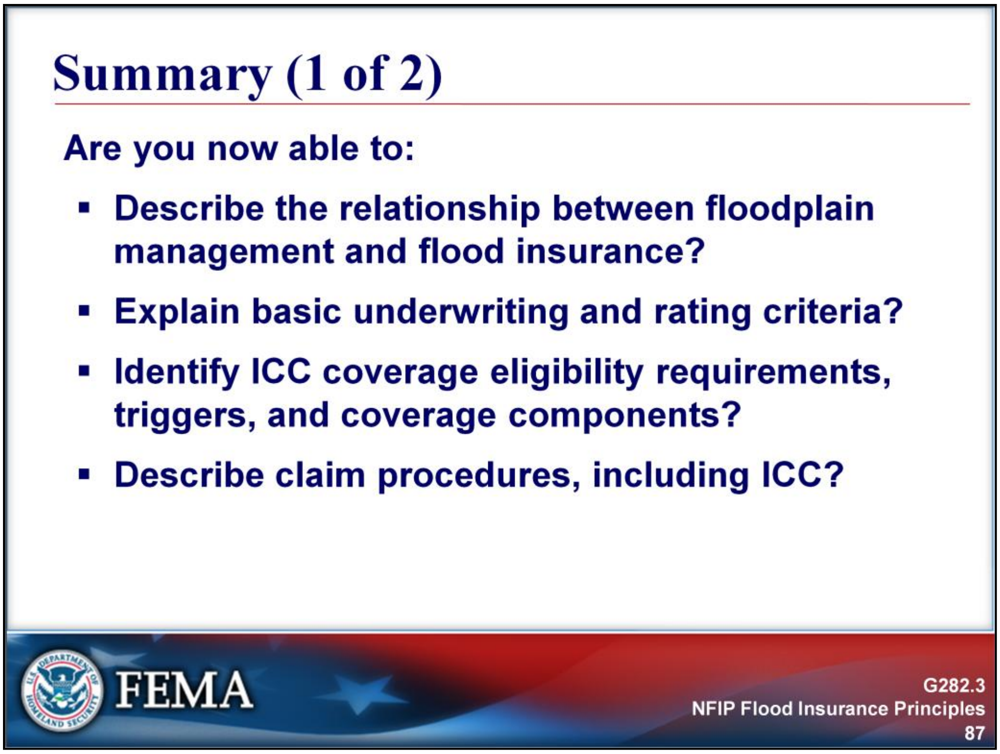


Key Points

Final Test: NFIP Flood Insurance Principles

Test Instructions:

1. Read the eight situations listed on the test.
2. Write your answers for the situations.

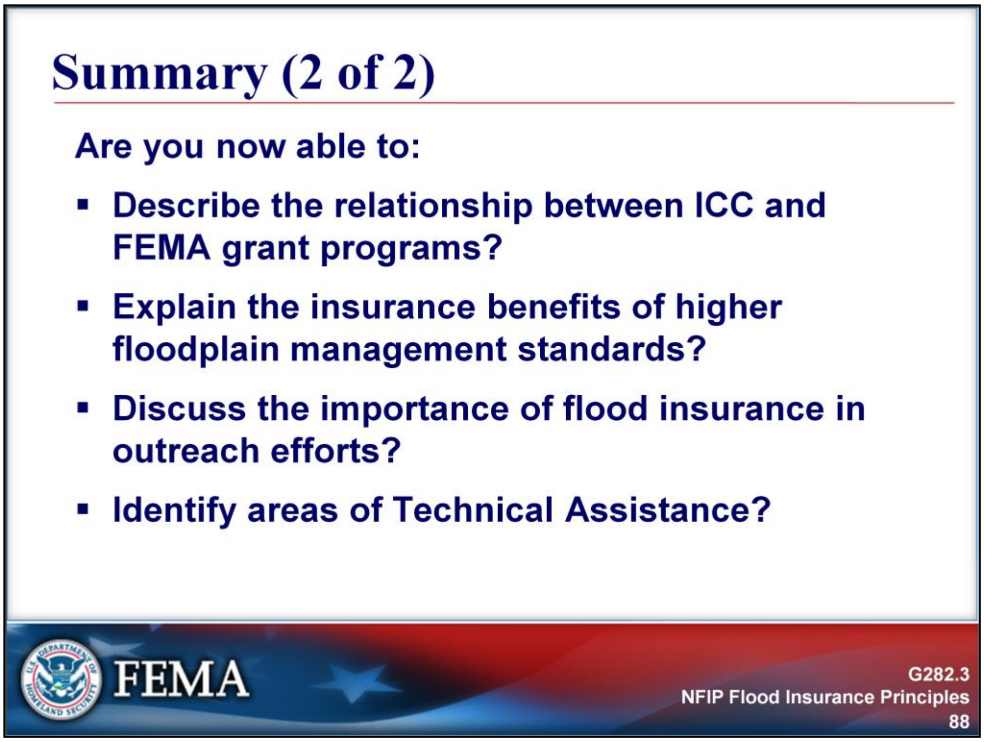


Key Points

Summary

You should now be able to:

- Describe the relationship between floodplain management and flood insurance.
- Explain basic underwriting and rating criteria.
- Identify ICC coverage eligibility requirements, triggers, and coverage components.
- Describe claim procedures, including ICC.



Key Points

Summary

You should now be able to:

- Describe the relationship between ICC and FEMA grant programs.
- Explain the insurance benefits of higher floodplain management standards.
- Discuss the importance of flood insurance in outreach efforts.
- Identify areas of Technical Assistance.