



FEMA

# Risk MAP

## Local

News and Information about the Risk Mapping, Assessment, and Planning (Risk MAP) Program in FEMA Region IX

### in this issue >>>

Flood Insurance Reform Act Extends the NFIP & Signals Future Changes

BW-12 and the Community Rating System

Coming Soon - FEMA Region IX BW-12 Training Schedule

### resources & videos >>>

- [www.fema.gov/bw12](http://www.fema.gov/bw12)
- <https://agents.floodsmart.gov/manageagent/news-and-publications/eNewsletters/new-legislation>
- [www.youtube.com/user/FLOODFORUM](http://www.youtube.com/user/FLOODFORUM)
- [www.h2opartnersusa.com/nfip-training/video/](http://www.h2opartnersusa.com/nfip-training/video/)

## Flood Insurance Reform Act Extends the NFIP and Signals Future Changes

The Biggert-Waters Flood Insurance Reform Act of 2012 (BW-12) authorized a continuation of the National Flood Insurance Program (NFIP) until September 30, 2017. The Act, signed by President Obama on July 6, 2012, also signals changes for the NFIP that will affect both flood insurance rates and the structure of the program.

### What changes are planned?

One of the principal impacts of BW-12 will be on flood insurance premium rates. The Act calls for new rates that reflect the full flood risk of future losses, known as actuarial rates. Current subsidies and discounts for properties will be phased out and eventually eliminated. The expectation is that the price property owners pay for their flood insurance policies will become commensurate with the risk and potential cost of flood damage to the structure.

Some of the changes to subsidized flood insurance policies will include:

- Owners of **non-primary/secondary residences in a Special Flood Hazard Area (SFHA)** will see a 25 percent increase annually until rates reflect true risk – began January 1, 2013
- Owners of **property that has experienced severe or repeated flooding** will see a 25 percent rate increase annually until rates reflect true risk – beginning October 1, 2013
- Owners of **business properties in a SFHA** will see a 25 percent rate increase annually until rates reflect true flood risk – beginning October 1, 2013

*(Each property's risk is different. Some policyholders may reach their true risk rate after a few years of increases, while other policyholder increases may go beyond five years to reach the full risk rate required by the new law.)*

Changes in flood insurance are not the only modifications that will result from BW-12. The Act also institutes changes to the flood mapping process, mitigation measures, and processes for funding the NFIP.

These changes include:

- Creation of a **Technical Mapping Advisory Council** to provide guidance on producing the most accurate flood hazard maps
- Combining the Hazard Mitigation Assistance programs (to include Severe Repetitive Loss, Repetitive Flood Claims, and Flood Mitigation Assistance) into the **National Flood Mitigation Fund**

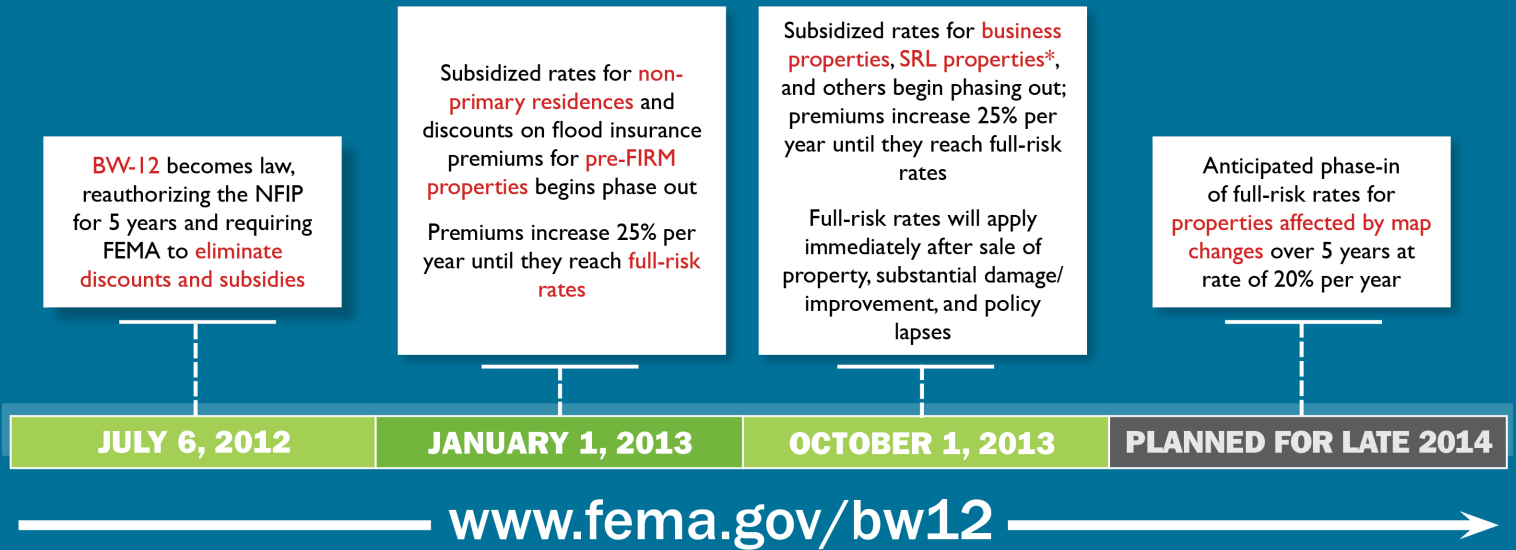
More than 80% of flood insurance policyholders (representing approximately 4.48M of the 5.6M policies in force) do not pay subsidized rates.

Source: [Questions about the BW-12 Reform Act](#)



The NFIP helps communities protect and mitigate against the hazard of flooding.

See NFIP Extension , Page 4



Current flood insurance policyholders with subsidized policies for non-primary residences, businesses, and severe repetitive loss properties (approximately 5% of policyholders) will see annual increases, which began January 1, 2013. The annual increase of 25% will continue until premiums are full-risk rates.

Source: [Questions about the BW-12 Reform Act](#)

## BW-12 and the Community Rating System: How can communities lower flood insurance premiums?

One approach for communities to consider to reduce both the flood risk and flood insurance premiums of their citizens is participation in the Community Rating System (CRS). CRS is a voluntary incentive-based program that recognizes and encourages community floodplain management activities that exceed the minimum National Flood Insurance Program (NFIP) requirements. Flood insurance premium rates within the community are discounted to reflect the reduced flood risk resulting from the community's actions. Premium discounts range from 5 percent (Class 9) to a maximum of 45 percent (Class 1).

With the passage of the Biggert-Waters Flood Insurance Reform Act of 2012 (BW-12) in July 2012, FEMA and other agencies are required to make several changes to the way the NFIP is administered. One key provision of the legislation will require the NFIP to begin charging premium rates that reflect true flood risk. These premium rate increases will affect some—but not all—policyholders over time.

Communities that have a significant number of properties with subsidized flood insurance policies may find joining CRS—or increasing their rating level—to be in their best interest.

## Under the Flood Insurance Reform Act of 2012, You Could Save More than \$90,000 over 10 Years if You Build 3 Feet above Base Flood Elevation\*



FEMA recently released the updated [2013 CRS Coordinator's Manual](#). This manual outlines activities that communities can receive credit for that they may already be doing, and it explains how existing CRS communities will be rated according to the new manual and revised credit system.

Additional information on the manual update, including a credits crosswalk and a list of activities and elements, are available at <http://crsresources.org/manual>.

See BW-12 & CRS, Page 4

Source: [Build Back Safer and Stronger - What You Need to Know](#)

## Coming Soon - FEMA Region IX BW-12 Training Schedule

FEMA is working together with other agencies to interpret and implement the reforms to the NFIP mandated by the Biggert-Waters Flood Insurance Reform Act of 2012 (BW-12). Some of these changes have already been rolled out while others will be implemented in the coming months. Key provisions of the legislation will have a major impact on flood insurance. The NFIP will be required to raise rates to reflect true flood risk, and to change how rates are administered; based on trigger events such as letting your flood insurance lapse or purchasing a new property.

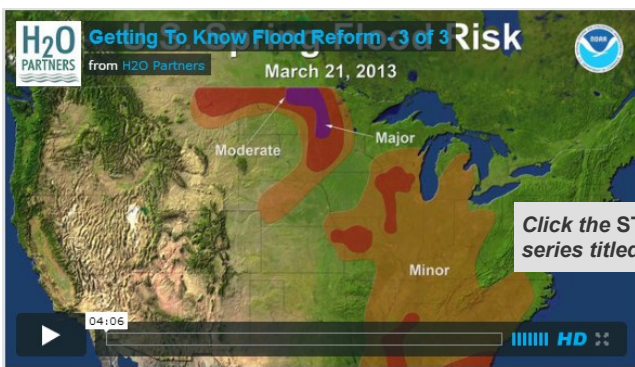
To prepare our stakeholders for these changes, FEMA Region IX will host a series of ongoing BW-12 training sessions. These sessions will be geared for insurance agents, lenders, realtors, appraisers, floodplain managers, and community officials. The Region IX classroom-style and webinar training schedule is currently under development, with an anticipated roll-out in Fall 2013.

To stay informed on training opportunities being scheduled, and to register, please visit [www.r9map.org/Pages/Professional-Development.aspx](http://www.r9map.org/Pages/Professional-Development.aspx). If you or your community would like to request a training session in your area, please contact Edie Lohmann at [Edith.Lohmann@fema.dhs.gov](mailto:Edith.Lohmann@fema.dhs.gov) or (510) 627-7235.

The NFIP offers education and training (classroom-style and webinar workshops) nationwide for agents and lenders through its National Training Program. To register for any of these workshops, please visit

[www.fema.gov/national-flood-insurance-program-training-workshops-and-conferences](http://www.fema.gov/national-flood-insurance-program-training-workshops-and-conferences).

Additionally, BW-12 training videos are now available online to view and download at [www.h2opartnersusa.com/nfip-training/video](http://www.h2opartnersusa.com/nfip-training/video).



Click the **START** button to launch the 3-part video series titled, "Getting to Know Flood Reform".



FEMA updated the *Specific Rate Guidelines* in June 2013 to reflect the impending rate changes as many subsidized rates are eliminated. The tables and technical underwriting procedures found in the *Guidelines* are used by insurers to calculate premiums for various special cases. Note that before insurers can use these tables to determine premiums, they first must update and test their insurance rating software system, which can take several weeks.

Additionally, BW-12 legislation provides a 5-year mechanism to phase-in new rates that are based on revised flood risk data following map revisions as the National Flood Insurance Program's grandfathering policies are phased-out. This provision of BW-12 is expected to be implemented in late 2014.

Sources: [The NFIP's Specific Rate Guidelines](#), [Questions about the BW-12 Reform Act](#), and [Flood Insurance Reform of 2012](#)

Actions such as buying a property, allowing a policy to lapse, or purchasing a new policy can trigger rate changes.

Source: [Flood Insurance Reform of 2012](#)

want to learn more? >>>

- To learn more about the actions home owners, business owners and community officials can take to lower costs, read the fact sheet titled [Flood Insurance Reform Act of 2012](#).
- To learn more about who will be effected by rate increases nationally under BW-12, read the [Section 205](#) factsheet.



## NFIP Extension, continued from Page 1

- Creation of the **Flood Protection Structure Accreditation Task Force**, a collaboration between FEMA and the U.S. Army Corps of Engineers, to gather better information about levee systems and their capabilities

### Keep up with future changes

Because the Biggert-Waters Act will result in many large-scale changes to the structure of the NFIP, the Act is being addressed through a phased approach. As FEMA develops ways to implement the procedural changes outlined in the Act, it will provide guidance on how stakeholders can apply these changes. To keep up-to-date about changes resulting from BW-12, visit [www.fema.gov/bw12](http://www.fema.gov/bw12).

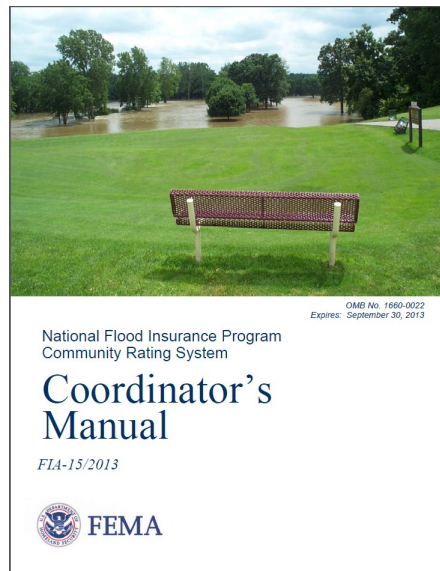
If you are interested in reading the Biggert-Waters Act in its entirety, please visit the Library of Congress website at <http://thomas.loc.gov/cgi-bin/query/z?c1112:H.R.4348>.

The Association of State Floodplain Managers created a useful summary of BW-12, which may be found at [www.floods.org/ace-files/documentlibrary/2012\\_NFIP\\_Reform/2012\\_NFIP\\_Reform\\_Act\\_ASFPM\\_Summary\\_of\\_Contents.pdf](http://www.floods.org/ace-files/documentlibrary/2012_NFIP_Reform/2012_NFIP_Reform_Act_ASFPM_Summary_of_Contents.pdf).

## BW-12 & CRS, continued from Page 2

To learn more about joining CRS contact Patricia Rippe at (510) 627-7015 or by email at [patricia.rippe@fema.dhs.gov](mailto:patricia.rippe@fema.dhs.gov). Additional information on CRS can be found at [www.fema.gov/national-flood-insurance-program/national-flood-insurance-program-community-rating-system](http://www.fema.gov/national-flood-insurance-program/national-flood-insurance-program-community-rating-system).

FEMA's official BW-12 site, [www.fema.gov/bw12](http://www.fema.gov/bw12) (also listed on the lower left information panel of page 1), will be updated when new information about the implementation of BW-12 becomes available, so be sure to check back frequently! ●



**FEMA's National Flood Insurance Program Community Rating System**

**Now Available:**  
**2013 Coordinator's Manual!**

## references >>

ASFP. Summary of Contents Biggert-Waters Flood Insurance Reform Act of 2012. [www.floods.org/ace-files/documentlibrary/2012\\_NFIP\\_Reform/2012\\_NFIP\\_Reform\\_Act\\_ASFP\\_Summary\\_of\\_Contents.pdf](http://www.floods.org/ace-files/documentlibrary/2012_NFIP_Reform/2012_NFIP_Reform_Act_ASFP_Summary_of_Contents.pdf)

FEMA. Biggert Waters Flood Insurance Reform Act of 2012: Impact of National Flood Insurance Program (NFIP) Changes. [www.fema.gov/library/viewRecord.do?id=7187](http://www.fema.gov/library/viewRecord.do?id=7187)

FEMA. Biggert Waters Flood Insurance Reform Act of 2012 Timeline. [www.fema.gov/library/viewRecord.do?id=7275](http://www.fema.gov/library/viewRecord.do?id=7275)

FEMA. Biggert Waters Flood Insurance Reform Act of 2012: Who Will Be Impacted by Rate Increases Nationally under Section 205? [www.fema.gov/library/viewRecord.do?id=7211](http://www.fema.gov/library/viewRecord.do?id=7211)

FEMA. Build Back Safer and Stronger: What You Need to Know. [www.fema.gov/library/viewRecord.do?id=6712](http://www.fema.gov/library/viewRecord.do?id=6712)

FEMA. CRS Resources. CRS Resources. <http://crsresources.org>

FEMA. Flood Insurance Reform Act of 2012. [www.fema.gov/library/viewRecord.do?id=7187](http://www.fema.gov/library/viewRecord.do?id=7187)

FEMA. National Flood Insurance Program Community Rating System. [www.fema.gov/national-flood-insurance-program/national-flood-insurance-program-community-rating-system](http://www.fema.gov/national-flood-insurance-program/national-flood-insurance-program-community-rating-system)

FEMA. National Flood Insurance Program Community Rating System Coordinator's Manual. [www.fema.gov/library/viewRecord.do?id=2434](http://www.fema.gov/library/viewRecord.do?id=2434)

FEMA. National Flood Insurance Program: Training, Workshops and Conferences. [www.fema.gov/national-flood-insurance-program-training-workshops-and-conferences](http://www.fema.gov/national-flood-insurance-program-training-workshops-and-conferences)

FEMA. Questions about the Biggert-Waters Flood Insurance Reform Act of 2012. [www.fema.gov/library/viewRecord.do?id=7266](http://www.fema.gov/library/viewRecord.do?id=7266)

FEMA Region IX. Professional Development. [www.r9map.org/Pages/Professional-Development.aspx](http://www.r9map.org/Pages/Professional-Development.aspx)

FEMA. The NFIP's *Specific Rate Guidelines*. [www.fema.gov/library/viewRecord.do?id=7763](http://www.fema.gov/library/viewRecord.do?id=7763)

FloodSmart. FEMA. New Legislation, Winter Flooding Risks, and Barrier Busters for Your Customers. <https://agents.floodsmart.gov/manageagent/news-and-publications/eNewsletters/new-legislation>

H2O Partners, Inc. BW12. [www.youtube.com/watch?v=tpqSQr3ngY](http://www.youtube.com/watch?v=tpqSQr3ngY)

H2O Partners, Inc.. Getting to Know Flood Reform. [www.h2opartnersusa.com/nfip-training/video](http://www.h2opartnersusa.com/nfip-training/video)

## stay informed >>>



Look for the **RSS symbol** on the main, state, and coastal page of

[www.r9map.org](http://www.r9map.org). Click on the symbol to sign-up to receive updates on FEMA's studies and related information.

## questions or comments >>>

Local is a publication of FEMA Region IX. For questions or editorial comments, please contact:

**Olivia Humilde**

External Affairs/Mitigation Outreach Specialist

510-627-7068 |

[olivia.humilde@fema.dhs.gov](mailto:olivia.humilde@fema.dhs.gov)