WATERMARK

2004, Number 1 National Flood Insurance Program

NFIP UPDATE

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EXTRA
Community Association Brochure
Center Section Pull-out!

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FEMA

Twice each year, FEMA updates the policies and procedures that guide the National Flood Insurance Program (NFIP) and publishes those program changes in the NFIP *Flood Insurance Manual*. Subscribers are sent printed copies of the revised pages to insert into their manual binder. Updated pages also are posted on the NFIP web site (see page 3 for subscription information and the manual's web site address).

SFIP to PRP

Standard Flood Insurance Policies (SFIPs) are designed to provide protection for properties in the floodplain, where the risk of flood damage is greatest. Although SFIPs can be written to provide coverage in all flood zones identified on Flood Insurance Rate Maps (FIRMs), the NFIP has another policy intended to provide coverage in B, C, and X Zones, where the risk of flooding is reduced (though not absent). It is called the Preferred Risk Policy (PRP), and, because the risk of flood loss is lower in B, C, and X Zones, premiums for PRPs are less than those for SFIPs.

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Giving Growth a Boost

David Thomas, FEMA

Flooding is the most common natural hazard event in the United States, yet the NFIP's annual flood insurance policy growth rate hovers around 1 percent. For the approximately 500,000 new policies the NFIP brings in each year, the program loses about the same number, prompting the question—why are so many NFIP flood insurance policies not being renewed?

Granted, there are several legitimate reasons for a policy's cancellation or expiration: mapping changes, paid-off mortgages, and properties selling for cash, to name a few. But simply accepting that such activities are prevalent does not provide a clear idea of why so many policies keep falling off the NFIP's books.

As part of FEMA's efforts to reach an annual NFIP net growth rate of 5 percent, the Mitigation Division's Office of Risk Communication is working on several fronts to determine (a) why so many NFIP policies are falling out of the program's database, and (b) what the Office of Risk Communication can do to keep these policies within the NFIP. If we can find ways to reduce the "attrition" of NFIP flood insurance policies, the program's annual net growth rate will undoubtedly rise.

continued on page 4

Message from the Administrator

Dear *Watermark* Reader,

Many of our stakeholders have been wondering about the role of the NFIP in a post-9/11 world. I'd like to use the *Watermark* to keep all of you informed about where we are now and where we plan to go in the future. Rest assured that the NFIP's traditional partners—whether your work is insuring against flood loss or mitigating against flood damage—still remain vital to accomplishing our mission.

The NFIP is now deeply involved in modernizing the inventory of the nation's flood maps. Congress allocated $150 million for that task in Fiscal Year 2003. In this decade, we expect Congress to continue funding the NFIP with $1 billion toward map modernization. These funds will be used to more accurately document the hazard of flood peril. But we know that, in time, our updated maps and the geospatial platform developed to distribute them can serve as a platform for mapping other natural hazards, and man-made hazards as well. Just as the achievements of the NFIP and our partners during the last 35 years have made the United States safer from floods, Multi-Hazard Flood Map Modernization will assist in making the United States safer against many other hazards in the future. In addition to developing a premier hazard data collection and delivery system, the objectives of Multi-Hazard Flood Map Modernization include achieving effective program management, building and maintaining mutually beneficial partnerships, and expanding and better informing the hazard data user community.

The NFIP's community-based initiatives to reduce flood risks can be a model for mitigating other hazards, too. The NFIP and its State and community partners have learned together the ins and outs of identifying and preparing for risks. We've learned how to respond to catastrophes when they arise—whether the cause is flood, hurricane, tornado, earthquake, terrorist attack, or any other hazard that affects our citizens.

The efforts of every Federal risk management program, its partners, and its stakeholders must now be placed against the backdrop of 9/11. Unquestionably, we are still at risk from those with ruthless intentions who would harm our families, our friends, and our communities, simply because we are Americans. In this new context, we will continue to serve our mission of reducing the loss of life and property from floods. But we must also apply, wherever and whenever we can, the resources and lessons of our flood program to other hazards, as well.

Sincerely,

Anthony S. Lowe
Director
Mitigation Division
Emergency Preparedness and Response Directorate

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***NFIP Update**, continued from page 1*

Naturally, a property owner who qualifies for a PRP would rather pay the lower premium for the same amount of coverage as with an SFIP. However, sometimes an SFIP is written instead of a PRP for a qualified property. In the past, NFIP rules did not allow this mistake to be corrected until the policy came up for renewal. As of October 1, that has changed.

Getting the NFIP Manual

To subscribe to the NFIP *Flood Insurance Manual* and receive updates until it is next reissued, call FEMA's Map Service Center (MSC) at 800-358-9616. A copy of the manual order form can be found on the FEMA web site (www.msc.fema.gov/orderfrm.pdf). The cost of the *Flood Insurance Manual* and updates through December 31, 2004, is $25.00

The full *Flood Insurance Manual* can be accessed and printed free of charge at the NFIP web site (www.fema.gov/nfip/manual.shtm).

Now, a policy written as an SFIP that is found to be eligible for a PRP may be endorsed or rewritten mid term for the entire policy term, triggering a refund. However, both of these conditions must first be met:

- The request to endorse or cancel/rewrite the policy must be received during the current policy term.
- The policy has no open claim or closed paid claim.

Building coverage under the PRP will be equal to the limit that was issued under the Standard B, C, or X Zone policy. If there is no PRP option equal to the Standard B, C, or X Zone building limit, then the coverage will be the next higher limit available under the PRP.

Retroactive Refunds

The NFIP has made an adjustment to its premium refund policy as of October 1. In cases of misrating—such as an incorrect building description, lowest floor elevation, community number, flood zone, or Base Flood Elevation (BFE)—premium refunds will now be allowed going back to 6 years, as long as the property owner can provide proof of the misrating.

A couple of limitations apply. Corrections to the flood zone and BFE can only be made using the current FIRM. If there is a lapse in coverage, there is no extension of the number of years the premium refund is allowed. When a property is rated using Standard B, C, or X Zone rates but is found to be eligible for a PRP, the writing company will be allowed to endorse or cancel/rewrite the policy to a PRP as long as the policy being endorsed or cancelled/rewritten has no open claim or closed paid claim.

The agent's commission or WYO company expense allowance that previously had been paid will be affected by a refund. The WYO company's expense allowance will be debited for the current and prior term based on the percentage in effect when the refund was processed. If the policy was written through the NFIP Servicing Agent, the agent's commission for the current and prior terms will be debited.

Several Forms Revised

The V-Zone Risk Factor Rating Form has undergone a substantial revision to conform to FEMA's *Coastal*

Refund Underwriting Procedures

For current and 1 prior year refunds

The current NFIP insurer (either the WYO company or NFIP Servicing Agent) will be responsible for returning the premium for the current year and 1 prior year provided it was the insurer for the period. If another insurer was the insurer for the prior year, the NFIP Bureau and Statistical Agent will be responsible for returning the premium for that year.

For refunds of 3-6 years

The current NFIP insurer is responsible for submitting to the NFIP Bureau the required documentation necessary to make a refund for more than 2 years (or for more than 1 year, if that is the only term that it has written). At a minimum, this documentation consists of: (1) the company's statistical records or declarations pages for each policy term and evidence of premium payments obtained from the insured if these documents are not available from the company's records; (2) an endorsement document for each year and the premium refund calculation for each year that it had the policy; and (3) a copy of the most recent FIRM marked to show the exact location and flood zone of the building; a LOMA; a LOMR; a FEMA Out-as-Shown Determination; a letter containing the same information and signed by a local community official; an Elevation Certificate signed by a surveyor, engineer, architect, or local community official; or a flood zone determination certification that guarantees the accuracy of the information.

Construction Manual. (See the related article on page 27.) In addition, the following forms have received minor revisions: the Flood Insurance Application, the Preferred Risk Policy Application, the General Change Endorsement Form, and the Cancellation/Nullification Form.

CRS Keeps on Growing

As of October 1, 17 new communities had joined the Community Rating System (CRS), 3 communities were reinstated, and 44 communities had improved their class rating. The city of Tulsa, Oklahoma, has engaged in such significant mitigation activities that it moved to a CRS class rating of 2 in October, earning a 40 percent discount on flood insurance premiums for community residents. Tulsa is the first community to receive this CRS rating. The following tables summarize these CRS changes.

New and Reinstated Communities	Class	Premium Discount
10	9	5%
7	8	10%
3	7	15%

The first table lists the class ratings and premium discounts of the 20 communities that joined or were reinstated in the CRS since May 2003.

The second table lists the numbers of communities that improved their class rating by one since May 2003.

Communities	Class Change	New Premium Discount
22	9 to 8	10%
10	8 to 7	15%
6	7 to 6	20%
1	6 to 5	25%
1	3 to 2	40%

Four communities engaged in mitigation activities that warranted so many credit points that–as the third table shows–their rating leapfrogged one or more classes, earning significantly improved discounts for area policyholders. The City of Friendswood, Texas, managed to jump two entire classes, moving from a 10 to a 25 percent premium discount!

Class Change	Community	Premium Discount Change
9 to 7	Dougherty Co., Georgia	5-15%
8 to 6	Pass Christian, Mississippi	10-20%
8 to 5	Friendswood, Texas	10-25%
7 to 5	Lincolnshire, Illinois	15-25%

As of October 1, 2003, there were 994 CRS communities spread throughout the United States.

***Giving Growth a Boost**, continued from page 1*

Retaining Our Policies

As part of FEMA's focus on policy attrition and retention, we are particularly interested in the burgeoning private flood insurance sector and how lending institutions are frequently relying on this relatively new industry to help them adhere to the NFIP's mandatory purchase requirements.

In the past 5 to 10 years, several servicing and tracking companies have formed to help lending institutions track insurance contracts related to their loan portfolios, including Federally required flood insurance. According to *Inside Mortgage Finance*, the mortgage servicing industry is dominated by ten major institutions, which handle nearly 50 percent of the U.S. loan servicing market. These servicing institutions, in turn, use a handful of firms to track the insurance and escrow provisions of their clients' portfolios.

Top Ten Loan Servicers
Washington Mutual
Wells Fargo
Countrywide
Chase Home Finance
Bank of America
GMAC
ABN Amro
National City
Cendant Mortgage
CitiMortgage

Tracking companies use efficient, automated systems to maintain the flood insurance policies for their clients' Special Flood Hazard Area (SFHA) properties and to "lender-place" flood insurance on these properties, as necessary.

FEMA's research with the various players in the flood insurance arena—loan servicers, insurance tracking companies, flood zone determination companies, and companies specializing in hazard insurance and lender placing policies—reveals that loan servicers regularly place private-carrier flood insurance policies on their noncompliant SFHA properties. FEMA conservatively estimates that from 100,000 to 200,000 SFHA properties are insured through private, non-NFIP "lender-placed" policies. These SFHA properties were initially insured through the NFIP, but the property owners allowed their SFIP to expire. In response, the loan servicers associated with these noncompliant properties lender-placed the required flood insurance through private carriers, forgoing the lender-placed policy offered by the NFIP. These lender-placed policies are not part of FEMA's NFIP database, yet they could account for approximately 20–40 percent of 2002's attrition of more than 500,000 NFIP policies.

MPPP Could Be Key

Large lending institutions typically aren't using the NFIP's Mortgage Portfolio Protection Program (MPPP) to force-place flood insurance on noncompliant properties. One of the intents of the MPPP is to encourage policyholders to purchase the standard flood insurance coverage through their agent rather than through lender-placed coverage, which can be much more expensive due to lack of underwriting data, and may be limited. Instead of using the MPPP, loan servicers are relying on insurance trackers either to lender-place flood insurance on their own "paper," or hire hazard insurance companies that specialize in handling, maintaining, and writing non-NFIP, lender-placed flood insurance policies.

Although lenders offer several reasons for going outside the NFIP to lender-place flood insurance, their primary reason for not using the MPPP is that the Standard Flood Insurance Policy (SFIP) rules and the MPPP statute create a 15-day lapse in coverage that lenders simply cannot accept. The 15-day lapse occurs because the SFIP rules state that a policy will remain in force for 30 days from the mailing of the policy's Expiration Notice. However, the MPPP provisions of the National Flood Insurance Reform Act of 1994 require a regulated lender to wait 45 days beyond the mailing of the SFIP Expiration Notice before lender-placing a policy. This 45-day waiting period is law; consequently, lenders rely on private insurance carriers to automatically lender-place flood insurance on noncompliant properties when the SFIP's 30-day grace period ends. Basically, it's just safer and easier for the lender to do it this way.

By placing flood insurance outside the MPPP, lenders are able to comply with the NFIP's mandatory purchase guidelines without being exposed to additional risk. On the other hand, a significant number of SFHA properties that were once insured through the NFIP are now insured by entities outside the program, negatively impacting the NFIP's net growth.

Filling the Gap

In an effort to encourage lenders to use the MPPP and consequently keep SFHA properties in the NFIP, FEMA is planning to change the SFIP's Mortgagee Clause some time before October 2004. Presently, the clause provides lenders with 30 days of coverage after the mailing of an SFIP Expiration Notice. FEMA's proposed Mortgagee Clause adjustment will give lenders a 45-day grace period. This adjustment will match the MPPP 45-day grace period for lender-placement required by the statute, thereby making the MPPP a more attractive and convenient compliance tool for lenders by eliminating the unacceptable exposure gaps that the program currently presents.

Although the estimated 100,000 to 200,000 private-carrier policies account for only 2 percent of the NFIP's policy base of 4.4 million, these numbers represent as much as 40 percent of the half million or more NFIP policies that are lost each year. If loan servicers and trackers were to lender place flood insurance through the MPPP rather than non-NFIP alternatives, more SFHA properties would remain in the NFIP, improving the program's net growth dramatically.

For example, modest projections indicate that FEMA can expect to lose approximately 511,000 policies from a Fiscal Year (FY) 2003 NFIP policy base of 4.4 million policies. If loan servicers and trackers were to use the MPPP to lender-place just 20 percent (102,234) of these lost policies, FEMA's net growth rate (617,000 new policies [projected] – 409,000 lost policies [projected]) would improve by nearly 4 percent (from 1 percent in FY 2002 to 4.7 percent in FY 2003).

Minor adjustments to the MPPP, combined with an effort to market these adjustments to the loan servicing industry, could give a significant boost to achieving FEMA's growth goal for the NFIP.

David Thomas is a Policy Analyst for the Risk Management and Marketing Section of the Mitigation Division's Office of Risk Communication. Thomas can be reached by email at DavidCThomas@dhs.gov.

Keeping Risk at Bay

Almost 700 NFIP stakeholders met in San Francisco at the end of May for the 20th annual National Flood Conference. The 3-day conference brought together representatives from local, State, and Federal governments with those from the insurance, lending, real estate, and flood zone determination industries.

Three general sessions gave attendees the opportunity to learn about recent program changes and the hottest NFIP issues. In addition, dozens of workshops—from FEMA's Map Modernization Program to "Keeping Coverage Compliant" and "Realtors and the NFIP"—provided a venue for participants to discuss in greater detail the challenges facing the Program and to ask questions specific to their constituencies.

Conferees were encouraged to take advantage of numerous wrap-around events—the National Con-Serv, Inc. golf tournament, the opening reception hosted by Pilot Catastrophe Services, Inc., the 5K race/1K fun walk co-sponsored by the National Lenders Insurance Council and the Salvation Army—to meet socially and network with other program stakeholders whose perspectives they might not ordinarily get. An awards luncheon held halfway through the conference allowed FEMA to recognize 10 of the NFIP's partners for their accomplishments.

Hundreds of conferees visited the Exhibit Hall.

During the first 2 days of the conference, 26 exhibitors provided information about flood-related products and services.

Day 1: Taking the Initiative

Speakers at the opening general session addressed some of the Program's challenges and featured several of its recent successes.

State of the NFIP

The keynote speaker was Anthony Lowe, NFIP Administrator and Director of the Mitigation Division of the Emergency Preparedness and Response Directorate/FEMA, U.S. Department of Homeland Security. Lowe began by thanking the Program's stakeholders for their efforts and by describing several of the NFIP's current successes in "keeping risk at bay."

The largest single-line writer of property insurance in the United States, the NFIP has 4.4 million policies in force in nearly 20,000 communities, said Lowe. Mitigation efforts are reducing America's flood losses by an estimated $1 billion each year.

According to Lowe, in an average year, NFIP policyholders receive about $800 million for their flood losses, further reducing Federal disaster relief costs. Since 1969, the NFIP has paid $12.1 billion for flood insurance claims and related expenses.

Lowe announced that the NFIP is once again debt free, having repaid $660 million—plus interest—to the U.S. Treasury in October 2002 for losses from Tropical Storm Allison in 2001 that exceeded reserves. Now, he continued, FEMA must serve an all-hazards mission. "The efforts of every Federal risk management program, its partners, and its stakeholders must be placed against the backdrop of 9/11," said Lowe. He expressed his conviction that the NFIP is the model for this broadened all-hazards approach. "Wherever possible, we must apply the resources and lessons of the flood program to other hazards, as well," Lowe asserted. "For example, the modernized inventory of the nation's flood maps can be a platform for mapping other hazards, contributing to the nation's entire emergency management portal. Community-based efforts at flood-risk reduction can be a planning and mitigation model for other hazards, too."

Anthony S. Lowe, FEMA's Mitigation Division Director

Lowe next described two Presidential initiatives for FEMA: Map

Modernization and Pre-Disaster Mitigation. FEMA has a budget of $200 million to implement the multi-hazard, flood map modernization program. The complete multi-year effort to update and digitize the flood map inventory will cost about $1 billion, but can help prevent $45 billion in flood losses over the next 50 years.

Congress has authorized $150 million this fiscal year for Pre-Disaster Mitigation (PDM). These funds will allow public officials to reduce risks before disasters occur. In order to receive PDM funds, States and localities must prepare a mitigation plan that identifies and assesses their risks and provides a concrete course of action for risk reduction, especially concerning repetitive loss properties. PDM funding will address all hazards, while recognizing the inordinate costs of flood losses.

Lowe also explained NextGen, the NFIP's systems improvement process for increasing efficiencies in the Program's claims and underwriting procedures. NextGen goals are to simplify rate and rule changes, reduce errors, shorten the TRRP cycle, and improve the quality of data. An improved system will enable the NFIP to explore the long-term goals of online risk rating.

Lowe concluded by describing several consumer-friendly initiatives that should make it easier for Write Your Own companies to provide, promote, and sell flood insurance and increase policy retention. These include:

- A joint FEMA-WYO workgroup to address jurisdiction issues in court cases
- Changes in refund rules effective October 1, 2003
- Allowance of mid-term conversion from a standard policy to a Preferred Risk Policy for eligible properties effective October 1, 2003
- A new NFIP marketing and advertising campaign
- Multi-year reauthorization of the NFIP

Puerto Rico Partnership

Next on the program, Mr. Edward Rivera, Executive Aide to the Commissioner of the Puerto Rico Department of Insurance (PRDI), presented an overview of his agency's partnership with the NFIP.

Edward Rivera, PRDI

Rivera described the implications of the National Flood Insurance Reform Act (NFIRA) of 1994 on his constituency. NFIRA requires that people who have received federal assistance for flood-damaged properties located in a Special Flood Hazard Area (SFHA) must buy and maintain flood insurance. But experience has shown that many Puerto Ricans have not clearly understood the law.

Hurricane Hortense in 1996 and Hurricane Georges in 1998 damaged the homes and personal property of more than 8,500 families in Puerto Rico. As a result of receiving disaster assistance, many of the individuals also received an NFIP Group Flood Insurance Policy, which provided flood coverage for 3 years. After the expiration of these policies, the Commonwealth of Puerto Rico purchased Standard Flood Insurance Policies for 1 year to assist thousands of the flood victims. Two recent Executive Orders have allowed the government of Puerto Rico to purchase flood policies to keep coverage in force for these families. In addition to this impressive mitigation effort, the PRDI now conducts workshops throughout Puerto Rico to increase awareness and understanding of how the NFIP works.

CRS Success Stories

Wednesday morning's general session closed with an inspiring video that documented some of the most successful communities in the NFIP's Community Rating System (CRS).

The CRS is a program that rewards sound floodplain management by providing premium discounts in communities that exceed minimum standards in 18 activities grouped under the categories of public information, mapping and regulations, flood damage reduction, and flood preparedness. As of May 1, 2003, there were 978 CRS communities spread throughout the United States. Three of these communities—King County, Washington, the Village of Key Biscayne, Florida, and the City of Roseville, California—were featured on the CRS video.

Recognized for their contributions to the CRS video were (from left) Nancy Faegenburg (King County, WA), Armando Nuñez (Village of Key Biscayne, FL), Garth Gaylord (City of Roseville, CA) with project coordinator Bret Gates (FEMA).

Day 2: Town Halls and Awards Luncheon

On the second day of the conference, five Town Halls were held to encourage conferees to ask questions and voice concerns about NFIP procedures, policies, and future directions in Floodplain Management/Mapping, Underwriting/Policy Administration, Lender Compliance, Claims, and Marketing. Following are highlights of the issues raised.

Floodplain Management/Mapping

The criteria used to determine the priority communities would be in for map modernization and the merits of mapping entire river basins versus high population areas were discussed. Attendees also expressed concern about the need for local participation in outreach and education for the end users of modernized maps. An ongoing map education process was recommended. Partnering in map production and maintenance, flood levees, land subsidence, multi-hazard mapping, flood standards in the new building codes, and the legibility of layered digital maps also were debated.

Underwriting/Policy Administration

Panelists at this meeting explored the following obstacles that frequently appear in the Operational Review Process: (1) Part 2 of the Flood Insurance Application is often missing; (2) the highest error percentage ratio is for enclosures that are not rated properly; (3) Submit for Rate documentation is not being forwarded within the 30-day requirement; (4) clearer photos must be submitted. Also discussed were new documentation requirements for rollover Residential Condominium Building Association Policies (RCBAPs), Letter Of Map Revision (LOMR) validity until the next map change, and the availability of online NFIP training (training.nfipstat.com).

Lender Compliance

The "Managing Compliance" discussion focused on determining the correct amount of flood insurance on a loan given different Federal regulator requirements. Also discussed were purchasing "gap" coverage from private entities; determining appropriate insurance for properties with multiple structures; the dilemma of communities that contain Special Flood Hazard Areas but do not participate in the NFIP; regulator requirements for replacement cost coverage; and lender responsibility for monitoring map revisions.

Claims

Discussion at this meeting centered on repair prices given by contractors and the frequent claims disputes that arise from these. Attendees also suggested improvements to the popular new *Price Guide* available from the NFIP Bureau. Additional discussion covered substantial damage determinations, repetitive loss properties, and salvage.

Marketing

This was an open meeting of the WYO Marketing Committee, in which the agenda covered marketing initiatives (including radio advertising, best practices research, and convening a policy growth work group) being developed by FEMA to help WYO companies attain the 5 percent annual policy growth goal. Other topics discussed included flood education, program statistics, current WYO marketing strategies, and the high marketing potential of Preferred Risk Policies.

Awards Luncheon

Almost 400 people attended the NFIP's annual awards presentation, held last year at a luncheon on the second day of the conference (see page 19 for an article about the award winners). Dr. John Paling, an Emmy Award winning filmmaker and risk communication expert, closed the luncheon with an inspiring and entertaining speech about risk communication. Paling described the difference between perceived hazards with a potential to cause harm and real risks that hold serious consequences. He emphasized that the public makes decisions based more on emotions than on facts, and he explained several factors (including source of information, type of risk, and odds of consequences) involved in effective risk communication. Paling provided his listeners with a number of examples of how the public puts risk into perspective and suggested several fundamental qualities found among those who develop resilience when faced by real risks.

Dr. John Paling, Risk Management Consultant

Day 3: The NFIP's Hottest Issues

The final day of the conference featured a Hot Issues Panel that not only addressed many of the concerns raised the day before during the Town Halls, but also responded to comments made by members of the audience.

Marketing Issues

According to Howard Leikin (Special Assistant for Insurance, FEMA's Mitigation Division), a new public/private work group is discussing how to achieve FEMA's 5 percent annual policy growth goal. The group also is seeking to improve policy retention by discovering and then closing gaps in the mortgage tracking and coverage renewal processes.

Hot Issues Panel.

Fletcher Willey (Chair of the Flood Insurance Producers National Committee—FIPNC) added that flood insurance is an undersold line of business because it is not simple to write and because liability questions deter many agents from even trying to write it. But, according to Willey, agents who have a big enough book of flood business can receive 15-20 percent commissions. He underscored the importance of education and noted that basic flood insurance training is even available online. "Agents need a good relationship with an underwriter," Willey concluded. "You need to make sure that you have a WYO relationship that will back you up, help you with quotes, and help you to sell the policy."

Several panelists and audience members described untapped markets for flood insurance promotion. Four identified by 2001 Agency of the Year Award winner Ronni Rodrigue-Walker were commercial risks, renters, homeowners who have paid off their mortgages, and neighborhoods that have recently been flooded. Patty Templeton-Jones (Chair of the WYO Marketing Committee) described a commercial coverage initiative undertaken by First Community Insurance Company. "Of the almost $180 million in flood that we had, only 4 percent was commercial," she said. "We've now created brochures and posters to tell the small mom and pop businesses about flood insurance, because statistics show that, if they get flooded, most of them never go back into business. And when that happens, it affects the whole economy."

Lender Issues

According to a recent General Accounting Office study, lenders are largely compliant with flood insurance coverage regulations at loan origination. Mike Moye (former Chair of the National Lenders Insurance Council) confirmed this trend, explaining that lenders are more scrutinized by Federal regulators and that the audit process has changed. "It used to be that flood was a multi-line audit item for the Office of the Comptroller of the Currency," explained Moye. "Now it is a mono-line audit item. In other words, they come in and audit you specifically for how you are dealing with flood. We aren't perfect, but the lending community is getting much better at demanding flood coverage up front when it is required and then tracking it and keeping it in place."

The panel discussed the merits and drawbacks of flood insurance coverage offered by private carriers and the responsibility lenders have to examine these policies carefully before they accept them to ensure that the coverage is equivalent to Federal policies. The NFIP's free *Mandatory Purchase of Flood Insurance Guidelines* booklet contains information about how to evaluate policies provided by private carriers.

A discussion of flood zone determination and Letter of Map Amendment (LOMA) processing uncovered the borrower's need for more information. The NLIC was urged to consider recommending that lenders add language to their SFHA notification letter that would provide community and map panel information as well as the zone in which the property is located.

Requirements regarding RCBAPs rounded out the discussion of hot lender issues. According to Federal regulators, assessment coverage does not support lenders. For example, if an association purchases less than the 80 percent requirement for replacement cost coverage under the RCBAP and then relies on individual unit owners to purchase the difference, the assessment coverage under the Dwelling Form is not available. In addition, because the RCBAP declarations page doesn't include enough information to determine the replacement cost of the building and how many units it contains, regulators are having difficulty validating that individual borrowers are meeting the replacement cost requirements. Inflation is another RCBAP issue. "Although the 80 percent replacement cost coverage might have been available when the association originally purchased the flood policy, 10 years later the replacement costs might have increased 10-20 percent," explained Jhun de la Cruz (an underwriting specialist in FEMA's Mitigation Division). "If the lender has not updated the amount of insurance coverage, the 80 percent coverage might not be available to the borrower at the time of a loss."

A WYO Issue

A progress report was given by a FEMA/WYO work group that has been meeting for a number of years to discuss controversial aspects of the Financial Assistance/Subsidy Arrangement between FEMA and insurance companies that participate in the WYO program. Understandings being forged within the work group regarding jurisdictional issues will be published through the Federal rulemaking process so that others can comment before a final review.

"When we began, we were worlds apart," said Rhonda Kleine (Chair of the Institute for Business and Home Safety's Flood Committee). "We had very different views of errors, jurisdiction, and liability. Over the last few years of meetings and conference calls, we now have a better understanding of how the NFIP works as a Federal program as opposed to a true insurance product."

State and Local Government Issues

A question from the audience about State responsibility for floodplain management spurred an animated discussion about States taking on a larger role. Although Congress specifically placed coordination of floodplain management in Federal hands, States are working very effectively with FEMA to take over more responsibility for their communities through the Cooperating Technical Partner (CTP) Program. North Carolina's many successful floodplain mapping and mitigation initiatives were cited. With fewer resources, small and rural States have difficulty promoting the NFIP. However, many of these States, such as West Virginia, work hard to dedicate the non-Federal matching funds needed to participate in the Hazard Mitigation Grant Program and to use

Flood Mitigation Assistance funds to reduce chances of flooding.

Several other programs have successfully involved States and local communities in flood risk management. States play a significant role in researching properties identified by FEMA's Repetitive Loss Property initiative to mitigate floodprone properties and reduce disaster assistance costs. The Community Rating System, the NFIP's incentive program, has been effective at encouraging almost 1,000 communities to take a financial stake in seeing that floodplains are made safer.

Claims Issues

A report about FEMA's claims preparations for major storms concluded the Hot Issues discussion. "Our two largest single flooding events so far were New Orleans in May 1995, when we paid about $600 million in claims, and Tropical Storm Allison in June 2001, which resulted in $1.1 billion in claims payments," said Dave Odegard (FEMA Claims Specialist). "In situations like these, adjuster resources get used up." WYO companies are sharing their expertise in abbreviated claims processing for other lines of business to see if it can be applied to flood insurance. According to Odegard, FEMA has several demonstration projects under way that include telephone claims processing, using third-party contractors to handle small claims, and employing a cadre system after a megastorm to train and certify adjusters quickly before placing them under the supervision of a seasoned NFIP adjuster.

This Year in Seattle!

Conferees had not even packed their bags before the planning had begun for the 2004 National Flood Conference. Mark your calendars now! The conference will be held May 2-5 at the Westin Hotel in Seattle, Washington.

If you haven't attended an NFIP Flood Conference and want to be added to the mailing list of those receiving conference announcements early in 2004, send a fax to Catherine King of the NFIP Bureau and Statistical Agent at 301-918-1471 or contact her by e-mail at catheriner.king@associates.dhs.gov.

Definition

Other Residential

Home may be where the heart is, where you hang your hat, or even on the range, but the NFIP is more specific about the definition of an insurable residence. According to the *Flood Insurance Manual*, other insurable residences are:

"Hotels or 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."

Map Prep

How do you explain the benefits of a local flood map change to a community that may not await the revision happily? Is flood mapping a case of NIMBY—"not in my back yard!"—in your community? Not only are insurance and real estate agents confronting these questions, community officials face them, too. How can you respond? The answers to these and other “tough” questions may be less difficult than you think.

Map Modernization

The inventory of our nation’s flood maps is getting a facelift during the next few years. The process may require you to brush up your communication skills. Congress has earmarked approximately $1 billion over the next decade to update community flood maps. This may mean that you’ll have to deal with unhappy property owners and policyholders. Why? Homeowners often believe that any change in their floodplain designation is automatically a "bad thing."

First, let’s dispel a few myths before we look at how one region is "selling the idea" of map changes.

- FEMA does not change community maps simply to "make money" through the sale of insurance. Maps must be updated as we learn more about the topography of the land in question. For example, development changes the ability of the land to naturally absorb water.
- Flood Insurance Rate Maps (FIRMs) aren’t "FEMA’s maps"—they are the community’s maps. FIRMs delineate the various flooding potentials a community faces and often are developed and maintained by that community with the state’s assistance. In addition to insurers, lenders, community planners, and builders are among the many community members who rely on FIRMs.

Now, let’s look at a collaboration that is taking an innovative approach to promoting map modernization.

SAFCA
Sacramento
Area Flood
Control
Agency

Sacramento Initiative

California is going through a variety of zone changes as its FIRMs are updated. One of the areas affected is Sacramento, the state capital. In anticipation of the upcoming map revisions for the area, the Sacramento Area Flood Control Agency (SAFCA) and FEMA Region IX are working together to educate consumers about keeping NFIP insurance in place so that their homes remain protected against floods.

When new FIRMs indicate that significant portions of a community are no longer subject to Special Flood Hazard Area (SFHA) requirements, SAFCA’s outreach model will help communities retain their flood protection by urging property owners to maintain their NFIP insurance with lower-cost Preferred Risk Policies. Likewise, when a community finds that FIRM changes will add a substantial number of properties to the SFHA, the SAFCA plan will provide local officials with an orderly framework for ensuring timely property owner compliance with the mandatory purchase requirements set forth in the Flood Disaster Protection Act of 1973. (These requirements were clarified by Congress following the Midwest flooding of 1993 in the National Flood Insurance Reform Act of 1994.)

SAFCA estimates the total cost of the campaign will be $215,000. SAFCA will pay for 25 percent ($54,000) of the project’s costs, FEMA will provide the remaining 75 percent ($161,000).

The Target Communities

SAFCA’s plan to design, implement, and maintain a flood insurance outreach program is for Sacramento’s American River and South Sacramento Streams Assessment Districts.

In January 2004, approximately 45,000 Sacramento-area property owners in the American River Assessment District will be removed from the SFHA because of levee improvements and resulting FIRM changes. Once out of the SFHA, many property owners may be tempted not to renew their flood insurance policies. No zone is risk free, however, so SAFCA’s outreach program is designed to encourage NFIP policy retention by informing the district’s property owners of the number of additional flood insurance savings options now available to them, including their eligibility for lower-cost Preferred Risk Policies.

Concurrently, SAFCA is directing flood insurance outreach to the approximately 27,000 property owners in the nearby South Sacramento Streams Assessment District who will remain in the SFHA until the U.S. Army Corps of Engineers completes work on levees in their district. These property owners continue to be subject to the mandatory flood insurance purchase requirement.

The Strategy

SAFCA's outreach strategy consists of four phases, each involving a different group of stakeholders: community leaders, insurance agents, WYO companies, and property owners. Once the first phase—project development—is completed, the SAFCA program will work with local elected officials to build momentum for outreach. Next, SAFCA will enlist the support of, and train, insurers—the people who are on the frontline of major flood insurance changes. Finally, the program directs outreach to property owners—those people who will feel the monetary impact of the inception or end of the flood insurance mandatory purchase requirements. This final phase of SAFCA's outreach strategy will include direct mailings to the South Sacramento Streams and American River property owners, coordination and implementation of Town Hall meetings, development of a commercial property component, and a media campaign.

The property owners in Sacramento's American River and South Sacramento Streams Assessment Districts spend more than $30 million each year on flood insurance and purchase roughly 25 percent of California's NFIP policies. SAFCA estimates that the outreach campaign will result in at least a 15 percent retention of the flood insurance policies carried on properties in the American River floodplain alone.

Blazing the Trail

SAFCA and FEMA Region IX have put together a well-conceived, broad-based outreach program, designed for use before map changes become a "big deal" in an affected community. Putting a program like this one in place gives WYO companies and their agents a jump on the game by knowing what map changes may affect their policyholders. SAFCA's plan is a comprehensive one, but it can be scaled down to meet the needs of smaller communities, too. In fact, the SAFCA outreach program will serve as a pilot test for risk communications efforts at the local level.

There are numerous benefits of this proactive initiative. Once all four phases of the SAFCA/FEMA outreach program have been completed, area consumers should be better prepared for the map changes that will affect them. In addition, outreach programs like the one being implemented in Sacramento will provide valuable public education about flood hazards that should enhance FEMA and WYO company efforts to meet ambitious policy growth goals.

The example set by Sacramento is one that can be followed by other communities facing similar floodplain management and flood insurance issues resulting from FEMA's Map Modernization Program. For more information about the SAFCA/FEMA outreach program, contact the FEMA Region IX Mitigation Division at 510-627-7100.

Definition

Lowest Adjacent Grade

No, we are not talking about Pre-K versus Kindergarten, though children in either grade level operate closer than adults to what the NFIP defines as the Lowest Adjacent Grade. According to the *Flood Insurance Manual*, you can find this spot at:

"The lowest point of the ground level next to the building."

Winter Storms: Riskier Than You Think

Lynd Morris, NFIP Bureau and Statistical Agent

Winter weather causes millions, sometimes billions, of dollars of flood damage each year. During the last decade, some regions—such as New England, the Mid-Atlantic, and the Pacific Northwest—have been hit hardest by flooding during December, January, and February.

But even those parts of the United States that face their heaviest flooding during other seasons can be affected by winter flooding. The Southeastern and Gulf Coast states (regularly hit by autumn hurricanes) and the Plains and Great Lakes states (frequent victims of spring and summer storms) experience damaging floods in the winter months, too. No region is immune.

It is especially important to promote flood awareness during the winter months, when consumers may be complacent about the peril of flood. It is unlikely that flood insurance will be on the minds of people digging out their cars after a winter snowstorm. Frozen creeks or rivers do not usually stir concerns about December and January floods. But an unusually mild winter, a sudden mid-winter thaw, or a river ice jam can cause winter flood damage for millions of Americans who live in areas that are typically snowbound at that time of year.

Even people who are familiar with winter storms—Nor'easters driving up the Atlantic Coast, Pineapple Express storms pounding the Pacific Coast, or heavy rainfall drenching the Gulf Coast—may not be aware of the financial protection from flood damage that is available through the NFIP. Property owners who have already heard the NFIP's message and have bought flood insurance coverage need regular encouragement to renew their policies and, when appropriate, to reevaluate their coverage and increase it if they are underinsured.

Who Is at Risk of Winter Flooding?

Everyone. The chances of being flooded during December, January, and February may be greater in some areas than in others, but in the last 11 winters, no region in the United States has escaped flooding during the winter months. The following overview of winter weather conditions explains why.

Global Warming

Global warming threatens to disrupt weather patterns around the world and may increase the frequency of winter flooding. According to Dr. Peter Gleick, President of the Pacific Institute for Studies in Development, Environment, and Security, warmer winters will affect flooding. "If our snowpack melts too quickly or if water that falls as snow turns to rain, we'll see more flooding in the winter and less water during the summer when we need it most," Gleick has written.

Mid-Winter Thaws

Property owners accustomed to enduring the nation's coldest weather also face the threat of winter flooding. Even Alaska has had significant winter flooding in the last 11 years (see FEMA Region X winter storm review on page 44). Temporary January thaws that regularly occur in colder winters often trigger floods, especially when the warm spell is accompanied by precipitation. When rain falls on frozen ground unable to absorb additional precipitation, runoff can overwhelm normal drainage, producing flood conditions.

Ice jam flooding.

Ice Jams

Prolonged cold spells freeze waterways. Warm spells with heavy rains, exacerbated by snowmelt, can cause ice on rivers and creeks to break up and move downstream, snagging on bridges or river bends and creating ice jams. When water builds up behind an ice jam, upstream flooding results. When the ice jam eventually breaks up, flash flooding can occur downstream. According to the U.S. Army Corps of Engineers, ice jams cause an estimated $100 million in damage each year.

Nor'easters

Another flood-producing winter weather phenomenon is a storm system called a Nor'easter. These systems form when winds blowing from the northeast meet the warm air and moisture of the Gulf Stream, a warm ocean current that flows northeast off of the Atlantic Coast. Nor'easters are powerful storms that typically form between October and April and travel up the Atlantic seaboard. Although most likely to form in February, severe Nor'easters can occur anytime from October through March or even April. These storms are known for the heavy amounts of rain and snow they produce, along with high winds and surfs that cause coastal erosion and flooding.

Try and Catch These Winds

The National Oceanic and Atmospheric Administration (NOAA) describes the jet streams that carry storm systems across the United States as narrow bands of strong wind in the upper atmosphere that follow the boundaries between hot and cold air masses. These boundaries are most pronounced during the winter months, when the jet streams travel to their southernmost position over the United States and surrounding water.

Pacific storms carried by the southern jet stream enter California during the winter months, travel northeast through Nevada and Utah, and then break up in the Rockies to reform on their Front Range. Storms that spin up in the Gulf of Mexico typically track northeast on the southern jet stream, bringing rain as well as ice and even snow to the Gulf states, Appalachians, and Tennessee and Ohio Valleys.

In December 1992, one of the most powerful Nor'easters ever to hit the East Coast brought intense coastal rainfall, river and tidal flooding, and heavy inland snowfalls from Massachusetts to Delaware. Presidential Disaster Declarations were made for New Jersey, New York, Massachusetts, and Connecticut. Almost $350 million was paid on more than 25,000 NFIP-insured losses resulting from this storm.

In early January 1996, a Nor'easter pounded the eastern seaboard with torrential rainfall and dropped up to 4 feet of snow on several inland states. This storm was soon followed by another Nor'easter that hit the East Coast from Georgia to New Jersey with strong winds and heavy tides. This second storm was fueled by warm moist air and caused severe snowmelt flooding.

El Niño

Another weather phenomenon, El Niño, can have a significant effect on precipitation in the United States. Named by Peruvian fishermen who noticed the periodic appearance of warming surface temperatures in the Pacific Ocean around Christmas, El Niño is now understood to be the warm phase of a temperature oscillation in the Pacific Basin's water and atmosphere. The cool phase of the oscillation is nicknamed La Niña. During the warm phase, heat and moisture are released into the upper atmosphere, creating precipitation. El Niño alters the course of the jet stream—pushing it farther south than usual and leaving much of the West Coast at increased risk of flooding. Severe flooding in 1998, linked to a strong El Niño that year, resulted in almost $58.4 million in NFIP claims payments.

America's West Coast residents are not the only recipients of El Niño winter precipitation. According to the National Oceanic and Atmospheric Administration (NOAA), El Niño winters tend to be wetter than normal in the Southeastern United States, as well, and contribute to flooding along the Gulf Coast. The State Climate Office of North Carolina recently published a study that demonstrated "a strong relationship between El Niño events and increased precipitation in eastern North Carolina during winter months."

Pineapple Express

California and the Pacific Northwest are at the mercy of another type of winter storm phenomenon called the Pineapple Express. Fed by moisture typically originating near the

Hawaiian Islands, a series of large storms develops in the tropics. These storms track into the Pacific Northwest or California, bringing heavy rainfall and warmer temperatures. Warm temperatures associated with the Pineapple Express melt the snow pack in the mountains. When accompanied by heavy rain, the snowmelt usually causes extensive flooding. Precipitation from Pineapple Express storms can affect the southwestern United States as well, dropping rain and snow in Arizona, Nevada, and New Mexico.

Flooding in California resulted from Pineapple Express storms in 1998.

Winter Losses in Your Region

See the State Stats Tables (pages 34-44) for an overview of NFIP flood losses that have occurred in each of the ten FEMA/NFIP regions of the United States during December, January, and February in the 11 years from December 1, 1992, through February 28, 2003.

Communicating the Risk

A weather report may give people an idea about whether or not to take along an umbrella or wear snow boots. But it probably won't provide the understanding of weather-driven flooding they'll need to protect their families and property from potential flood losses. The public must rely on the NFIP's partners for flood protection information.

You are the expert. Even if you've just entered the world of flood mitigation and protection, you already know more about the peril than most consumers. And, when it comes to communicating risks, there is no better person to do it than one who is living and working in the same community.

Developing an Awareness Campaign

Evaluate how much time and funding you can spare for communicating the risk. It doesn't take a large budget or a lot of people to promote flood awareness. Campaigns can be as simple as handing out free literature at the local mall or library. Partnering with other NFIP stakeholders will allow you to extend your outreach by pooling financial and staffing resources.

Next, develop a public awareness campaign for communicating the message of winter flooding preparedness to local property owners. The first step is to take an inventory of available resources. Do you already have flyers or brochures about winter flood preparedness? If not, don't despair. FEMA has developed dozens of public awareness and marketing materials to alert citizens about the dangers of flooding and the financial protection available from the NFIP (see samples on the next page). Almost all of these materials are free of charge and can be ordered in quantity for direct mailings or distribution at public events. See the NFIP web site (www.fema.gov/nfip/libfacts.shtm) for a list of flood-related consumer items, then visit www.fema.gov/nfip/order.shtm for a public awareness materials order form. Check with your local Red Cross chapter or emergency services department to see what flood-related materials they have available for you to distribute.

Do you have a large enough budget to run an ad in the local paper or print a flood preparedness message on grocery bags? Some communities have put flood preparedness messages on billboards; others have arranged to have winter flood messages included on winter utility bills. Insurance agencies and public officials have organized direct mail campaigns to alert customers about seasonal flood perils.

What are your human resources? Can you dedicate several hours to

handing out NFIP brochures at a local mall, library, or community event? Do you have time to put together a direct mail campaign? Can you write an article for the local paper or contact the nearest media outlets to offer information about flood peril? Can you devote one or more evenings to making presentations at local business or service organizations? Can you or one of your colleagues develop a winter preparedness section for your web site? Can you call a meeting of other NFIP stakeholders (insurance and real estate agents, lenders, public officials) to collaborate on developing an awareness campaign?

Set a goal and then work your way backward to identify each step you'll need to take to get there. Now you are ready to begin. Remember, if property owners don't believe that winter poses a flood risk, they aren't likely to protect themselves against winter flood losses. Most consumers depend on authoritative sources from within their community to provide information about where, when, and how to protect themselves from dangerous situations. When it comes to flood-related hazards, you are that authority.

Finding the Facts

Dispel the myth that floods are rare in the winter. Read over examples of flooding that has affected your region during the last 11 winters, starting on page 34.

Statistics about past winter flooding in your area can be compelling. Whenever possible, try to include local and regional data in the campaign materials you generate. You may decide to develop your own brochure or flyer so that you can tailor the information specifically to your community. Or you may just want to add a line about local winter flooding in the past to the cover letter you use to accompany a direct mailing. But where can you finding good flooding statistics?

Information about flooding frequency is available from a number of sources. NOAA's Hydrologic Information Center provides excellent storm summaries and predictions (www.nws.noaa.gov/oh/hic/archive/index.shtml).

Try entering "Winter Flooding and _____" (insert the name of your community or state) into one of the Internet search engines to see what comes up. You may be surprised by how easy it is to uncover flood data for your area. Government and educational institutions produce a multitude of articles and reports that are available on the Internet, many tailored to finite localities.

Discovering actual damage statistics can be more of a challenge. The NFIP's data covers only insured losses. The FEMA web site offers a variety of policy and claims statistics by month, calendar year and fiscal year, and state (access this information at www.fema.gov/nfip/pcstat.shtm).

But what about uninsured losses? Uninsured flood victims must rely on disaster assistance or other forms of relief. FEMA reports Federal disaster response for floods that resulted in Presidential Disaster Declarations (see the FEMA web site at www.fema.gov/library/drcys.shtm). However, the statistics you'll find in press releases at this site do not include funding from Small Business Administration loans or assistance provided by the American Red Cross or other relief organizations. Explore local sources of disaster information such as your community's Red Cross office, community floodplain officials, and community emergency response officials. They may be able to provide you with access to their reports on historical losses in your community.

Leveraging Partnerships

Collaborate with other NFIP stakeholders to produce a flood preparedness campaign. Participants will bring the unique perspectives and additional resources of their organizations to the process, ensuring a more comprehensive outcome. Following are several ways to find people and organizations that might be able to help you develop a flood awareness campaign.

Local floodplain managers often can furnish statistics about properties located in the floodplain. Find the office of your State NFIP Coordinator at the FEMA web site (www.fema.gov/fima/statecoor.shtm) and contact it to locate your local floodplain manager. In addition, the Association of State Floodplain Managers maintains a list of national, state, and local links on their web site (www.floods.org/links.htm).

Local or regional insurance associations will be able to provide insurance expertise about flood coverage. In addition, you can find a list of companies that issue Federally backed flood insurance at the NFIP web site (www.fema.gov/nfipInsurance/companies.jsp). The NFIP's Telephone Response Center (800-720-1093) can provide contact information to match—by ZIP Code—consumers with insurance agents who sell flood insurance. They can also contact the FEMA regional office to assist in coordination.

Extend your outreach through the local media. Involve local meteorologists in your awareness campaign by inviting participation in outreach events.

Better Informed = Better Prepared

"In early 1997, the National Weather Service felt quite confident that El Niño would have significant impact on precipitation in California," writes Frank Richards of NOAA's Office of Hydrology. "FEMA, as well as other officials in both the Federal and the State government in California started a major campaign to prepare for possible flooding. Because of the success of this campaign, flood damages were probably less than what would 'normally' occur."

In fact, the number of NFIP policies in California rose to 368,183 by the end of December 1997, a jump of 109,965 policies in just 6 months. This represented an average of 18,327 new policies per month in a state that boasted only 1,000 to 4,000 new policies each month before the campaign. How many of the 4,422 Californians who received claims payments for losses that winter were grateful that they'd heard the flood protection message and acted on it?

Just one person who decides to warn his or her community about the peril of flooding can impact how quickly and effectively that community will recover from a flood. If that one person teams up with other NFIP partners, outreach will be even greater. Home and business owners in your community need the chance to insure themselves against financial losses resulting from winter floods. Give them that chance.

Lynd Morris began working with the NFIP as a communications specialist in 1983. She has been the writer and associate editor of the Watermark for the last 6 years.

Definition

Erosion

Does the image of the Grand Canyon come to mind? How about South Dakota's Badlands? Or are you more familiar with what happens to a sandcastle at the beach when the tide rolls in? Erosion, a source of insurable flood losses under certain conditions, is defined in the *Flood Insurance Manual* as:

"The collapse, undermining, or subsidence of land along the shore of a lake or other body of water. Erosion is a covered peril if it is caused by waves or currents of water exceeding their cyclical levels which result in flooding."

NFIP Recognizes Winners

Thousands of individuals work hard to achieve the NFIP's goals of protecting lives and property from flooding. Each year, the NFIP honors several stakeholders who've made outstanding contributions to the Program. The following NFIP partners were recognized at the 2003 National Flood Conference for activities they'd undertaken during Fiscal Year 2002—October 1, 2001 through September 30, 2002.

Agency of the Year Awards

This award is given to three insurance agencies displaying innovative marketing strategies, increasing their flood portfolios, and actively promoting flood awareness (see page 20 for details about these award winners).

Last year's winners of the Agency of the Year Awards were:

- Alpha Insurance Agency
- Ray S. Celedinas and Associates
- Galveston Insurance Associates

Administrator's Club and Trophy Awards

The Administrator's Club Award is bestowed each year upon WYO companies in recognition of their contributions to the growth of the NFIP. Winners are divided into five groups, representing policy base thresholds. Last year's Administrator's Club Award winners were:

- American Strategic Insurance Corporation
- The Insurance Corporation of New York
- Mutual Service Casualty Insurance Company
- Regency Insurance Company
- Selective Insurance Company of America

The company that achieved the highest percentage of overall growth during the 2001-2002 Arrangement Year is awarded the Administrator's Club Trophy. The winner of the Administrator's Club Trophy was:

- Regency Insurance Company.

Accepting Administrator's Club Awards were (from left) Paula Keith (of National Flood Services for American Strategic Insurance Corporation), Bob Butler (Selective Insurance Company of America), and April Hunter (of National Flood Services for The Insurance Corporation of New York and Regency Insurance Company). Not pictured was Mutual Service Casualty Insurance Company.

Administrator's Quill Award

This award recognizes the WYO company with the highest percentage of overall growth, excluding rewritten policies. The Administrator's Quill Award was given last year to The Insurance Corporation of New York.

April Hunter of National Flood Services accepts the Administrator's Quill Award for The Insurance Corporation of New York.

Roy T. Short Memorial Award

The National Lenders Insurance Council (NLIC) gives this award each year to honor innovative and inspiring people who have rendered the best service to lenders attempting to comply with Federal regulations while protecting investors and consumers from flood losses.

The award was given last year to Linda Hood, a Vice President with Wells Fargo Insurance, Inc., where she oversees the Flood Services Division. Hood has served as a Board Director and President for

Linda Hood, Wells Fargo Insurance, Inc., accepts the Roy T. Short Memorial Award.

the NLIC and has represented the lending industry on the National Flood Conference Planning Committee since 1997, helping to coordinate workshops focused on flood compliance education for lenders.

Special Recognition

Last year, the National Flood Conference Planning Committee took the opportunity afforded by the large number of NFIP partners attending the awards luncheon to recognize a family that has spent decades supporting the NFIP's goals and ensuring that each National Flood Conference starts off right.

The conference's opening reception, a gala event each year, affords attendees the opportunity to meet and greet other NFIP stakeholders. It is an event eagerly anticipated by returning conferees, and it plays an important role in setting the stage for a successful conference. Almost two decades ago, Walter Pilot of Pilot Catastrophe Services, Inc., began serving two of his favorite dishes, jumbo shrimp and salmon, for the conference's opening reception. Grace Pilot and her children have continued the tradition her late husband began.

The Pilot family's contributions to each flood conference and to many other parts of the NFIP have been appreciated for decades. In gratitude, NFIP Administrator Anthony S. Lowe concluded the awards ceremony with a special recognition of Grace Pilot to thank her and her entire family for their steadfast support of the Program throughout the years.

NFIP Administrator Anthony S. Lowe and Grace Pilot, Pilot Catastrophe Services, Inc.

Agency of the Year Award Winners

Agency of the Year Award winners (from left): Lee Orr of Alpha Insurance Agency, Karen Fejes of Ray S. Celedinas and Associates, and Garry Kaufman of Galveston Insurance Associates.

What does it take to be one of the NFIP's Agency of the Year Award winners? Agencies are nominated for this honor each year on the basis of their flood portfolio growth during the previous year, the marketing strategies they've used to increase flood insurance policy sales, their activities to promote flood awareness, and their adherence to NFIP underwriting guidelines. Every Agency of the Year Award winner has shown innovation and dedication in achieving the NFIP's goals of protection from and prevention of flood losses.

Alpha Insurance Agency

In April of 2001, Lee Orr opened the Alpha Insurance Agency in Gretna, Louisiana. In its first year of operations, Orr sold 98 flood insurance policies. Three people now contribute to the agency's flood insurance sales, focusing primarily on increasing awareness of the NFIP among real estate professionals.

With a reputation for doing whatever he can to help homebuyers, Orr leads popular classes about flood insurance at area title companies.

Alpha Insurance also targets its flood awareness activities to the local construction industry. Orr works with local builders to increase the elevations of homes under construction, thus creating more favorable rating for the new owners. He has distributed thousands of brochures about raised construction (including a rate chart that demonstrates the advantages of elevation) to real estate offices and mortgage companies across metropolitan New Orleans. The agency also faxed more than 100 letters to renovation contractors and plumbers to tell them why hot water heaters in A Zones should be raised off the ground to the height of the slab.

Alpha Insurance has several strategies to inform the public about flood risk. Orr uses a "Facts About Flood Insurance You May Not Know" sheet that lists information about flooding in B, C, and X Zones and includes quotes for building and contents coverage under the Preferred Risk Policy as well as the annual premium. Clients must sign this sheet if they decline flood insurance coverage.

Through a new interactive web site, Orr helps visitors research opportunities for grandfathering eligible buildings, thus avoiding costly surveys. During 2002, Alpha Insurance mailed 900 calendars that encouraged clients to visit the new web site and learn more about flood insurance.

By offering insurance services in Spanish and Vietnamese as well as in English, Alpha Insurance has expanded its customer base. As of May 2003, Orr was developing an insurance newsletter that will be published in all three languages.

Ray S. Celedinas and Associates

By the end of 2002, Ray S. Celedinas and Associates of Palm Beach Gardens, Florida, had 2,992 flood insurance policies in force, with 852 new flood policies for the year—a 32 percent increase from the previous year. More than 35 people contribute to marketing, selling, and servicing flood insurance policies for this agency.

According to Kevin Lepionka of Nationwide Mutual Fire Insurance Company (the agency's WYO company), the most effective marketing strategy used by this agency to increase flood insurance policy sales is cross-selling flood insurance to all homeowner clients, regardless of flood zone. "In 2002, 29 percent of their new flood sales were Preferred Risk Policies," Lepionka wrote in his nomination of the agency. "This figure shows that Ray S. Celedinas and Associates places special emphasis on selling flood in lower-risk areas."

Among the agency's flood awareness activities in 2002 were (1) conducting a direct mail campaign to Florida property owners before hurricane season, (2) using NFIP brochures along with Nationwide Mutual flood insurance sales literature to create consumer awareness, and (3) conducting internal agency-level sales contests to create more flood awareness among sales representatives.

Galveston Insurance Associates

Galveston Insurance Associates (GIA) in Galveston, Texas, is a full-line property and casualty agency that specializes in flood. More than 20 people contribute to the flood sales for this agency.

According to Patty Templeton-Jones of First Community Insurance Company (the agency's WYO company), GIA's reputation as the expert in flood insurance can be attributed to "their persistent quest to know more and more about the product. They request training classes for their staff as well as hold educational seminars for condominium associations, real estate agents, surveyors, and consumers," says Templeton-Jones. "This agency does not simply want to sell flood policies. They want to educate everyone—high risk or low risk—about the necessity of flood insurance."

All divisions of GIA—Commercial Lines, Personal Lines, and Life and Health—cross-sell flood insurance. Incentives are given for the number of new flood policies sold, and all customers and prospects must either purchase flood insurance or sign a form declining it. Direct mailings of NFIP brochures to customers are used to promote purchase of new and renewal policies. GIA places NFIP advertisements in area newspapers during hurricane season. The agency's web site displays photos from past local floods, and requests for flood insurance quotes can be submitted online to the agency.

GIA works closely with area real estate agents, sponsoring and coordinating flood awareness seminars for the local Realtors' and Home Builders' Associations and holding on-site flood workshops at several area real estate offices. GIA has established a walk-in "Flood Resource Center" in its office containing area flood maps for use by local real estate agents. GIA representatives helped area real estate agencies prepare a disclaimer notice of eligibility for flood insurance in A and V Zones that is now being used by their national association.

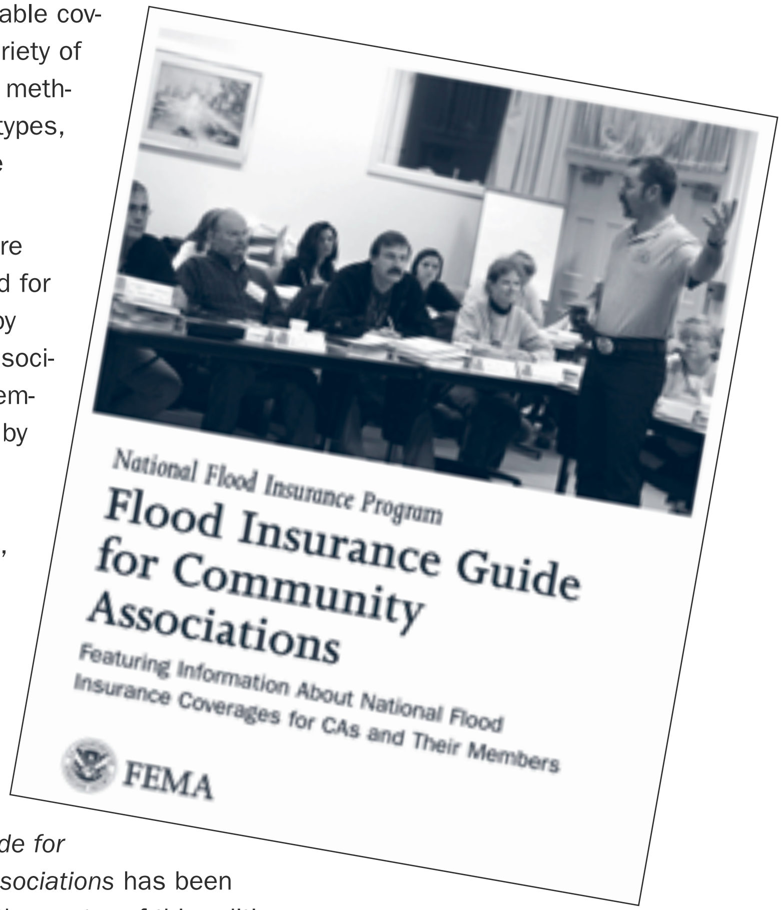
Agency representatives speak at many local condo associations about the value of flood insurance and how their by-laws affect their coverage. In addition, GIA has worked closely with the City and County Building Code Committees to ensure that local ordinances follow NFIP regulations.

Flood Facts for Community Associations

An estimated 47 million Americans are members of community associations (CAs) of various kinds—condominium associations (primarily high-rise, garden, and townhome), homeowner associations, and cooperative associations. Today there are more than 231,000 CAs in the U.S., and, in metropolitan areas, about one-half of all new residential construction embraces the CA model.

In the past, lack of information about the applicability of flood insurance to community associations has left many CAs and their members underinsured, or uninsured, against flood losses.

That information gap began to narrow last year with publication of the NFIP's *Flood Insurance Guide for Community Associations*. The eight-page brochure emphasizes the importance of preparing for floods and purchasing flood insurance for CAs and property owners who belong to CAs. It also briefly describes the NFIP's origins and mission. In the middle of the brochure, a two-page Flood Insurance Selection Chart shows, in a facts-at-a-glance format, how the NFIP's Standard Flood Insurance Policy can provide affordable coverage for a variety of CA ownership methods, building types, and insurance needs.



The brochure was developed for use not only by community associations and members but also by insurance agents, real estate agents, lenders, and other professionals who handle CA business. A copy of the *Flood Insurance Guide for Community Associations* has been inserted into the center of this edition of *Watermark*. Additional copies are available from the FEMA Distribution Center at 800-480-2520. Ask for document number F-660.

Insuring Condos, Timeshares, Coops

Judy Marvel, NFIP Bureau and Statistical Agent

Condos and timeshares and coops, oh my! Condos and timeshares and coops, oh my!

I can just imagine an insurance agent racing through the streets of Miami, looking at the high- and low-rise buildings, all the while chanting that phrase—sort of like Dorothy in The Wizard of Oz when she journeys through the forest, cautiously watching for "Lions and tigers and bears! Oh my!"

Insuring condos, timeshares, and coops doesn't need to be an intimidating experience. Once you understand the different types of ownership, you're on the Yellow Brick Road to the Emerald City of Profitability.

The Standard Flood Insurance Policy

Whether you are planning to insure a condominium, timeshare, or cooperative, you'll need to use one of the NFIP's three Standard Flood Insurance Policy (SFIP) forms: the Dwelling Form, the General Property Form, and the Residential Condominium Building Association Policy (RCBAP) Form. Which form applies to the property you are insuring is determined by the building's type of ownership and occupancy. These two factors (among many others) are also essential in deciding the rates you'll use in determining the flood insurance policy premium.

- The Dwelling Form is used to insure a single-family or 2- to 4-family dwelling, as well as a single-family dwelling unit in a condominium building. It also is used to insure residential contents.
- The General Property Form is used to insure other residential or commercial buildings and/or their contents.
- The RCBAP is used to insure a residential condominium building and commonly owned contents of the association, as well as all units within the building. At least 75 percent of the total floor area must be residential for the association to qualify for an RCBAP.

Condominiums

Condominium is a form of real property ownership in which each unit owner has an undivided interest in common elements. Individual unit owners may purchase flood insurance on their own unit to cover those elements not insured under the condominium association's flood insurance policy. These elements might include improvements made by the owner to the unit, personal contents, and loss assessment coverage.

An individual unit and its contents may be separately insured in the name of the unit owner under the Dwelling Form. The same limits of insurance are available as for a single-family dwelling. Loss assessment coverage is provided under the RCBAP when a residential condominium association has insured its building to at least 80 percent of the replacement cost value (RCV). If the building has been insured for less than 80 percent of the RCV, loss assessment coverage will not be provided to individual unit owners. If no RCBAP were in effect at the time of a flood loss, loss assessment coverage would be provided under the Dwelling Form.

A condominium association is an entity made up of unit owners and is responsible for the maintenance and operation of any common elements and real property in which the unit owners have use rights. An association, according to its bylaws, may or may not be required to maintain flood insurance on commonly owned elements. If the bylaws require purchase and maintenance of flood insurance, there are two ways in which the association can do so. In this situation, the occupancy of the building becomes the determining factor in how the building is insured. To qualify for an RCBAP, the association must demonstrate that at least 75 percent of the floor area of the building is residential. When this requirement is not met, the building and contents can be insured under the General Property Form.

Timeshares

Timeshare buildings not in the condominium form of ownership, and in which at least 75 percent of the floor space is used for residential purposes, are considered to be residential buildings and can be insured under the General Property Form. Timeshares that are in the condominium form of ownership are eligible for coverage under the RCBAP and are subject to the same eligibility, rating, and coverage requirements as any other condominium.

Cooperatives

Cooperative buildings in which at least 75 percent of the area of the building is used for residential purposes are considered to be residential occupancies, and can be insured under the General Property Form. Because they are not in the condominium form of ownership, coops cannot be insured under the RCBAP.

Unit owners in a cooperative building do not qualify for building coverage through the NFIP. They can, however, insure their contents under the Dwelling Form.

Rating Tips

Here are some rating tips to help chase away any flying monkeys and propel you further down the Yellow Brick Road.

Condominiums

Refer to the Condominium section of the *Flood Insurance Manual*. Use the table on page CONDO 3 to help you underwrite the risk, then turn to pages CONDO 4 and 5 to find out which rating system to use. A more in-depth explanation of the information provided in those tables can be

Condos, timeshares, and coops offer NFIP growth potential.

found in the rest of the Condominium section.

Timeshares

Non-condominium timeshares in which the entire building is in the name of the corporation and at least 75 percent of the floor space is used for residential purposes are considered to be residential occupancies and can be insured for a maximum building coverage of $250,000 under the General Property Form. They do not qualify for the RCBAP. Use the "Other Residential" rates found in the manual's Rating section.

Timeshares in the condominium form of ownership and in which at least 75 percent of the floor space is used for residential purposes can be insured under the RCBAP. These buildings are subject to the same eligibility, rating, and coverage requirements as other condominiums. See the Condominium section of the manual.

Cooperatives (Entire Building in the Name of the Cooperative)

Because cooperatives are not in the condominium form of ownership, they cannot be insured under the RCBAP. However, if at least 75 percent of the floor area is used for residential purposes, a coop is considered to be a residential building and can be insured for a maximum building coverage of $250,000 under the General Property Form. Use the "Other Residential" rates in the manual's Rating section.

Unit Owners

Condominium unit owners can be insured under the Dwelling Form. Use the single-family rates found in the Rating section of the manual. Some properties may be eligible for the preferred risk form of rating. See the Preferred Risk Policy section in the *Flood Insurance Manual* for more eligibility requirements and rating procedures.

Yellow Brick Roadside Assistance

Remember, help for determining the appropriate SFIP form and for rating condominiums, timeshares, and cooperatives is just around the bend! Call your WYO company underwriter, or visit the FEMA web site (www.fema.gov/nfip) and click on the link to training and workshops.

Don't be intimidated by the thought of writing flood insurance on condominiums, timeshares, and cooperatives. Be smart, take heart, and be brave. Oil those rating joints, dodge those apples, and start writing more flood insurance.

Judy Marvel has worked with the NFIP for 28 years, first as an insurance agent in coastal Delaware and, for the last 7 years, as the Senior Training Specialist with the NFIP Bureau and Statistical Agent.

NFIP Manual Available Online

The full *Flood Insurance Manual* can be accessed and printed free of charge at the NFIP web site (www.fema.gov/nfip/manual.shtm).

You also can subscribe to the *Flood Insurance Manual* and receive printed updates until its next complete reissue by calling FEMA's Map Service Center at 800-358-9616. The cost of the *Flood Insurance Manual* and updates through December 31, 2004, is $25.00.

Don't Get Sued

Susan Bernstein, FEMA

Although most of my readers know me as the *Watermark* editor, I wear at least one additional hat for the NFIP. I am the Legal Liaison between FEMA's Mitigation Division (formerly FIMA, and before that FIA) and Office of General Counsel (OGC) and the Write Your Own (WYO) insurers. That means that every lawsuit involving the Standard Flood Insurance Policy (SFIP) and a WYO company crosses my desk—I see them all.

In my article "Agents, Cover Your Assets!" (page 11 of the 2003 *Watermark*, Number 1), I discussed some of the details of the SFIP that could lead you into court. I want to take a few moments now to share some additional tips with our readers—especially agents and other insurance industry people—that might keep you out of a courtroom, or at least keep your money in your pocket.

30 Days Has September…

One of the most basic issues that can complicate a claim is the 30-day waiting period. Remember, unless the insured building in the Special Flood Hazard Area is newly purchased or a refinance, there is a 30-day waiting period after the application and payment of the premium have been received by the WYO company or NFIP Direct before the policy becomes effective. We've found that the 30-day waiting period can easily be forgotten when the initial flood insurance policy gets sold. Usually that's not a problem, but there is a breed of homeowners out there who play the "wait until flood season" game. These gamblers think they can save money by putting off getting a policy, or by letting their policy lapse in years of low flood risk, until the media (and old man weather) scream "FLOOD!"

Let me try to make this a little clearer. There are only two exceptions to the 30-day waiting period. These exceptions apply when coverage is placed in conjunction with loan activity or the remapping of a community. The 30-day waiting period does not apply in the following instances:

- The initial purchase of flood insurance when the purchase is in connection with the making, increasing, extension, or renewal of a loan; or
- The initial purchase of flood insurance pursuant to (in accordance with) a map revision or updating of floodplain areas of flood zones within a 1-year period.

This issue and others are demystified in one of our best publications on the subject: the *Mandatory Purchase of Flood Insurance Guidelines* (FEMA Publication 186). The 30-day waiting period exceptions are addressed on page 34.

While it might seem that these homeowners should know the danger of waiting—we've said repeatedly that floods can happen at any time—if you don't clearly explain the waiting period, you can be held at fault. This situation is a lawsuit just waiting to happen, but you can easily avoid it by informing potential policyholders about the waiting period.

The Check Is in the Mail

The NFIP has some idiosyncrasies—if you "sell flood," you know that. One of those is the requirement that a premium check must be received by the WYO company before the policy can take effect. Now, it might take "only" a few days for an agent to mail a check to the parent company, but, added to the 30-day waiting period, these few days can be costly.

Everyone involved in a home purchase needs to pay attention to the basics of flood insurance and clearly share them with the buyer. You may not feel that risk communication is your responsibility, but not communicating the risk is your liability. When it comes to lawsuits and a failure in the flood insurance premium payment process, if there is a denied flood claim, the home buyer may sue everyone even peripherally involved in the deal—adjusters, real estate and insurance agents included, even if they had nothing to do with this phase of the insurance process.

Escrow Pitfalls

The National Flood Insurance Reform Act (NFIRA) of 1994 requires that lenders escrow funds to pay flood insurance premiums if, for a particular loan, the lenders already require escrow for taxes, homeowners insurance, or other purposes. The intent of NFIRA was to strengthen flood insurance requirements, increase compliance, and "make uniform all regulations and guidelines in implementing common statutory or supervisory policies." This language means very little to most folks. All we really need to know is that a lender can use an escrow system to set aside money from mortgage payments, reserve those funds for the flood insurance renewal premium, and use the escrow system to ensure that funds go to the WYO insurer on time each year to guarantee renewal.

Seems easy, but at FEMA our experience tells us otherwise. We've seen a rise in lawsuits involving flood insurance premium funds that are reserved and processed through escrow but do not get to the WYO company. Basically, there have been problems with (1) clearly identifying the funds as flood insurance premium payments; (2) making sure the premiums are paid on time each year; and (3) ensuring that payments are sent to the WYO company or NFIP Direct, not to the homeowners insurance provider.

Lenders can avoid lawsuits stemming from flood insurance policy cancellation for nonpayment by making sure their escrow vendors know the basics of the NFIP. These essentials are: the money must be received by the insurer before the policy can take effect (or renew); NFIP policies must be renewed annually; flood damage is not covered by a homeowners policy; and the funds escrowed for flood insurance may require closer attention than those with which the vendor is accustomed to dealing (i.e., homeowners insurance).

Coverage Limitations

The SFIP has a number of exclusions and other conditions that may cause problems for an uninformed homeowner. These conditions are specified in each of the three SFIP policy forms—Dwelling Form, General Property Form, Residential Condominium Building Association Policy. (All three forms of the SFIP are reproduced, for reference by agents, in the Policy section of the NFIP's *Flood Insurance Manual*.) Let's take a moment now to highlight a few coverage limitations.

Not everything that people keep in their basements (areas below grade on all sides) is covered by their NFIP policy. Items kept in a building enclosure that is located below the lowest elevated floor of an elevated Post-FIRM building located in an SFHA, or in a basement (regardless of flood zone) may not be covered. Agents must know the coverage exclusions and clearly explain them to their customers. Check the SFIP, especially the language in Part III.A.8.

Detached garages used only for storage or parking can be insured under the SFIP's Dwelling Form. If the home and the detached garage are damaged in a flood, only 10 percent of the claim payment may be used to repair the garage—and that means that only 90 percent of the funds can be used for repairing the home. To be safe, recommend that the homeowner obtain a separate flood policy for the detached garage.

A similar issue is that of insuring multiple buildings. Often questions arise when a property owner is seeking coverage for farm structures, such as barns and silos, or for a motel with cottages. The NFIP's position on this is pretty easy to understand—one structure, one policy. Even if the building being insured is a grain storage system linked to others by a series of conveyors, advise the property owner to buy a separate policy for each silo. Motel owners should purchase a policy for each cottage. It is better to be safe than sorry. In the event a property owner refuses your recommendation to buy a policy for each structure, protect yourself. Have the property owner sign a waiver stating that he or she is fully aware of these policy constraints and chooses not to buy a separate policy for each building.

Farms with multiple buildings offer opportunities for separate policies.

Failure to Fix: Is It Fraud?

Under the SFIP, a policyholder must use any claim payment received to repair the stated flood damage. This means that, if the policyholder claims flood damage to kitchen cabinets, money from the claim payment must be used to fix those cabinets. If the policyholder is flooded again—and did not fix the cabinets but claims damage to them again—the claim will be denied. Pretty basic. Nevertheless, we see a lot of lawsuits from claims denied because of failure to fix prior flood damage.

A related issue is this: does failure to make repairs with claim funds constitute fraud? A flood insurer may deny the second claim for cabinets on the basis of fraud but the company still may get sued. Litigious people are not always reasonable, nor do they always read their policies. In this case, your best bet is—document, document, document! The NFIP does not reimburse for fraudulent claims.

Make sure your adjusters are aware of "failure to fix" problems—good training is the best way to do this. Adjusters should make sure they clearly document the fact that the originally claimed cabinets were never fixed.

The Best Defense

I haven't touched on all possible lawsuit subjects—just some of the sticklers that come up over and over again. Your best protection is to thoroughly understand policy limitations and exclusions and to explain these clearly to potential insureds. Also, do everything you can to guarantee that premium payments actually get to the insurer. Finally, if policyholders or prospective policyholders choose not to accept your recommendations, have them sign a waiver stating that they have been informed of, and fully understand, the potentially adverse consequences of their decision.

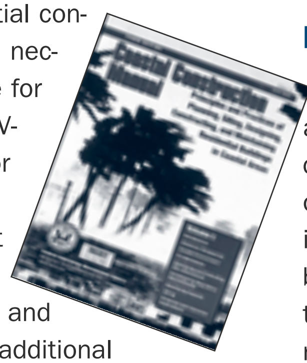
Susan Bernstein is the FEMA Mitigation Division Legal Liaison to WYO companies and the FEMA Office of General Counsel. She's been handling WYO flood insurance lawsuits for 7 years and is also the Editor of Watermark.

Built to Survive

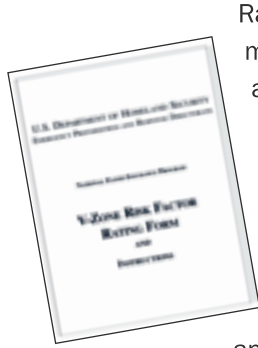
Picture the seashore—sandy beaches, the sun sparkling on the water, wheeling gulls, the gentle sound of the surf. Now picture the architect, engineer, or contractor visiting the coastal tract upon which a development is to be located. Where should buildings be sited to maximize the view? How high should the lowest floor of each building be to compensate for wave action during severe storms? How can the aesthetic appeal of stepping off a deck right onto the beach be balanced against the need to provide protection from flood damage during a storm?

Construction choices affect not only the market value of the building but also the amount of the new owners' flood insurance premiums. When coastal developers site, design, and construct buildings in ways that exceed the NFIP's minimum safety requirements, they can guarantee lower NFIP insurance premiums for the people who buy these buildings.

Two FEMA resources have been updated to enhance prudent construction in coastal areas. The *Coastal Construction Manual* is a three-volume compendium of best practices for coastal residential construction. It is a necessary resource for completing the V-Zone Risk Factor Rating Form, a FEMA document that has recently been clarified and expanded, with additional instructions and drawings.



Although the V-Zone Risk Factor Rating Form is submitted to FEMA after a building is constructed, the form can be used before construction is begun—during site selection and project planning—to guide the designer, architect, builder, or owner in using building practices that reduce potential flood and erosion losses, thereby locking in the greatest flood insurance premium discounts.



Pointed Considerations

Please note that this information applies only to building premium, not contents premium. The basic premise of the V-Zone Risk Factor Rating Form is that flood insurance premiums can be discounted for V-Zone buildings that exceed NFIP requirements for reducing flood damage. The form allows engineers and architects to claim points for siting, design, and construction practices in four categories: lowest floor elevation, siting, building support system, and obstructions and enclosures.

Once the building's construction is completed, the V-Zone Risk Factor Rating Form is filled out and submitted to FEMA, where the building will be assigned a premium discount based on the number of points awarded. The greater the number of points claimed on the form, the greater the reduction in the property owner's flood insurance premium.

Prerequisites

Buildings eligible for discounted premiums must meet three minimum requirements.

First, the bottom of the lowest horizontal supporting member of the lowest floor must be at or above 0.1 foot above the Base Flood Elevation (BFE). See the box below for resources about how to determine a building's lowest floor in relation to the BFE.

Second, only materials resistant to flood damage may be used below the BFE. See the sidebar to the right for more information about building with flood-resistant materials.

Third, if shear walls or other solid barriers are used below the BFE, they must obstruct less than 25 percent of the building's width, measured parallel to the shoreline. See the box on page 29 for more information about NFIP requirements regarding obstructions.

Lowest Floor Elevation

Inches can make the difference between "damp" and "damaged" when determining how high to elevate a building above potential flood waters. When filling out the V-Zone Risk Factor Rating Form, the "lowest floor elevation" measurement is made at the bottom of the lowest horizontal structural member supporting the lowest floor. See the "Elevation Information" below for resource materials.

Elevation Information

- Training in how to use the NFIP's Elevation Certificate (EC) is available online for surveyors, architects, and other building professionals (www.fema.gov/nfip/wshops.shtm), and for insurance agents.
- Printable ECs (with detailed instructions) are available at the NFIP web site (www.fema.gov/nfip/elvinst.shtm) or by contacting the FEMA Distribution Center (800-480-2520) and asking for FEMA Form 81-31.
- The Lowest Floor Guide—part of the NFIP's *Flood Insurance Manual* and available separately—explains how to complete the EC. The manual is accessible online (www.fema.gov/nfip/manual.shtm) or by calling the Map Service Center (800-358-9616). Or order the guide from the FEMA Distribution Center (800-480-2520) by asking for FEMA Form F-441.

Site and Environmental Considerations

Siting structures away from the shoreline is one of the most effective ways to prevent coastal building damage. Points are awarded when buildings are sited landward of dunes, bluffs, and erosion control devices such as seawalls. It is particularly important to site buildings landward of shorelines that experience large-scale erosion. The V-Zone Risk Factor Rating Form includes formulas for determining the decrease in risk based on the foundation's distance from the shore as well as the protection afforded by dunes, erosion control devices, and beach nourishment projects. Up to 30 percent of available points on the form are available for siting buildings cautiously.

Flood-Resistant Materials

FEMA has a produced a booklet that spells out which flood-resistant materials are required for use in buildings at or below the BFE. It is Technical Bulletin 2-93, *Flood-Resistant Materials Requirements for Buildings Located in Special Flood Hazard Areas*. This publication is available at the FEMA web site (www.fema.gov/pdf/fima/job4.pdf) or can be ordered at no cost by calling the FEMA Distribution Center (800-480-2520) and asking for FIA TB-2.

Building Support System and Design Details

The design and type of a building's foundation can also affect discount points. Long-term erosion, local scour, and the highest expected BFE during the standard 50-year anticipated life of a building are factored into point assignment. In addition, different types of foundations—wood, concrete, steel, and masonry; driven piles; piles set in augered holes; cast-in-place piles; and masonry piers/concrete columns on footings—are accorded different discount points. Points can also be claimed for the orientation of the lowest horizontal support and for the connections between it and the foundation. Almost a third of possible points are awarded in this category.

Obstructions and Enclosures

The ocean is an irresistible force that moves most objects when it meets them during a storm. For this reason, the NFIP requires that the area beneath an elevated building remain free of obstructions or enclosures that would reduce the free flow of coastal floodwaters. This requirement excludes open stairs, insect screening, or open wood lattice, all of which easily break away under the combined effects of wind and water without damaging the building's foundation. The NFIP also allows limited use of solid obstructions such as shear walls, elevators, and chimneys.

To receive premium discount points, builders in coastal areas must avoid attaching to the building a prohibited element such as a garage, deck, bulkhead, or accessory building that is structurally dependent on or attached below the building's lowest floor. Construction elements such as these may significantly increase wave or debris impact forces on the building's foundation during a storm. However, during construction, the building's foundation can be reinforced to compensate for the presence of nearby elements that could create a debris impact or flow diversion problem.

Ductwork and equipment such as a below-the-building air conditioner, hot water heater, furnace, fuse box, or washer/dryer must be located at or above the BFE to meet NFIP requirements.

Obstructions Booklet

FEMA has produced a booklet that describes the requirements for protecting foundations in V Zones. It is Technical Bulletin 5-93, *Free-of-Obstruction Requirements for Buildings Located in Coastal High Hazard Areas*. This publication is available at the FEMA web site (www.fema.gov/pdf/fima/job4.pdf) or can be ordered at no cost by calling the FEMA Distribution Center (800-480-2520) and asking for FIA TB-5.

Correct Construction

Engineers and architects who complete the V-Zone Risk Factor Rating Form can benefit by referring to FEMA's *Coastal Construction Manual*. For a free copy of the manual (FEMA-55), call the FEMA Distribution Center at 800-480-2520. The interactive, full-color CD-ROM (FEMA 55CD) includes several features not available in the black-and-white, three-volume printed version. For additional training, take advantage of the free, week-long course in coastal construction offered three times each year at FEMA's Emergency Management Institute in Emmitsburg, Maryland. For course information, call 800-238-3358.

A sample V-Zone Risk Factor Rating Form and instructions are reproduced in the Rating section of the NFIP's *Flood Insurance Manual* (www.fema.gov/nfip/manual.shtm); see pages RATE 33-46. The form and instructions can be ordered, free of charge, by calling the FEMA Distribution Center (800-480-2520) and asking for item F-086.

Definition

Erosion

Like their sheer fabric cousins, shear walls might look great in lace or pastels, but they are far sturdier than curtains and they won't blow around in a breeze. According to the *Flood Insurance Manual*, shear walls are:

"Walls used for structural support but not structurally joined or enclosed at the ends (except by breakaway walls). Shear walls are parallel, or nearly parallel, to the flow of the water and can be used in any flood zone."

What Is NextGen?

Dee Woodard, FEMA

During the past few years, we have been building a solid business-strategic foundation to enhance future growth. But the Next Generation (NextGen) of the NFIP modernization effort is more than a technology improvement project. NextGen is examining everything about current NFIP business processes, identifying improvement opportunities, and detailing how up-to-date technologies can bring about improvements.

First, we needed to understand the fine points of the NFIP's needs. For more than a year, the NextGen team gathered requirements through the Joint Working Groups (JWG), made up of representatives from WYO companies, vendors, the NFIP's Bureau and Statistical Agent, and FEMA.

One critical near-term improvement is to establish automated high-volume security for online interactions with the Bureau. Other improvements include creating a format that will allow WYO companies and vendors access to their flood insurance data quickly and easily. Data will reside on the Bureau's mainframe, but companies will be able to access their data and get reports. This will provide WYO companies information about their insureds—such as who is canceling policies, who is not renewing, and who is buying new policies—that they can use to develop targeted marketing schemes. But, that's just the beginning.

The NextGen Project Path

In 2000, we started our NFIP modernization effort with the "Blueprint for the Future," which identified the need to modernize the legacy NFIP Bureau systems. The Blueprint affirmed that modernized NFIP systems and improved processes would offer stakeholders a more service-oriented environment that focused on growing the program. The Blueprint defined the overarching business strategy, which included e-Government capabilities based on proven and standard technology components.

Once the Blueprint set the foundation for the modernization effort, the Concept of Operations (CONOPS) was developed. The objectives for CONOPS were to define a bird's-eye view of major NFIP processes; describe how processes will function from an enabling technology perspective; and assess current baseline technologies.

The NextGen team picked up where CONOPS left off. The bird's-eye views of current business processes were analyzed and defined. Additionally, internal Bureau process models were developed. All 72 internal NFIP Bureau systems and subsystems are currently under analysis to determine the exact functions they perform and to see if they need to be reengineered. The NextGen team has gathered requirement factors—such as capacity, security, performance, risk, baseline migration, financial integration, etc.—to establish a baseline and identify requirements for future systems. During the next few years, NextGen's goal is to develop web-based e-Government capabilities.

Enhancing Our Partnerships

To improve customer service, the Bureau will provide near-real time, accurate error identification. A major benefit to NFIP stakeholders will be a *Smart Flood Insurance Manual* (SFIM), including up-to-date flood insurance rules and rates. NextGen is passing this brain to the companies by using web services. SFIM is simply a way to validate rates, which represents the electronic brains of NextGen, and rules on the company's side, using the same rules that the Bureau uses. This should eliminate errors up front. Every 6 months a new NextGen is passing this brain to the companies by using web services. SFIM will be updated with the May and October changes and sent to the WYO companies in an XML format.

There will be standard upfront validations with the new system, including addresses, policy types, Section 1316, rates, etc. For example, information about Section 1316 actions will be communicated automatically. That way, if a property owner of an insured building fails to obtain an inspection from community floodplain management officials as a condition of renewing the flood insurance policy on the building or refuses to mitigate a flood-prone problem (and therefore is not eligible for NFIP flood insurance), the WYO company will know not to issue a policy.

Much of the work has already been done; now we are implementing the building phase. This will result in smooth sharing of information, in both directions, and better service to our policyholders.

Dee Woodard has been with the NFIP for 7 years and is the Project Officer for NextGen.

ICC Manual Revised

FEMA has updated the NFIP's *Increased Cost of Compliance—Guidance for State and Local Officials*, a publication designed to help officials understand the Increased Cost of Compliance (ICC) coverage provisions in the NFIP's flood insurance policies. This manual discusses:

- How the owners of buildings insured under the NFIP can benefit from ICC coverage, and
- How the coverage relates to community administration of the local floodplain management regulations and ordinances.

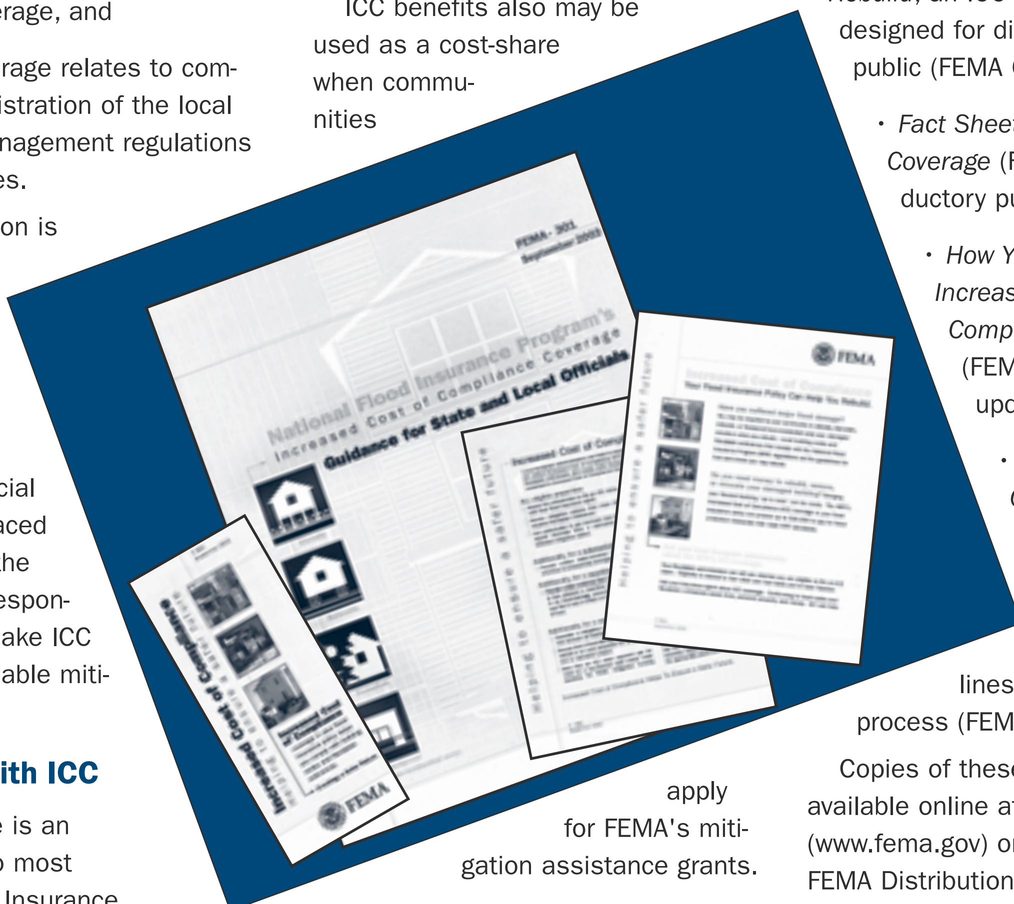
The publication is designed as both a comprehensive manual and a quick-reference tool for specific questions. Special emphasis is placed on delineating the key roles and responsibilities that make ICC coverage a valuable mitigation tool.

Mitigating with ICC

ICC coverage is an endorsement to most Standard Flood Insurance Policies. It is filed separately from the flood claim for contents or building losses. If eligible, the policyholder may collect up to $30,000 to help cover the cost of bringing the home or business into compliance with local floodplain management requirements. If the building has been repeatedly or severely damaged by flooding, ICC benefits may be used to help pay the cost to:

- Elevate,
- Relocate,
- Demolish, or
- Floodproof (nonresidential properties only) the building.

ICC benefits also may be used as a cost-share when communities apply for FEMA's mitigation assistance grants.



ICC Resources

The newly revised guidance manual is one element in an extensive package of materials designed to educate state and local officials, as well as the general public, about ICC. All materials highlight the new, increased maximum benefit level of $30,000 that is now available to eligible policyholders. Following are additional ICC educational materials.

- *Increased Cost of Compliance Checklist* (FEMA 666), a processing tool for building officials
- *Increased Cost of Compliance: Your Flood Insurance Policy Can Help You Rebuild*, an ICC educational flyer designed for distribution to the public (FEMA 664)
- *Fact Sheet About the NFIP ICC Coverage* (FEMA 665), an introductory publication
- *How You May Benefit From Increased Cost of Compliance Coverage* (FEMA 300), a recently updated ICC pamphlet
- *Increased Cost of Compliance Coverage: Creating a Safer Future*, a new ICC pamphlet that outlines the ICC claims process (FEMA 663)

Copies of these materials are available online at the FEMA web site (www.fema.gov) or by writing to the FEMA Distribution Center, PO Box 2012, Jessup, MD 20794-2012.

Flood-Resistant Materials

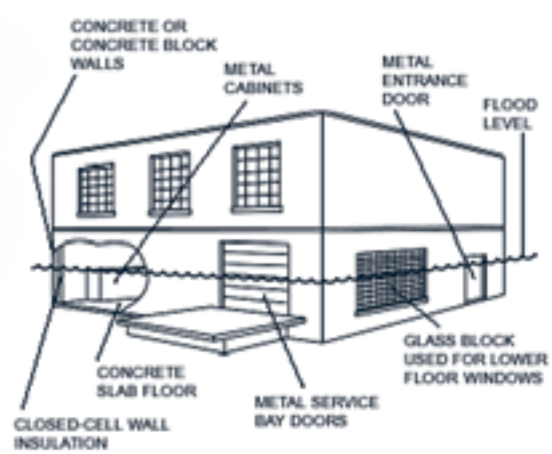
Advances in building science are making it increasingly possible to prevent or minimize future flood damage. FEMA's *Mitigation: Resources for Success* CD-ROM presents case studies of mitigation successes, including examples of financing strategies, technical resources, and points of contact to help communities promote mitigation by demonstrating the rewards of taking action. One section of the CD focuses on ways to protect homes and businesses from flood damage. The following is adapted from "Build With Flood-Resistant Materials" in the "Protecting Your Business From Flooding" portion of the CD.

Are You or Your Clients at Risk?

If you aren't sure whether a building is at risk from flooding, check with your local floodplain manager, building official, city engineer, or planning and zoning administrator. They can tell you whether the building is in a flood hazard area. Also, they usually can explain how to protect property from flooding.

What Can Be Done

If the building is in a flood hazard area, you can reduce the damage caused by flood waters and make cleanup easier by using flood-resistant building materials. Building materials are considered flood-resistant if they can withstand direct contact with flood waters for at least 72 hours without being significantly damaged. "Significant damage" means any damage that requires more than low-cost, cosmetic repair (such as painting). As shown in the figure, flood-resistant materials should be used for walls, floors, and other parts of a building that are below the flood level. Both FEMA and the U.S. Army Corps of Engineers have published lists of these materials.



Commonly Available Flood-Resistant Materials

Flooring Materials

- Concrete and concrete tile
- Ceramic, clay, terrazzo, vinyl, and rubber tile
- Pressure-treated (PT) and naturally decay-resistant lumber

Wall and Ceiling Materials

- Brick, concrete, concrete block, glass block, stone, and ceramic and clay tile
- Cement board
- Polyester epoxy paint
- PT and naturally decay-resistant lumber
- PT and marine-grade plywood
- Closed-cell and foam insulation

Other

- Metal doors and cabinets

Tips

Keep these points in mind when you build with flood-resistant materials:

- As long as your building remains exposed to flooding, it is likely to be damaged, even when you use flood-resistant materials. Some amount of cleanup and cosmetic repair will usually be necessary. Also, although using flood-resistant materials can reduce the amount and severity of water damage, it does not protect your building from other flood hazards, such as the impact of flood-borne debris.
- All hardware used in areas below the flood level should be made of stainless or galvanized steel.
- Basement coverage under the NFIP's Standard Flood Insurance Policy is limited. It covers the machinery usually housed in a basement (like heat pumps and furnaces); foundations and cisterns (generally these are

used for water storage in the Virgin Islands); and drywall, but not the paint to cover it. Thus, flood insurance will reimburse a claim for drywall damage, but not material to cover the drywall, even if those materials are considered flood-resistant.

- If your building is in a coastal flood hazard area, installing flood-resistant materials in areas below the flood level may create an obstruction, in violation of NFIP regulations. Check with your local building official or floodplain manager before making any modifications to your building.
- Areas of a building that are below the flood level should be used only for parking, storage, and access.

Estimated Cost

The cost of using flood-resistant materials will vary depending on the size of the project you undertake. Your local building official and contractors can give you cost estimates for materials and installation.

Other Sources of Information

To obtain copies of the publications listed to the right and to order other FEMA documents, call the FEMA Distribution Center at 800-480-2520. Information also is available in the Preparation and Prevention section of the Library on FEMA's web site (www.fema.gov/library/prepandprev.shtm#fima).

Floodproofing Resources

- *Flood-Resistant Materials Requirements for Buildings Located in Special Flood Hazard Areas*,
  FEMA Technical Bulletin 2-93,
  April 1993
- *Floodproofing Regulations*,
  EP 1165-2-314,
  U.S. Army Corps of Engineers,
  December 15, 1995
- *Floodproofing Non-Residential Structures,*
  FEMA 213, 1986

Assisting with Tribal Mitigation

In 1998, FEMA's "Tribal Policy" became effective. FEMA had been working with American Indian and Alaska Native Tribal governments for a long time before that. However, the Policy on American Indian and Alaska Native Tribal governments clearly set forth FEMA's commitment to help Native American communities prepare for, respond to, and recover from natural and other disasters.

During the last decade, FEMA has continued to build better relationships with tribal communities. All communities, large and small, need to prepare their emergency response staff to be ready for the various dangers—such as fire, tornados, and ice storms—as well as flood risks that affect their region. Educating the disaster response community is one of FEMA's greatest commitments.

For that reason, FEMA has developed a Tribal Mitigation Course that has been offered at FEMA's Emergency Management Institute (EMI) in Emmitsburg, Maryland since September 2003 to meet the needs of the NFIP's tribal partners. A focus group of FEMA mitigation specialists, insurance personnel, and trainers met with 15 tribal representatives from across the United States to design the course and identify the best approach to getting the mitigation message out to the tribes. Material that was already being used for mitigation courses at EMI was modified for inclusion in the course.

The course covers:

- developing mitigation planning requirements
- using and finding available mitigation and related resources
- building tribal capabilities in hazard mitigation

The new Tribal Mitigation Course is one of many offered at no cost to community emergency response personnel. For more information about the new Tribal Mitigation Course, contact FEMA's Tribal Liaison, Joseph Hesbrook, at 202-646-3516.

Tribal Resources on the Web

FEMA's tribal web page
www.fema.gov/tribal/

The full text of the FEMA Tribal Policy
www.fema.gov/tribal/natamerpolcy.shtm

Maps of Federally recognized tribal communities, by FEMA Region
www.fema.gov/tribal/indian_reserv.shtm

The Federal Inter-Agency Native American web site, CodeTalk
www.codetalk.fed.us/

FEMA's web site for information about EMI training courses
training.fema.gov/emiweb/EENET/

NFIP Marketing Moves Forward

Mary Jo Vrem, FEMA

FEMA has established an NFIP goal of 5 percent annual policy growth. A number of marketing strategies are being developed to achieve this goal (see "Giving Growth a Boost" on page 1). At the heart of the NFIP's marketing efforts is its new marketing and advertising campaign.

We are pleased to announce that we have contracted with J. Walter Thompson (JWT) to run our next NFIP marketing and advertising campaign.

Founded in 1864, JWT is the world's oldest advertising agency brand and one of the largest global advertising networks. JWT's client roster includes the U.S. Marine Corps, Ford, Kraft, Merrill Lynch, Shell, Rolex, and Western Union.

JWT's Atlanta Office will serve as the prime contractor for the NFIP's marketing and advertising services. Other JWT members that will participate are MindShare (media planning, buying, tracking and analysis for direct marketing efforts) and Ogilvy Public Relations Worldwide.

The JWT Flood Partnership will implement an aggressive direct-response strategy to send leads and interested prospects to WYO companies and insurance agents. JWT will target people who are at risk of flooding with a three-pronged approach:
(1) Customer Acquisition—reaching those who live in an SFHA but have never had flood insurance;
(2) Customer Retention—targeting those who already have flood insurance and should maintain coverage; and (3) Customer Winback—communicating with those who once had flood insurance and may be good candidates for purchasing it again.

With the JWT Flood Partnership's results orientation to marketing and advertising, we look forward to seeing our 5 percent growth goal become a reality. More specifics about the campaign will be made available in the next issue of *Watermark*.

Mary Jo Vrem is the Project Officer for the new NFIP marketing and advertising campaign. She has been with FEMA for 9 years. She may be reached at maryjo.vrem@dhs.gov.

State Stats

Winter Loss Data

In each issue of *Watermark* we try to include at least one analysis of NFIP policy or loss data that Program stakeholders can use to tailor their marketing and public awareness efforts to reflect flood risks in their area. You can cite statistics from the data tables in cover letters, flyers, and advertisements, or you can give them to the news media to provide a historical context for local flooding and to alert the public about the probability of future flood risks.

This issue's tables focus on NFIP winter loss data. Statistics are drawn from the 11 winters between December 1, 1992, and February 28, 2003 (data as of September 30, 2003). Winter storms often affect entire regions. Therefore, information in the State Stats tables is organized by FEMA Region. During the last 11 years, some areas—such as those in FEMA's North Atlantic Coast states (FEMA Regions II and III) and the Pacific states and territories (FEMA Regions IX and X)—have experienced their heaviest flood seasons in the winter months of December, January, and February. Although other areas, such as the Plains states and Rocky Mountain states (FEMA Regions VII and VIII), typically suffer more significant flood losses during other seasons, residents in these regions also experience annual winter flooding and must be given the opportunity to learn about the risks so that they can protect themselves from flood losses. During the 11 winters between December 1, 1992, and February 28, 2003, the NFIP paid $1 million or more in claim payments in each of these midcountry regions.

The text that precedes each region's loss distribution table highlights the winters in which the most severe flood damage was sustained. The tables break out NFIP paid flood losses by occupancy type, flood zone, and selected policy forms (Preferred Risk Policy, Residential Condominium Building Association Policy, and Mortgage Portfolio Protection Program Policy). These tables demonstrate that even policyholders in moderate-risk B, C, and X zones experience flood losses.

The message to take to all consumers is that every zone is a flood zone, and every season is flood season.

FEMA Region I: NFIP Winter Flood Losses

Five times in the last 11 years, FEMA Region I states (Connecticut, Maine, Massachusetts, New Hampshire, Rhode Island, and Vermont) have suffered winter flood damage of more than $1 million.

It is not uncommon for Nor'easters—winter storms that travel up the Atlantic coast and into New England—to hit this region during the winter months. The most damaging of these hit New England in December 1992, resulting in 3,859 paid losses and a total of $57.7 million in claim payments. Hardest hit were Connecticut and Massachusetts, though 28 percent of all New Hampshire paid losses and 41 percent of all Rhode Island paid losses during the analysis period resulted from flood damage caused that winter.

Winter 1992-93

State	Paid Losses	Claim Payments (in millions)
CT	2,018	$39.2
MA	1,782	$17.8

Three years later, floods caused 135 paid losses in Region I, costing nearly $1.2 million in claim payments. Vermont suffered 40 percent of its paid winter losses for the entire 11-year period during the winter of 1995-96.

The following winter, floods were responsible for 17 paid losses in Connecticut, 21 in Maine, 24 in Rhode Island, and 55 in Massachusetts. Total claim payments in the region exceeded $1.1 million. During the next winter, claim payments exceeded $1 million for flooding, primarily in Massachusetts and Rhode Island.

The next several winters brought relatively light flood losses in Region I. However, during the winter of 2000-01, Vermont was hit by heavy flooding again. More than 50 percent of the state's paid losses for the 11-year period were recorded that winter.

Last winter, flooding in Region I states resulted in claim payments of more than $2.4 million. Massachusetts recorded 198 paid losses, and flooding in Connecticut, Maine, and New Hampshire produced dozens more. During the 11 winters between December 1, 1992, and February 28, 2003, flooding in Region I produced 4,736 paid losses requiring more than $66.3 million in claim payments.

FEMA Region I: NFIP Winter Flood Losses (December, January, and February)

December 1, 1992, through February 28, 2003 (Data as of September 30, 2003)

	CT	MA	ME	NH	RI	VT
Paid Losses	2,228	2,219	56	52	126	55
Claim Payments	$40,905,224	$22,545,270	$518,718	$449,784	$1,221,698	$698,814
Average Claim Payment	$18,360	$10,160	$9,263	$8,650	$9,696	$12,706
Occupancy						
Single Family						
Paid Losses	1,993	1,777	33	28	70	31
Claim Payments	$36,103,220	$16,899,356	$156,504	$190,563	$476,238	$198,917
2-4 Family						
Paid Losses	86	232	2	12	9	7
Claim Payments	$992,149	$2,063,788	$8,443	$65,127	$56,595	$17,700
Other Residential						
Paid Losses	37	69	2	1	0	3
Claim Payments	$510,385	$828,828	$9,343	$1,645	$0	$27,030
Non-Residential						
Paid Losses	112	141	19	11	47	14
Claim Payments	$3,299,469	$2,753,299	$344,429	$192,449	$688,865	$455,167
Zone						
A Zone						
Paid Losses	1,426	1,423	37	34	54	39
Claim Payments	$25,866,979	$12,028,256	$306,538	$203,771	$458,120	$622,074
V Zone						
Paid Losses	479	295	7	6	55	0
Claim Payments	$10,823,048	$4,149,460	$117,722	$33,627	$657,930	$0
B, C, and X Zone						
Paid Losses	320	494	12	12	17	16
Claim Payments	$4,198,319	$6,242,380	$94,459	$212,386	$105,648	$76,740
Other Zone						
Paid Losses	3	7	0	0	0	0
Claim Payments	$16,879	$125,173	$0	$0	$0	$0
Special Policies						
PRP						
Paid Losses	21	40	3	3	6	4
Claim Payments	$175,421	$452,708	$47,341	$28,764	$40,858	$35,356
RCBAP						
Paid Losses	3	3	1	0	0	0
Claim Payments	$41,045	$111,330	$6,075	$0	$0	$0
MPPP						
Paid Losses	0	0	0	0	0	1
Claim Payments	$0	$0	$0	$0	$0	$554

FEMA Region II: NFIP Winter Flood Losses

FEMA's Region II states and territories (New Jersey, New York, Puerto Rico, and the Virgin Islands) not only have frequent brushes with autumn hurricanes, but New Jersey and New York also are regularly subjected to Nor'easters. Both states were hit by the December 1992 Nor'easter that slammed into Region I to the north.

Winter 1992-93

State	Paid Losses	Claim Payments (in millions)
NJ	13,959	$180.1
NY	7,413	$109.4

Puerto Rico also reported significant flooding that winter, producing 28 percent of all losses paid in the Territory during the 11-year period.

The next winter, flood losses in New Jersey and New York required more than $4 million in claim payments.

Winter 1993-94

State	Paid Losses	Claim Payments (in millions)
NJ	205	$2.3
NY	134	$2.0

Flooding during the winter of 1994-95 produced 141 losses in New York that cost nearly $1.4 in claim payments. The following winter, New Jersey and New York both suffered severe flooding.

Winter 1995-96

State	Paid Losses	Claim Payments (in millions)
NJ	764	$7.6
NY	1,309	$19.6

Puerto Rico policyholders experienced unusually heavy flooding during the winters of 1996-97 and 1997-98. NFIP losses paid for damage sustained during these two winters account for nearly a third of all losses paid in the Territory during the 11-year period. The winter of 1997-98 brought devastating floods to New Jersey and New York as well.

Winter 1997-98

State	Paid Losses	Claim Payments (in millions)
NJ	1,951	$21.4
NY	379	$4.2

Flooding during the following winter, though not as severe, was responsible for 220 paid losses in New Jersey and New York that required more than $2.5 million in claim payments.

The new millennium opened with more than $1.3 million in winter flood losses in Region II—primarily in New Jersey and New York. Flooding in the Caribbean territories that winter produced more than a quarter of Puerto Rico's paid losses and nearly half of the Virgin Islands' paid losses during the last 11 winters.

During the winter of 2000-01, flooding in New York was responsible for more than $1 million in claim payments. Last winter, New Jersey and New York suffered a combined total of 191 paid losses resulting in nearly $1.5 million in claim payments.

Region II policyholders have received nearly $356.6 million in payments for 27,092 claims resulting from flooding in the last 11 winters. Though claims paid in New Jersey and New York account for most of these losses, only one winter in the last 11 has passed without NFIP losses paid in either Puerto Rico or the Virgin Islands.

FEMA Region II: NFIP Winter Flood Losses (December, January, and February)

December 1, 1992, through February 28, 2003 (Data as of September 30, 2003)

	NJ	NY	PR	VI
Paid Losses	17,203	9,789	92	8
Claim Payments	$214,764,251	$140,836,944	$618,886	$341,532
Average Claim Payment	$12,484	$14,387	$6,727	$42,691
Occupancy				
Single Family				
Paid Losses	12,711	8,226	66	0
Claim Payments	$139,738,463	$108,330,464	$357,462	$0
2-4 Family				
Paid Losses	2,645	815	3	0
Claim Payments	$24,605,131	$8,619,777	$14,578	$0
Other Residential				
Paid Losses	538	142	0	0
Claim Payments	$7,847,842	$2,790,510	$0	$0
Non-Residential				
Paid Losses	1,309	606	23	8
Claim Payments	$42,572,815	$21,096,193	$246,846	$341,532
Zone				
A Zone				
Paid Losses	15,768	7,311	62	7
Claim Payments	$189,484,901	$99,325,650	$334,247	$335,403
V Zone				
Paid Losses	342	361	2	0
Claim Payments	$7,370,317	$14,282,660	$20,154	$0
B, C, and X Zone				
Paid Losses	900	1,959	22	1
Claim Payments	$15,110,556	$25,259,570	$242,052	$6,129
Other Zone				
Paid Losses	193	158	6	0
Claim Payments	$2,798,478	$1,969,064	$22,433	$0
Special Policies				
PRP				
Paid Losses	57	197	9	0
Claim Payments	$371,557	$1,689,344	$84,137	$0
RCBAP				
Paid Losses	165	12	0	0
Claim Payments	$2,016,963	$309,288	$0	$0
MPPP				
Paid Losses	5	0	0	0
Claim Payments	$41,528	$0	$0	$0

FEMA Region III: NFIP Winter Flood Losses

Winter is one of the most devastating flood seasons for FEMA's Mid-Atlantic states (Delaware, the District of Columbia, Maryland, Pennsylvania, Virginia, and West Virginia). During the last 11 winters, there were a total of 15,927 paid NFIP losses throughout the region, resulting in nearly $213.6 million in claim payments.

Seven of the last 11 winters produced NFIP losses of greater than $1 million in claims payments in Region III. The winter of 1992-93 produced 148 paid losses for the region, requiring almost $1.3 in claim payments. Flooding during the next winter resulted in more than $9.6 million in NFIP claim payments for losses in this region. Hardest hit were Pennsylvania and West Virginia.

Winter 1993-94

State	Paid Losses	Claim Payments (in millions)
PA	341	$3.6
WV	585	$5.1

During the winter of 1994-95, claim payments for these two states reached nearly $1.2 million. However, the next winter was Region III's worst of the 11-year period. Claim payments exceeded $168.7 million for more than 11,140 losses spread among all six states.

Winter 1995-96

State	Paid Losses	Claim Payments (in millions)
MD	331	$5.0
PA	8,184	$115.9
VA	548	$10.5
WV	2,032	$36.5

Two years later, the Region again was hit by serious winter flooding. This time nearly $17.5 million was paid for NFIP claims—most in the Del-Mar-Va area.

Winter 1997-98

State	Paid Losses	Claim Payments (in millions)
DE	567	$6.0
MD	377	$2.4
VA	1,294	$8.5

Region III entered the new millennium with 535 winter flood losses that cost nearly $5.4 million in claim payments. Pennsylvania and West Virginia recorded the most damage.

Winter 1999-2000

State	Paid Losses	Claim Payments (in millions)
PA	157	$1.96
WV	344	$3.2

The next two winters produced lighter flood damage in Region III. However, last winter, floods in the region were responsible for 559 paid losses requiring more than $8 million in claim payments. Flooding in Virginia and West Virginia accounted for most of the losses.

Winter 2002-03

State	Paid Losses	Claim Payments (in millions)
VA	243	$5.8
WV	208	$1.7
VA	1,294	$8.5

FEMA Region III: NFIP Winter Flood Losses (December, January, and February)

December 1, 1992, through February 28, 2003 (Data as of September 30, 2003)

	DC	DE	MD	PA	VA	WV
Paid Losses	15	718	801	8,915	2,262	3,216
Claim Payments	$387,676	$7,903,000	$8,276,177	$122,968,111	$26,635,406	$47,399,105
Average Claim Payment	$25,845	$11,007	$10,332	$13,793	$11,775	$14,739
Occupancy						
Single Family						
Paid Losses	4	583	650	6,970	1,906	2,570
Claim Payments	$8,591	$5,726,169	$5,685,765	$79,586,122	$16,497,143	$28,645,013
2-4 Family						
Paid Losses	0	34	39	639	102	156
Claim Payments	$0	$344,103	$282,939	$6,521,608	$770,185	$1,357,330
Other Residential						
Paid Losses	1	57	37	146	41	24
Claim Payments	$12,141	$647,880	$364,430	$2,613,951	$3,005,449	$378,849
Non-Residential						
Paid Losses	10	44	75	1,160	213	466
Claim Payments	$366,943	$1,184,848	$1,943,043	$34,246,431	$6,362,630	$17,017,912
Zone						
A Zone						
Paid Losses	4	395	605	6,436	1,764	2,717
Claim Payments	$195,254	$4,371,468	$6,220,430	$93,513,230	$21,056,239	$41,980,734
V Zone						
Paid Losses	0	235	16	0	51	0
Claim Payments	$0	$2,815,971	$105,986	$0	$762,373	$0
B, C, and X Zone						
Paid Losses	11	86	180	2,269	422	400
Claim Payments	$192,421	$699,178	$1,949,761	$26,734,952	$4,685,881	$4,434,923
Other Zone						
Paid Losses	0	2	0	210	25	99
Claim Payments	$0	$16,384	$0	$2,719,929	$130,914	$983,448
Special Policies						
PRP						
Paid Losses	4	20	40	527	120	64
Claim Payments	$8,591	$103,641	$162,331	$4,589,011	$707,361	$496,692
RCBAP						
Paid Losses	0	39	21	4	6	7
Claim Payments	$0	$394,210	$175,342	$49,142	$170,527	$250,295
MPPP						
Paid Losses	0	0	0	1	0	3
Claim Payments	$0	$0	$0	$4,620	$0	$15,059

FEMA Region IV: NFIP Winter Flood Losses

Although hurricane season (June through November each year) typically is the period when the heaviest flood losses are recorded in FEMA Region IV Southeastern states (Alabama, Florida, Georgia, Kentucky, Mississippi, North Carolina, South Carolina, and Tennessee), winter flooding also causes costly damage in this region each year. In fact, only once in the last 11 years (2001) have NFIP claim payments totaled less than $1 million for winter flood losses in Region IV.

During the winter of 1992-93, flooding in Region IV produced 450 paid NFIP losses costing more than $3.9 million. Hardest hit were Mississippi and North Carolina.

Winter 1992-93

State	Paid Losses	Claim Payments (in millions)
MS	107	$1.4
NC	190	$1.3

The following winter, 305 flood losses, primarily in Kentucky and Mississippi, required more than $3 million in claim payments. Winter flooding in 1994-95 was even more severe. Claim payments of nearly $7 million were needed for 468 NFIP losses. Policyholders in North Carolina and South Carolina recorded the majority of these losses.

Winter 1994-95

State	Paid Losses	Claim Payments (in millions)
NC	153	$4.2
SC	129	$1.1

Flooding during the winter of 1995-96 brought nearly $3.2 million in claim payments for Region IV policyholders. Almost half of paid claims came from flooding in Kentucky, where 152 losses required nearly $1.5 in claim payments. Flooding during the winter of 1996-97 required more than $1.2 million in claim payments for 123 losses spread throughout the region.

The winter of 1997-98 brought most Region IV states their costliest floods of the 11-year period. Almost $26.8 million was paid for 2,733 NFIP losses that winter.

Winter 1998-99

State	Paid Losses	Claim Payments (in millions)
AL	230	$2.9
FL	1,219	$12.2
MS	573	$4.6
NC	278	$2.8
SC	244	$2.3
TN	92	$1.2

The following winter, the region again was soaked by damaging floods. Claim payments topped $10.2 for nearly 896 paid losses.

Winter 1998-99

State	Paid Losses	Claim Payments (in millions)
FL	665	$7.2
MS	150	$2.1

Kentucky entered the new millennium with severe winter floods that required nearly $1.8 in claim payments for 172 paid losses. Two years later, Tennessee suffered its most severe winter flooding of the 11-year period. Almost $1.2 million was paid for NFIP losses in the state. Last winter, Region IV states were again subjected to costly winter floods.

Winter 2002-03

State	Paid Losses	Claim Payments (in millions)
FL	256	$2.7
KY	378	$3.4
TN	107	$1.2

Altogether, during the 11 winters between December 1, 1992, and February 28, 2003, flooding in Region IV produced 6,683 losses resulting in nearly $69.7 million in claim payments.

FEMA Region IV: NFIP Winter Flood Losses (December, January, and February)

December 1, 1992, through February 28, 2003 (Data as of September 30, 2003)

	AL	FL	GA	KY	MS	NC	SC	TN
Paid Losses	381	2,362	253	918	1,176	742	447	404
Claim Payments	$4,114,412	$24,617,967	$1,918,843	$8,250,466	$12,056,614	$10,192,848	$3,847,192	$4,694,762
Average Claim Payment	$10,799	$10,423	$7,584	$8,987	$10,252	$13,737	$8,607	$11,621
Occupancy								
Single Family								
Paid Losses	298	1,987	209	768	1,047	564	400	328
Claim Payments	$2,504,904	$19,548,139	$1,499,132	$6,005,932	$9,717,987	$4,867,253	$3,423,505	$3,311,369
2-4 Family								
Paid Losses	4	156	19	15	12	27	18	13
Claim Payments	$17,611	$1,338,755	$98,782	$171,069	$65,828	$319,951	$94,858	$109,936
Other Residential								
Paid Losses	31	78	9	19	12	17	9	3
Claim Payments	$366,823	$655,008	$177,335	$177,520	$138,785	$2,084,276	$149,231	$10,621
Non-Residential								
Paid Losses	48	141	16	116	105	134	20	60
Claim Payments	$1,225,074	$3,076,064	$143,594	$1,895,945	$2,134,014	$2,921,369	$179,599	$1,262,837
Zone								
A Zone								
Paid Losses	171	1,621	156	672	926	343	325	263
Claim Payments	$1,653,557	$15,657,140	$1,414,614	$6,080,967	$9,268,433	$4,011,888	$2,755,116	$3,214,438
V Zone								
Paid Losses	18	60	4	0	13	146	22	0
Claim Payments	$60,914	$933,549	$27,135	$0	$93,488	$2,546,926	$175,573	$0
B, C, and X Zone								
Paid Losses	186	638	86	205	218	247	97	134
Claim Payments	$2,328,361	$7,763,192	$409,314	$1,877,536	$2,483,957	$3,510,311	$744,618	$1,364,835
Other Zone								
Paid Losses	6	43	7	41	19	6	3	7
Claim Payments	$71,580	$264,085	$67,780	$291,962	$210,736	$123,722	$171,886	$115,489
Special Policies								
PRP								
Paid Losses	54	333	39	41	83	24	35	64
Claim Payments	$529,612	$2,947,116	$175,937	$352,889	$850,997	$162,831	$214,394	$637,568
RCBAP								
Paid Losses	4	48	1	2	1	11	0	0
Claim Payments	$16,204	$579,416	$66,824	$2,724	$1,601	$2,028,094	$0	$0
MPPP								
Paid Losses	0	4	0	4	1	0	0	4
Claim Payments	$0	$10,928	$0	$36,266	$16,525	$0	$0	$33,049

FEMA Region V: NFIP Winter Flood Losses

Despite being snow covered during most of the winter months, FEMA Region V Great Lakes states (Illinois, Indiana, Michigan, Minnesota, Ohio, and Wisconsin) are still subject to flooding during December, January, and February. In fact, during the last 11 years, more than $20.2 million has been paid for 2,141 NFIP claims resulting from winter flood damage in this region.

During the winter of 1993-94, there were 334 paid losses in Region V, requiring nearly $4.6 million in claim payments. More than $3.5 million was paid for 212 losses in Ohio. Two winters later, Ohio property owners suffered more flood damage, with 266 paid losses requiring $2.5 million in claim payments.

During the winter of 1996-97, Illinois suffered its worst flooding for the 11-winter period. Almost $5.1 million was paid for the state's 631 NFIP losses. Michigan policyholders received almost $1 million in claim payments for 77 NFIP losses. During the next winter, floods in Michigan produced another 55 paid losses.

Indiana was especially hard hit by flooding in the winter of 1998-99. Claim payments reached nearly $1.2 million for 116 paid losses. The next winter, Ohio policyholders experienced more flooding. Payment for the state's 136 NFIP losses exceeded $1.1 million.

Flooding during the winter of 2000-01 resulted in 146 paid losses in Region V. Claim payments of nearly $1.7 million were spread primarily between Illinois and Michigan. Flooding in Region V has been relatively light during the last two winters.

FEMA Region V: NFIP Winter Flood Losses (December, January, and February)

December 1, 1992, through February 28, 2003 (Data as of September 30, 2003)

	IL	IN	MI	MN	OH	WI
Paid Losses	859	298	226	4	728	26
Claim Payments	$7,176,174	$2,418,221	$2,214,213	$9,597	$8,224,290	$188,963
Average Claim Payment	$8,354	$8,115	$9,797	$2,399	$11,297	$7,268
Occupancy						
Single Family						
Paid Losses	759	261	211	4	518	23
Claim Payments	$6,096,388	$2,037,233	$1,470,058	$9,597	$4,300,139	$185,209
2-4 Family						
Paid Losses	32	13	2	0	15	0
Claim Payments	$294,325	$130,414	$2,411	$0	$158,695	$0
Other Residential						
Paid Losses	11	2	0	0	8	2
Claim Payments	$111,026	$12,093	$0	$0	$49,777	$3,254
Non-Residential						
Paid Losses	57	22	13	0	187	1
Claim Payments	$674,435	$238,481	$741,744	$0	$3,715,680	$500
Zone						
A Zone						
Paid Losses	654	230	159	4	504	22
Claim Payments	$5,203,262	$1,960,789	$1,549,632	$9,597	$6,124,291	$166,390
V Zone						
Paid Losses	0	0	0	0	0	0
Claim Payments	$0	$0	$0	$0	$0	$0
B, C, and X Zone						
Paid Losses	170	56	61	0	174	4
Claim Payments	$1,504,329	$411,328	$650,691	$0	$1,701,904	$22,573
Other Zone						
Paid Losses	35	12	6	0	50	0
Claim Payments	$468,582	$46,103	$13,891	$0	$398,094	$0
Special Policies						
PRP						
Paid Losses	57	16	27	0	58	2
Claim Payments	$486,020	$133,262	$147,680	$0	$439,462	$11,685
RCBAP						
Paid Losses	1	0	0	0	2	0
Claim Payments	$8,269	$0	$0	$0	$20,752	$0
MPPP						
Paid Losses	1	1	0	0	1	0
Claim Payments	$2,725	$275	$0	$0	$3,824	$0

FEMA Region VI: NFIP Winter Flood Losses

Although spring and autumn typically are the most damaging flood seasons in FEMA Region VI states (Arkansas, Louisiana, New Mexico, Oklahoma, and Texas), winter floods have produced thousands of losses in this area in the last 11 years. Flooding in Texas and Louisiana accounts for most of the insured winter losses recorded for this region, though Arkansas policyholders have received nearly $1.7 million in claim payments during the analysis period, and even Oklahoma has recorded 2 dozen paid losses. Although New Mexico has experienced flooding during the last 11 winters, no NFIP losses have been paid in the state during the analysis period.

The most costly flooding in the region took place during the winter of 1992-93. Louisiana policyholders were hit hardest, with 1,799 paid losses requiring more than $22.8 in claim payments. More than half of Oklahoma's paid losses of the last 11 years were recorded that winter.

The next winter, flooding in Texas produced 77 paid losses requiring nearly $1 million in claim payments, and Louisiana policyholders again experienced heavy flood damages. Claim payments exceeded $1.8 million for 260 paid losses. That winter, Arkansas recorded nearly a quarter of its total paid losses for the 11-winter period.

Flooding during the winter of 1994-95 produced 131 paid losses spread between Louisiana and Texas that required more than $1.2 million in claim payments. The next winter's floods were even more devastating.

Winter 1995-96

State	Paid Losses	Claim Payments (in millions)
LA	327	$4.0
TX	518	$4.0

During the winter of 1996-97, 438 paid losses in Louisiana and Texas resulted in more than $5 million in claim payments. The following winter, floods took a heavier toll on both states.

Winter 1997-98

State	Paid Losses	Claim Payments (in millions)
LA	1,265	$7.0
TX	760	$8.2

The winter of 1998-99 produced 568 paid losses in Region VI that required nearly $7.7 million in claim payments. Once again, Louisiana and Texas suffered the most losses.

Winter 1998-99

State	Paid Losses	Claim Payments (in millions)
LA	474	$6.6
TX	83	$1

For the next several winters, flood losses were relatively light in Region VI. However, the winter of 2000-01 produced 121 paid losses requiring more than $1.4 million in claim payments. During the winter of 2001-02, more than $2.6 million was paid for 278 NFIP losses in the region. Last winter, Louisiana and Texas again were hit with multimillion-dollar flooding.

Winter 2002-03

State	Paid Losses	Claim Payments (in millions)
LA	105	$1.0
TX	167	$2.1

NFIP policyholders in Region VI have experienced some of the most damaging winter floods in the United States. During the last 11 winters, 7,081 losses in Region VI have resulted in nearly $71.5 million in claims payments.

FEMA Region VI: NFIP Winter Flood Losses (December, January, and February)

December 1, 1992, through February 28, 2003 (Data as of September 30, 2003)

	AR	LA	NM	OK	TX
Paid Losses	193	4,506	0	24	2,358
Claim Payments	$1,691,880	$45,665,279	$0	$167,826	$23,970,744
Average Claim Payment	$8,766	$10,134	$0	$6,993	$10,166
Occupancy					
Single Family					
Paid Losses	174	4,002	0	19	2,038
Claim Payments	$1,138,910	$38,992,188	$0	$144,830	$18,785,732
2-4 Family					
Paid Losses	6	170	0	3	46
Claim Payments	$110,079	$1,667,101	$0	$13,382	$534,019
Other Residential					
Paid Losses	1	68	0	1	115
Claim Payments	$10,846	$1,080,013	$0	$4,365	$2,286,304
Non-Residential					
Paid Losses	12	266	0	1	159
Claim Payments	$432,046	$3,925,977	$0	$5,250	$2,364,688
Zone					
A Zone					
Paid Losses	149	3,143	0	24	822
Claim Payments	$1,423,649	$33,562,161	$0	$167,826	$9,009,014
V Zone					
Paid Losses	0	30	0	0	9
Claim Payments	$0	$278,803	$0	$0	$40,762
B, C, and X Zone					
Paid Losses	44	1,258	0	0	1,493
Claim Payments	$268,232	$11,099,108	$0	$0	$14,407,990
Other Zone					
Paid Losses	0	75	0	0	34
Claim Payments	$0	$725,207	$0	$0	$512,977
Special Policies					
PRP					
Paid Losses	22	487	0	0	676
Claim Payments	$157,551	$3,140,506	$0	$0	$5,226,642
RCBAP					
Paid Losses	1	1	0	0	5
Claim Payments	$70,821	$2,151	$0	$0	$10,733
MPPP					
Paid Losses	1	0	0	0	1
Claim Payments	$5,898	$0	$0	$0	$2,075

FEMA Region VII: NFIP Winter Flood Losses

FEMA Region VII Plains states (Iowa, Kansas, Missouri, and Nebraska) experience their worst flooding in the spring, when rainfall is added to rivers already swollen with snowmelt. Although winter flooding is less frequent in these states—which tend to be snow covered during December, January, and February—it does occur every year. In fact, not one winter has passed in the last 11 years without NFIP claims being paid for Region VII flood losses. Missouri and Nebraska have been most affected by winter floods. Although Kansas has recorded only a handful of claims during the analysis period, NFIP loss data proves that even in this state, flood damage does occur during the winter months.

The winter of 1996-97 was particularly damaging in Region VII. Floods in Nebraska produced the largest number of paid losses. More than $1.3 million was paid for 75 NFIP losses. Nearly 69 percent of Iowa's paid winter losses and more than 24 percent of Missouri's paid winter losses for the last 11 years resulted from flooding that winter.

Three years later, Missouri had another winter of heavy flooding. Paid losses during the winter of 1998-99 account for more than 22 percent of the state's total for the 11-year period.

Missouri suffered another wet winter during 2001-02. Flooding in the state produced another 23 percent of the state's total paid winter losses.

Altogether, Region VII's four states produced 244 paid losses requiring nearly $2.5 million in claim payments during the last 11 winters.

FEMA Region VII: NFIP Winter Flood Losses (December, January, and February)

December 1, 1992, through February 28, 2003 (Data as of September 30, 2003)

	IA	KS	MO	NE
Paid Losses	16	3	124	101
Claim Payments	$155,740	$5,301	$827,944	$1,500,113
Average Claim Payment	$9,734	$1,767	$6,677	$14,853
Occupancy				
Single Family				
Paid Losses	14	2	100	96
Claim Payments	$129,990	$4,948	$591,538	$1,443,779
2-4 Family				
Paid Losses	0	1	3	0
Claim Payments	$0	$353	$18,924	$0
Other Residential				
Paid Losses	0	0	3	3
Claim Payments	$0	$0	$23,809	$15,844
Non-Residential				
Paid Losses	2	0	18	2
Claim Payments	$25,750	$0	$193,674	$40,489
Zone				
A Zone				
Paid Losses	13	3	95	62
Claim Payments	$153,723	$5,301	$664,193	$898,173
V Zone				
Paid Losses	0	0	0	0
Claim Payments	$0	$0	$0	$0
B, C, and X Zone				
Paid Losses	3	0	29	39
Claim Payments	$2,017	$0	$163,751	$601,940
Other Zone				
Paid Losses	0	0	0	0
Claim Payments	$0	$0	$0	$0
Special Policies				
PRP				
Paid Losses	1	0	16	6
Claim Payments	$517	$0	$65,912	$131,992
RCBAP				
Paid Losses	0	0	0	0
Claim Payments	$0	$0	$0	$0
MPPP				
Paid Losses	0	0	0	0
Claim Payments	$0	$0	$0	$0

FEMA Region VIII: NFIP Winter Flood Losses

FEMA Region VIII Rocky Mountain and Plains states (Colorado, Montana, North Dakota, South Dakota, Utah, and Wyoming) may be covered with snow during most winters, but all six states have experienced flood damage at some point during the last 11 winters. Historically, the number of flood losses increases as spring nears, temperatures rise, and snowmelt begins. Although spring floods take the highest toll on Region VIII policyholders, unseasonably warm winters and early snowmelt have accounted for nearly $1.2 million in claim payments for flood losses in this region during the last 11 winters.

Montana has suffered the heaviest flood damage during the analysis period, accounting for nearly 65 percent of the region's cumulative paid losses. Flooding during the winter of 1995-96 was responsible for most of Montana's paid losses.

Although North Dakota produced less than 18 percent of the paid winter losses in Region VIII, the state is responsible for more than half of the money paid in NFIP claims during the analysis period. During the last 11 winters, Colorado, South Dakota, Utah, and Wyoming collectively recorded 10 paid losses. Winter flood losses have been rare in these states, but they do occur. Chances are good that recipients of winter NFIP claim payments in these states are thankful for their coverage.

FEMA Region VIII: NFIP Winter Flood Losses (December, January, and February)

December 1, 1992, through February 28, 2003 (Data as of September 30, 2003)

	CO	MT	ND	SD	UT	WY
Paid Losses	3	37	10	4	2	1
Claim Payments	$14,721	$505,041	$630,581	$27,670	$7,745	$500
Average Claim Payment	$4,907	$13,650	$63,058	$6,918	$3,872	$500
Occupancy						
Single Family						
Paid Losses	2	35	7	3	2	1
Claim Payments	$10,882	$498,098	$347,985	$20,807	$7,745	$500
2-4 Family						
Paid Losses	0	0	0	0	0	0
Claim Payments	$0	$0	$0	$0	$0	$0
Other Residential						
Paid Losses	0	1	1	0	0	0
Claim Payments	$0	$574	$1,849	$0	$0	$0
Non-Residential						
Paid Losses	1	1	2	1	0	0
Claim Payments	$3,839	$6,369	$280,748	$6,863	$0	$0
Zone						
A Zone						
Paid Losses	1	23	3	1	0	0
Claim Payments	$1,007	$369,345	$81,599	$1,362	$0	$0
V Zone						
Paid Losses	0	0	0	0	0	0
Claim Payments	$0	$0	$0	$0	$0	$0
B, C, and X Zone						
Paid Losses	2	12	2	3	2	1
Claim Payments	$13,714	$113,946	$324,675	$26,308	$7,745	$500
Other Zone						
Paid Losses	0	2	5	0	0	0
Claim Payments	$0	$21,750	$224,307	$0	$0	$0
Special Policies						
PRP						
Paid Losses	0	6	1	2	1	0
Claim Payments	$0	$54,128	$50,000	$19,446	$1,712	$0
RCBAP						
Paid Losses	0	0	0	0	0	0
Claim Payments	$0	$0	$0	$0	$0	$0
MPPP						
Paid Losses	0	0	0	0	0	0
Claim Payments	$0	$0	$0	$0	$0	$0

FEMA Region IX: NFIP Winter Flood Losses

Winter is the season of heaviest flooding in FEMA Region IX (Arizona, California, Guam, Hawaii, and Nevada). The storms that often drench the West Coast states and Pacific Islands—nicknamed "Pineapple Express" storms because they usually originate near the Hawaiian Islands—typically pound the western United States from the end of November through March. And, because the western states are also at the mercy of periodic "El Niño" weather patterns (see page 15), winter poses a serious flood peril to this region.

In the last 11 winters, the NFIP paid more than $227.6 million for 12,907 claims coming from Region IX. Most of these losses occurred in California, although Nevada had close to 400 paid losses and Arizona had almost 260. Winter flooding in Hawaii required more than $2 million in claim payments during the 11-year analysis period, and Guam, with fewer than 200 NFIP policyholders, reported 61 paid losses requiring nearly $1 million in claim payments.

More than 90 percent of Arizona's paid losses in the last 11 winters occurred during 1992-93, when flooding produced 241 paid losses that required more than $3.8 million in claim payments. California was also hit hard that winter, as it has been every winter. Nearly $7.2 million was needed for the 711 paid losses recorded in the state in 1992-93. However, California's worst winter flooding during the last 11 years occurred in 1994-95, when more than $78.3 million was required to pay for 3,718 NFIP claims.

The winter of 1995-96 brought California 169 paid losses that resulted in more than $1.3 million in claim payments. The next winter brought severe flooding to both California and Nevada.

Winter 1996-97

State	Paid Losses	Claim Payments (in millions)
CA	2,381	$47.2
NV	374	$19.7

Each winter, flooding in Hawaii has produced an average of 8 NFIP paid losses. However, during both winters between December 1995 and February 1997, the number of paid losses nearly tripled in the state.

Guam was hit by Super Typhoon Paka in mid-December 1997, causing more than 20 percent of the Pacific territory's paid losses of the last 11 winters. California also was hit by severe flooding that winter, which was the peak in a strong "El Niño" year. More than $58.4 million was paid for 4,422 California losses sustained during the winter of 1997-98.

Last winter, Guam was hit by its worst flooding in the 11-year analysis period. Super Typhoon Pongsana struck Guam in early December 2002, causing so much damage that NFIP losses paid as a result account for nearly 80 percent of Guam's total paid losses during the last 11 winters. The remnants of this storm crossed the Pacific and brought severe flooding to the West Coast of the United States, as well. California policyholders received more than $4.3 million for 254 NFIP claims paid for flood losses recorded in the state last winter.

FEMA Region IX: NFIP Winter Flood Losses (December, January, and February)

December 1, 1992, through February 28, 2003 (Data as of September 30, 2003)

	AZ	CA	GU	HI	NV
Paid Losses	259	12,071	61	124	392
Claim Payments	$3,952,337	$200,729,058	$983,539	$2,062,095	$19,914,072
Average Claim Payment	$15,260	$16,629	$16,124	$16,630	$50,801
Occupancy					
Single Family					
Paid Losses	227	9,598	49	73	233
Claim Payments	$3,584,056	$151,824,526	$692,529	$1,069,508	$6,326,382
2-4 Family					
Paid Losses	5	863	2	20	0
Claim Payments	$48,659	$12,329,399	$22,366	$215,084	$0
Other Residential					
Paid Losses	3	299	1	17	15
Claim Payments	$126,033	$5,688,179	$27,647	$195,618	$293,585
Non-Residential					
Paid Losses	24	1,311	9	14	144
Claim Payments	$193,589	$30,886,953	$240,998	$581,885	$13,294,105
Zone					
A Zone					
Paid Losses	195	7,939	29	48	320
Claim Payments	$3,043,332	$132,458,334	$612,219	$600,886	$16,637,557
V Zone					
Paid Losses	0	139	4	30	0
Claim Payments	$0	$3,000,588	$87,643	$357,996	$0
B, C, and X Zone					
Paid Losses	50	3,900	10	44	71
Claim Payments	$657,516	$63,710,808	$136,160	$1,091,545	$3,227,489
Other Zone					
Paid Losses	14	93	18	2	1
Claim Payments	$251,489	$1,559,328	$147,518	$11,668	$49,025
Special Policies					
PRP					
Paid Losses	6	1,488	0	5	16
Claim Payments	$99,860	$18,780,536	$0	$249,101	$320,212
RCBAP					
Paid Losses	0	128	1	23	3
Claim Payments	$0	$1,001,294	$27,647	$257,265	$138,499
MPPP					
Paid Losses	0	5	0	0	0
Claim Payments	$0	$73,745	$0	$0	$0

FEMA Region X: NFIP Winter Flood Losses

Most of FEMA Region X states (Alaska, Idaho, Oregon, and Washington) are subject to the same sources of winter weather that cause flooding in much of Region IX to the south. Washington and Oregon have been hardest hit in this region during the last 11 winters. However, losses in Idaho were responsible for nearly $2.7 million in NFIP claim payments during the analysis period. Even snow-covered Alaska suffered winter flood damages during the last 11 years.

The winter of 1995-96 brought the most severe flooding to Region X of the last 11 years.

Winter 1995-96

State	Paid Losses	Claim Payments (in millions)
ID	82	$1.7
OR	1,020	$29.6
WA	1,426	$34.1

The following winter, cumulative NFIP paid losses in Region X reached 682, and claim payments exceeded $9.8. Oregon and Washington experienced the largest number of losses.

Winter 1996-97

State	Paid Losses	Claim Payments (in millions)
OR	331	$3.8
WA	321	$34.1

More than $4.4 million was paid on NFIP claims in Region X during the winter of 1998-99. The 234 paid losses recorded in Oregon account for more than 70 percent of the total paid in the region that winter. The following winter, Washington received 81 percent of the region's paid losses, resulting in more than $1.2 million in claim payments.

Paid flood losses decreased during the next two winters but rose again last winter. More than $1.2 million was paid for Region X losses during the winter of 2002-03.

In total, during the last 11 winters, Region X recorded 3,773 paid losses, which resulted in nearly $85 million in claim payments.

FEMA Region X: NFIP Winter Flood Losses (December, January, and February)

December 1, 1992, through February 28, 2003 (Data as of September 30, 2003)

	AL	ID	OR	WA
Paid Losses	3	119	1,600	2,051
Claim Payments	$32,871	$2,678,589	$38,281,882	$43,534,132
Average Claim Payment	$10,957	$22,509	$23,926	$21,226
Occupancy				
Single Family				
Paid Losses	3	105	1,306	1,742
Claim Payments	$32,871	$1,821,042	$25,030,561	$29,933,005
2-4 Family				
Paid Losses	0	0	41	39
Claim Payments	$0	$0	$798,262	$968,352
Other Residential				
Paid Losses	0	4	53	70
Claim Payments	$0	$78,337	$1,532,796	$3,427,217
Non-Residential				
Paid Losses	0	10	200	200
Claim Payments	$0	$779,210	$10,920,263	$9,205,558
Zone				
A Zone				
Paid Losses	2	90	1,127	1,549
Claim Payments	$11,273	$2,348,561	$25,934,935	$33,537,553
V Zone				
Paid Losses	0	0	9	7
Claim Payments	$0	$0	$354,521	$18,392
B, C, and X Zone				
Paid Losses	0	29	458	468
Claim Payments	$0	$330,027	$11,841,769	$9,546,683
Other Zone				
Paid Losses	1	0	6	27
Claim Payments	$21,598	$0	$150,657	$431,504
Special Policies				
PRP				
Paid Losses	0	7	124	149
Claim Payments	$0	$91,339	$1,873,876	$2,300,459
RCBAP				
Paid Losses	0	0	20	2
Claim Payments	$0	$0	$643,184	$41,945
MPPP				
Paid Losses	0	0	3	1
Claim Payments	$0	$0	$20,594	$1,006

Re:Sources

Watermark seeks to serve its readers with as wide a variety of resources as possible. We remain dedicated to disseminating information about flood insurance. As our readership expands to include more engineers, surveyors, and community planners, we hope to increase the available resources to ensure that all of our stakeholders can provide themselves, their clients, and their community members with the tools needed to better protect against flood losses.

We offer this information for reference but do not endorse any product, company, or service. Web site addresses may have changed since this edition of *Watermark* went to press.

Publications

You Can Go Home Again—Returning Home After a Natural Disaster

The Institute for Business and Home Safety (IBHS) has produced a flier designed to help homeowners return to their houses and file their insurance claims after natural disasters such as floods, tornadoes, fire, and earthquakes. The brochure focuses on several of the most important steps to take in reporting damage, assisting in the claims adjustment process, and protecting property from further damage while waiting for insurance payments to be received. It concludes with a list of resource contacts for disaster planning, disaster relief, and insurance information.

Visit the IBHS on line (www.ibhs.org) for more information about this organization's initiatives to make communities safer from a wide range of hazards. Click on "Flood" to learn about IBHS flood-related projects and publications and to access the link to *You Can Go Home Again—Returning Home after a Natural Disaster*.

Web Sites

www.esri.com

The Environmental Systems Research Institute (ESRI), Inc., web site offers a Virtual University for GIS training and also provides a variety of GIS products, services, and support, and the ESRI newsletter.

online/fema/net/arp/ppg-cat18.htm

Check out this index of all FEMA publications. Included are nine hazard-related topics from dam safety to tornadoes to fire services.

www.srh.noaa.gov/tadd/

Visit this section of the National Oceanic and Atmospheric Administration's (NOAA's) web site to learn about the new "Turn Around, Don't Drown" initiative. This section of the NOAA web site offers information about avoiding flooded roads.

www.fema.gov/nfip/prpfact.shtm

Check out the reasons why the NFIP's Preferred Risk Policy can help consumers in lower-risk flood zones to protect themselves from flood losses.

www.fema.gov/tribal/

Visit the FEMA tribal page to access a range of publications about emergency preparedness for tribal governments. In addition, the Federal Inter-Agency Native American web site, CodeTalk (www.codetalk.fed.us/), is designed specifically to deliver electronic information from government agencies and other organizations to Native American communities. CodeTalk is named for the Navajo Code Talkers who served their country with honor and distinction during World War II. This site is hosted by the U.S. Department of Housing and Urban Development and the Office of Native American Programs.

www.hazardmaps.gov

Visit the site of FEMA's multihazard mapping initiative's award winning atlas of hazard data and advisory mapping services.

Just Around the Bend

Many more workshops will have been added to our schedule since publication of this issue. Please visit the NFIP web site (www.fema.gov/nfip/wshops.shtm) for updated workshop information, or contact the NFIP Bureau and Statistical Agent Regional Offices (listed on the inside back cover) for information about NFIP events for agents, lenders, and other stakeholders.

STATE/EVENT	CITY	DATE
CALIFORNIA		
Agent Workshop	Dublin	March 18
RIMS Annual Conference	San Diego	April 18-22
NAIC Summer Meeting	San Francisco	June 12-15
COLORADO		
Agent and Lender Seminar	Golden	March 17
Agent and Lender Seminar	Golden	April 14
Agent and Lender Seminar	Golden	May 12
Agent and Lender Seminar	Golden	June 9
FLORIDA		
Agent Workshop	New Port Richey	March 2
Lender Seminar	New Port Richey	March 3
NHEMA Annual Conference	Boca Raton	April 1-3
Agent Workshop	Ft. Myers	April 20
National Hurricane Conference	Lake Buena Vista	May 5-9
SITE Annual Conference	Orlando	June 26-30
ILLINOIS		
PLRB/LIRB Annual Conference	Chicago	March 14-17
NCOIL Summer Meeting	Chicago	July 15-18
Lender Seminar	Schaumburg	August 31
INDIANA		
Agent Workshop	Fort Wayne	April 13
Agent Workshop	Indianapolis	April 14
Agent Workshop	Kokomo	April 15
KANSAS		
Agent and Lender Seminar	Ft. Scott	June 15
Agent and Lender Seminar	Wichita	June 16
Agent and Lender Seminar	Belleville	July 13
Agent and Lender Seminar	Emporia	July 14
Agent and Lender Seminar	Garden City	July 27
Agent and Lender Seminar	Hays	July 28
LOUISIANA		
Agent and Lender Seminar	Hammond	March 30
Agent and Lender Seminar	Raceland	April 6
Agent and Lender Seminar	Baton Rouge	April 7
MARYLAND		
Agent Workshop	Lanham	March 10
Lender Seminar	Lanham	March 11
Agent Workshop	Wye Mills	April 15
MASSACHUSETTS		
Agent Workshop	Framingham	March 4
Agent Workshop	Danvers	March 23
Agent Workshop	Westport	April 7
Agent Workshop	West Springfield	April 28
MICHIGAN		
Agent Workshop	Livonia	March 30
Agent Workshop	Bay City	March 31
Agent Workshop	Kentwood	April 1
MINNESOTA		
Agent Workshop	St. Cloud	March 23
Agent Workshop	Rochester	March 24
Agent Workshop	Eden Prairie	March 25
MISSISSIPPI		
ASFPM Annual Conference	Biloxi	May 16-21
MISSOURI		
Agent and Lender Seminar	Kennett	March 2
Agent and Lender Seminar	Jackson	March 3
Agent and Lender Seminar	Branson	March 16
Agent and Lender Seminar	Sedalia	March 17
Lender Seminar	St. Louis	March 25
Agent and Lender Seminar	Columbia	April 6
Agent and Lender Seminar	Sunset Hills	April 7
Agent and Lender Seminar	Clinton	April 27
Agent and Lender Seminar	Grain Valley	April 28
NEVADA		
Agent Workshop	Reno	May 18
Agent Workshop	Las Vegas	May 20
NEW MEXICO		
Agent and Lender Seminar	Las Cruces	March 4
NEW YORK		
NAIC Spring Meeting	New York City	March 13-16
OHIO		
Agent Workshop	Richfield	March 16
Agent Workshop	Columbus	April 27
Agent Workshop	Boardman	April 28
Agent Workshop	Akron	April 29
Agent Workshop	Norwood	May 11
PENNSYLVANIA		
NAIW Annual Conference	Pittsburgh	June 2-6
Lender Seminar	Philadelphia	June 23
Agent Workshop	Philadelphia	June 24
TEXAS		
Agent and Lender Seminar	Abilene	March 2
Agent and Lender Seminar	Garland	March 10
Agent and Lender Seminar	Marble Falls	March 17
WASHINGTON		
National Flood Conference	Seattle	May 2-5
WISCONSIN		
Agent Workshop	Tomah	March 9
Agent Workshop	Madison	March 10
Agent Workshop	Milwaukee	March 11
Agent Workshop	Eau Claire	March 23
Agent Workshop	Wausau	March 24
Agent Workshop	Appleton	March 25
Agent Workshop	Green Bay	June 9
Lender Seminar	Milwaukee	August 18
Lender Seminar	Madison	August 19

The following acronyms are used in JUST AROUND THE BEND:

ASFPM	Association of State Floodplain Managers
NAIC	National Association of Insurance Commissioners
NAIW	National Association of Insurance Women
NCOIL	National Conference of Insurance Legislators
NHEMA	National Home Equity Mortgage Association
PLRB/LIRB	Property Loss Research Bureau/ Liability Insurance Research Bureau
RIMS	Risk and Insurance Management Society
SITE	Society of Insurance Trainers and Educators

Telephone Number

www.fema.gov/nfip

NFIP Telephone Numbers

Number	Service
800-638-6620	Direct Business
800-720-1093	Agent Information
800-427-4661	General Information
800-611-6125	Lender Information
800-427-5593	TDD
877-336-2627	FEMA Map Assistance Center (Information about flood hazard maps and map changes)
800-358-9616	FEMA Map Service Center (Order flood maps and FIS studies, *Flood Insurance Manual*, and *Community Status Book*)
800-480-2520 301-497-6378 FAX	FEMA Distribution Center (Order free NFIP forms and public awareness materials)

Regional Office Telephone Numbers

Region	FEMA	NFIP Bureau & Statistical Agent
Region I CT, MA, ME, NH, RI, VT	617-223-9540	781-848-1908
Region II NJ, NY	212-680-3600	732-603-3875
Caribbean Office-PR,VI	787-296-3500[1]	281-829-6880[2]
Region III DC, DE, MD, PA, VA, WV	215-931-5608	856-489-4003
Region IV AL, GA, KY, MS, NC, SC, TN	770-220-5200	770-396-9117
Florida	770-220-5400[3]	813-975-7451[4]
Region V IL, IN, MI, MN, OH, WI	312-408-5500	630-577-1407
Region VI AR, LA, NM, OK, TX	940-898-5399	281-829-6880
Region VII IA, KS, MO, NE	816-283-7061	913-780-4238
Region VIII CO, MT, ND, SD, UT, WY	303-235-4800	303-275-3475
Region IX AZ, CA, GU, HI, NV	510-627-7100	916-780-7889
Region X AK, ID, OR, WA	425-487-4600	425-488-5820

[1] FEMA contact number for Puerto Rico and the Virgin Islands.
[2] NFIP B&SA contact number for Puerto Rico and the Virgin Islands.
[3] FEMA contact number for Florida.
[4] NFIP B&SA contact number specifically for the Florida office.

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