NFIP and The Community Rating System: The Way Forward in Florida

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Director
The National Flood Insurance Program (NFIP) was created by Congress through the National Flood Insurance Act of 1968.

Florida is a flood prone state and Floridians are encouraged to have flood insurance in the event a disaster happens they can recover more quickly.

Florida has 465 NFIP Participating Communities

The Community Rating System is a voluntary program in which NFIP policyholders can receive discounts on their premiums.
BIGGERT-WATERS REFORM ACT 2012

- Signed into law on July 6, 2012, reauthorizing the National Flood Insurance Program for five (5) years.
- Brought sweeping changes to the insurance portion of the NFIP program including the establishment of an NFIP Disaster Fund.
- As flood risks continue, the costs and consequences of flooding increase. Artificially low rates and discounts are no longer sustainable.
House passed H.R. 3370 was signed into law on March 21, 2014 by President Obama.

- Repeals the property-sales trigger requiring homebuyers to pay the full-risk rate for pre-FIRM subsidized properties.
- Refunds policyholders who overpaid for premiums.
- Restores the grandfathering of lower rates when new flood maps are issued and sets hard caps on how high premiums can increase annually.
Over the last three years, the Division has taken on a number of statewide initiatives to increase CRS participation:

- Hired dedicated CRS staff to assist communities entering the CRS and continuing to improve their class.
- Identified activities at the state level in which every Florida community can count points toward the next level of discount.
- Started the process to acquire a new statewide notification system, which will provide communities with the potential of additional points for CRS.
- Identify 100 new communities to enroll in CRS by October 2016.
THE WAY FORWARD IN FLORIDA

NFIP key elements: Insurance, Mapping, Regulations and Mitigation

- Our focus on the latter two affords us some creativity…
- CRS improves flood resiliency and reduces insurance costs
- Florida has integrated several key components:
  - State Model Floodplain Ordinance coordinated with FBC
  - Community Assistance Visits or Field Community Assistance Contacts
  - Developing “Performance Measures” that ensure compliance with NFIP
  - Establishing streamlined participation for potential CRS communities

- Danny Hinson, State CRS Coordinator and Steve Martin, NFIP Coordinator, and will walk us through the process.
Benefits of The Community Rating System

Danny Hinson, CFM
COMMUNITY RATING SYSTEM

A voluntary program within the National Flood Insurance Program

CRS:
Everything done above and beyond minimum NFIP requirements

Minimum NFIP requirements

Reduced flood insurance premiums = more money in the policyholders pocket = more incentive for better floodplain management.
COMMUNITY RATING SYSTEM

- CRS discounts on flood insurance premiums range from 5% up to 45%.

- Communities can participate in some or all of the 19 public information and floodplain management activities to earn points which translate into flood insurance premium discounts!
Community Rating System – National Goals

- Reduce flood damage to insurable property.
- Strengthen and support the insurance aspects of the NFIP.
- Encourage comprehensive approach floodplain management.
In Florida, 47% of NFIP communities participate in the CRS program. Florida has 219 communities participating in the CRS.

Florida’s savings on insurance premiums is more than $183 million annually.

Nationally 6% of NFIP communities participate in the CRS program with savings on insurance premiums of $360 million annually.
Florida has a higher percentage of communities participating, and higher levels of achievement, than rest of US meaning more resilient communities.
Our State CRS Program is aimed at informing communities:

- Components of the program
- Requirements for implementing a successful local program
- Documenting accomplishments to get credit for points
- Networking with other communities through User Groups
- Advancing to next CRS Class levels

Next major challenge is encouraging participation in CRS…
Floodplain Management and the Florida Building Code

Steve Martin, CFM, State NFIP Coordinator
THE CODES

• IBC 2000 included flood building provisions
• FBC 2010 included flood building provisions
• FBC 2010 references the ASCE 24-05 Flood Resistant Design and Construction standards applicable to Code.
• Florida floodplain ordinance coordinated with the FBC.
STATE MODEL FPM ORDINANCE

- More specific administrative provisions
- Formatting, definitions and provisions consistent with FBC
- Recaptures buildings exempt from the FBC
- Establishes coordination between the Building Official and Floodplain Administrator

NFIP Flood Provisions for Buildings

- Florida Building Code
- Local Ordinance
THE FLORIDA DIVISION OF EMERGENCY MANAGEMENT

FLORIDA’S WEBSITE ON FPM ORDINANCE

- State floodplain model ordinance, instructions and notes
- PowerPoint presentation encouraging adoption of ordinance
- 6 Higher Standards (optional to enhance flood resiliency)
- Sample Forms to implement ordinance provisions
- Online training for Flood Provisions in the Building Code

Visit website:

http://www.floridadisaster.org/Mitigation/SFMP/lobc_resources.htm
Field Community Assistance Contacts

- Tour floodplains and flood zones, meet with Floodplain staff
- Ensure floodplain ordinance is compliant, guidance docs
- Assess Floodplain Program Effectiveness
  - Identify threats, challenges and opportunities facing FPMs
  - Verify enforcement of regulations consistent with NFIP & FBC
  - Provide technical assistance
  - Encourage training and provide educational materials
- Resolve procedural and compliance concerns
- Discuss CRS-CAV Pilot Program, schedule for participating
NFIP: Incentive / Disincentive Based

NFIP is a voluntary program, with *quid pro quo* requirements...

- Federally required regulations / communities must enforce.
- Compliance is expected / non-compliance impacts membership.
- Adopting higher and better standards / improves resiliency.
- Implementing resiliency measures / reduces risk.
- Reduced risk / opportunity to join CRS is available.
- Biggert-Waters 2012 set actuarially higher rates / Florida creates “CRS-CAV Pilot Program” with FEMA HQ support.
NFIP-CRS Eligibility – The Past

- Decades-old compliance issues must be resolved to join CRS.
- Floodplain staff must pay for mistakes of previous employees.
- A non-compliant community today would always be non-compliant unless all past compliance issues are resolved.
Joining the CRS Under the New Pilot Program--

- Staff of communities that adopt FBC-coordinated ordinance are more engaged.
- Non-CRS communities have benefit of Field Community Assistance Contacts.
- New procedures for communities to join CRS means increased success for overall NFIP program.
- Communities’ adopted “Performance Measures” renews communities’ commitment to the NFIP.
- CRS stimulates opportunities for improved resiliency.
SEVEN PERFORMANCE MEASURES

1. Adopt FEMA-approved Florida Model Floodplain Ordinance.
2. Conduct annual inspections in flood zones to identify compliance issues that must be mitigated.
3. Adopt/implement flood zone permit application & checklist.
4. Verify accurate completion of FEMA Elevation Certificates before vertical construction and prior to issuance of C.O.
5. Annually send letters to utility companies concerning installation of tanks and HVAC equipment.
6. Develop/implement Substantial Improvement/Substantial Damage determination procedures and permanent maintenance of documentation.
7. Provide Elevation Certificates and link to Digital FIRMs on local website.
FLORIDA CRS INITIATIVE

CRS-CAV Pilot Program

Enrolling Communities in the
Community Rating System

SEVEN PERFORMANCE MEASURES

Bureau of Mitigation
Florida Division of Emergency Management
Florida will continue to lead the way in improving the National Flood Insurance Program and the Community Rating System

- CRS-CAV Pilot Program – appreciates FEMAs support
- Lessons Learned
- CRS – how other states can implement changes
- Future of flood insurance
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http://www.floridadisaster.org/Mitigation/SFMP/Index.htm

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