


Risk Communication and Flood Insurance

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- This stuff is complicated!
- How can I really help someone?
- First, let's make sure we understand that we're only talking about flood risk.
- Second, let's try to change the way we communicate with people...
 - Instead of saying a structure is "in" or "out" of the floodplain, maybe use a flood risk profile:
 - **High risk** (Zones A, AE, AH, AO, VE), 
 - **Moderate risk** (shaded Zone X), or
 - **Low risk** (Zone X)
 - Instead of saying "100-year" floodplain call it a "regulated floodplain"

Mandatory
purchase
requirement

Risk Communication

- What are the three L's of real estate?
- My three L's of flood risk communication:
 - Listen to what people are telling you
 - Look at the flood maps, and other information
 - Learn from the experience, and apply it to others!

Risk Communication

- **First Rule:** Flood insurance is a good thing.
- **Second Rule:** Flood insurance is a good thing.
- Available to homeowners, business owners and renters in the community.
- Doesn't matter where the structure is located in relation to the mapped floodplain.
- Can purchase from either:
 - The NFIP through a Write Your Own (WYO) company, or
 - A private insurer (may not be regulated by the State).
- NFIP flood insurance rates do not differ from company to company or agent to agent.
 - Building and contents coverage available.
- Most homeowners insurance doesn't cover flood damage.

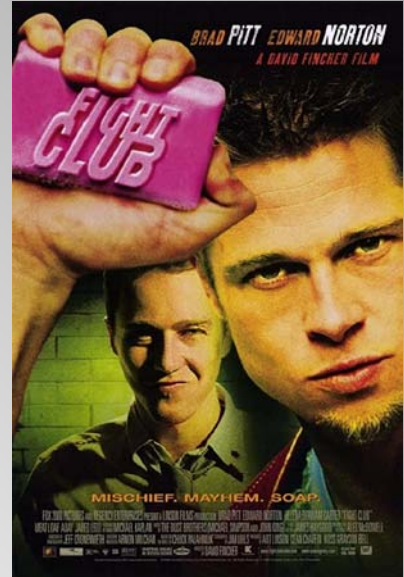


Photo source:

<https://www.imdb.com/title/tt0137523/mediaviewer/rm590641920>

Flood Insurance

- Flood insurance typically goes into effect 30 days after your purchase.
- Premium is based on several factors:
 - Certain fees and surcharges
 - Year of building construction
 - Building occupancy
 - Number of floors
 - Location of its contents
 - Flood risk (e.g., it's flood zone)
 - Location of the lowest floor in relation to the Base Flood Elevation on the flood map (flood openings will determine)
 - Deductible and amount of building and contents coverage
- A Preferred Risk Policy (PRP) can be purchased for as little as \$325 per year.
- **Read the policy. (know what's covered, and what isn't)**



Flood Insurance

- FEMA Risk MAP Program
- [Maryland Resiliency Partnership](#)
 - Maryland Department of the Environment (MDE)
 - Maryland Emergency Management Agency (MEMA)
 - Department of Natural Resources (DNR)
 - Maryland Environmental Service (MES)
 - Maryland Historical Trust (MHT)
 - Maryland Insurance Administration (MIA)
 - State Highway Administration (SHA), etc.
- [Maryland Silver Jackets team](#)
- May 8th – Flood Insurance Roundtable, Annapolis
 - MDE, MIA, MEMA and FEMA partnered in the event
 - Real Estate, Banking and Insurance had a seat at the table

What's the State doing?

- Form used to document building and ground elevations, area, etc.
- Uses:
 - Ensure compliance with community floodplain management ordinance;
 - Determine the proper flood insurance premium; and/or
 - Support a request for a Letter of Map Amendment (LOMA) to remove a building from the Special Flood Hazard Area.
- Will likely improve the rate, but not in all cases.
- As-built survey must be completed by a Maryland licensed surveyor.

U.S. DEPARTMENT OF HOMELAND SECURITY
Federal Emergency Management Agency
National Flood Insurance Program

OMB No. 1665-0008
Expiration Date: November 30, 2018

ELEVATION CERTIFICATE

Important: Follow the instructions on pages 1-8.

Copy all pages of this Elevation Certificate and all attachments for (1) community official, (2) insurance agent/company, and (3) building owner.

SECTION A - PROPERTY INFORMATION		FLOOD INSURANCE COMPANY USE
A1. Building Owner's Name _____		Policy Number: _____
A3. Building Street Address (including Apt., Unit, Suite, and/or Bldg. No.) or P.O. Route and Box No. _____		Company NAIC Number: _____
City _____	State _____	ZIP Code _____
A3. Property Description (Lot and Block Numbers, Tax Parcel Number, Legal Description, etc.) _____		
A4. Building Use (e.g., Residential, Non-Residential, Addition, Accessory, etc.) _____		
A5. Latitude/Longitude: Lat _____ Long _____ Horizontal Datum: <input type="checkbox"/> NAD 1927 <input type="checkbox"/> NAD 1983		
A6. Attach at least 2 photographs of the building if the Certificate is being used to obtain flood insurance.		
A7. Building Diagram Number _____		
A8. For a building with a crawlspace or enclosure(s):		
a) Square footage of crawlspace or enclosure(s) _____ sq ft		
b) Number of permanent flood openings in the crawlspace or enclosure(s) within 1.0 foot above adjacent grade _____		
c) Total net area of flood openings in A8.b _____ sq in		
d) Engineered flood openings? <input type="checkbox"/> Yes <input type="checkbox"/> No		
A9. For a building with an attached garage:		
a) Square footage of attached garage _____ sq ft		
b) Number of permanent flood openings in the attached garage within 1.0 foot above adjacent grade _____		
c) Total net area of flood openings in A9.b _____ sq in		
d) Engineered flood openings? <input type="checkbox"/> Yes <input type="checkbox"/> No		
SECTION B - FLOOD INSURANCE RATE MAP (FIRM) INFORMATION		
B1. NFIP Community Name & Community Number _____		B2. County Name _____
		B3. State _____
B4. Map/Panel Number _____	B5. Suffix _____	B6. FIRM Index Date _____
B7. FIRM Panel Effective/Revised Date _____	B8. Flood Zone(s) _____	B9. Base Flood Elevation(s) (Zone AO, use Base Flood Depth) _____
B10. Indicate the source of the Base Flood Elevation (BFE) data or base flood depth entered in item B9: <input type="checkbox"/> FIS Profile <input type="checkbox"/> FIRM <input type="checkbox"/> Community Determined <input type="checkbox"/> Other/Source: _____		
B11. Indicate elevation datum used for BFE in item B9: <input type="checkbox"/> NGVD 1929 <input type="checkbox"/> NAVD 1988 <input type="checkbox"/> Other/Source: _____		
B12. Is the building located in a Coastal Barrier Resources System (CBRS) area or Otherwise Protected Area (OPA)? <input type="checkbox"/> Yes <input type="checkbox"/> No Designation Date: _____ <input type="checkbox"/> CBRS <input type="checkbox"/> OPA		

FEMA Form 096-0-33 (7/15) Replaces all previous editions. Form Page 1 of 6

Elevation Certificate

- Reduce hydrostatic pressure on the walls.
- Engineered and Non-Engineered Flood Openings
 - Additional documentation requirements for engineered openings.
- Critically important for proper flood insurance rating for Post-FIRM structures.



Flood Openings

- About a year ago, “Joe” calls me...
 - His son has a house located on Kent Island (Queen Anne’s County)
 - The flood insurance premium is really high – over \$6k per year!
 - Looking for a way to reduce the cost

Case Study: Kent Island

- Home facts:
 - Located in flood Zone AE (EL 5)
 - Pre-FIRM structure (built in 1974)
 - Policy rated without an Elevation Certificate (Pre-FIRM rating)



Case Study: Kent Island

- My advice to “Joe”:
 - Hire a MD licensed surveyor, and ask them to complete an Elevation Certificate for you.
 - Submit the completed Elevation Certificate to your insurance agent for re-rating.

Case Study: Kent Island

- Outcome:
 - The insurance premium went from over \$6k/year, to under \$2k/year!
 - “Joe” and his son are happy.



Case Study: Kent Island

- Deliver rates that are **transparent, easy to understand, and better reflect a property's unique flood risk.**
- Rating Characteristics
 - distance to the coast or another water source
 - different types of flood risk
 - the cost to rebuild a home
- FEMA is using data from multiple sources
- Will initially provide credits for three mitigation actions:
 - **Installing flood openings per the 44 CFR 60.3 criteria;**
 - Elevating onto posts, piles, and piers;
 - Elevating machinery and equipment above the lowest floor.
- New rates for all single-family homes will go into effect nationwide on October 1, 2020.

Risk Rating 2.0

Risk Rating 2.0 Overview

March 2019



Why Risk Rating 2.0?

FEMA is focused on building a culture of preparedness by closing the insurance gap. Recognizing that purchasing flood insurance can be confusing and time-consuming, the National Flood Insurance Program (NFIP) is redesigning its risk rating system to improve the policyholder experience.

Risk Rating 2.0 aims to accomplish this by leveraging industry best practices and current technology to deliver rates that are **transparent, easy to understand, and better reflect a property's unique flood risk.** Through these efforts, FEMA goal is to make flood insurance significantly easier for agents to price and sell policies, and in turn, help customers better understand their flood risk and the importance of flood insurance.

Demand for change has been building for a long time, and Risk Rating 2.0 will be the culmination of a multi-year effort.

What is Changing?

Risk Rating 2.0 will fundamentally change the way FEMA rates a property's flood risk and prices insurance. The current rating methodology has not changed since it was first developed in the 1970s. But since then, technology has evolved and so has FEMA's understanding of flood risk. Currently, FEMA develops rates based predominately on Flood Insurance Rate Map zone and Base Flood Elevation. With Risk Rating 2.0, FEMA is pairing state-of-the-art industry technology with the NFIP's mapping data to establish a new risk informed rating plan. The catastrophe models, in combination with the ability to leverage the NFIP's mapping data, provides a better and more comprehensive understanding of risk at both the national and local level.

FEMA is building a new rating engine to help agents easily price and sell policies. It will also allow policyholders to better understand their property's flood risk and how it is reflected in their cost of insurance.

New rates for all single-family homes will go into effect nationwide on October 1, 2020.

What are the benefits of Risk Rating 2.0?

The NFIP is developing Risk Rating 2.0 to deliver the following key benefits to policyholders, communities, and the flood insurance industry:



Provides rates that are easier to understand for agents and policyholders



Reflects more types of flood risk in rates



Reduces complexity for agents to generate a quote



Ensures that rates remain risk-based and use the latest actuarial practices



Creates an individualized picture of a property's risk

Rating Characteristics

The new risk rating plan will use logical rating characteristics for each property, such as:

- distance to the coast or another water source
- different types of flood risk
- the cost to rebuild a home

By reflecting the cost to rebuild, the new rating plan will also aim to deliver more equitable rates for owners of lower-value homes.

Learn More

To learn more about Risk Rating 2.0 and to get the most up-to-date information, please visit www.fema.gov/nfiptransformation.

FEMA's mission is to help people before, during and after disasters.

- People can do things NOW to protect their home from flood damage!

- **OUTSIDE THE HOME**

- Maintain proper water runoff and drainage.
- Improve lot grading.
- Reduce impervious surfaces around your house.
- Install a rain barrel.
- Elevate utilities and service equipment.
- Anchor outdoor fuel tanks.

- **INSIDE THE HOME**

- Protect your valuable possessions.
- Seal your foundation and

basement walls.

- Install flood vents.
- Install a sump pump.
- Prevent sewer backups.
- Use flood-resistant building materials.
- Raise electrical system components.
- Protect utilities and service equipment.
- Anchor indoor fuel tanks.
- Install a flood alert system.

- **Link:**

<https://www.fema.gov/media-library/assets/documents/165910>



Protect Your Home from Flooding

LOW-COST PROJECTS YOU CAN DO YOURSELF



RiskMAP
Increasing Resilience Together

Resource

- [FEMA Elevation Certificate](#)
- [NFIP Technical Bulletins](#) (11 total)
 - TB 1, *Openings In Foundation Walls And Walls Of Enclosures*
 - TB 2, *Flood Damage-Resistant Materials Requirements*
- Flood Maps
 - <https://mdfloodmaps.net/>
 - <https://msc.fema.gov/portal/home>



Openings in Foundation Walls and Walls of Enclosures

Below Elevated Buildings in Special Flood Hazard Areas
in accordance with the National Flood Insurance Program

Technical Bulletin 1 / August 2008



FEMA

Additional Resources

- Official website of the NFIP.



FloodSmart.gov

- Flood insurance rates will continue to rise.
- Another disaster will happen.
- We all need to work together to better communicate flood risk, and reduce risk to structures.
- Educate folks in your community:
 - **Know** Your Risk
 - **Insure** Your Property
 - **Reduce** Your Risk
- Make A Plan:
 - <https://www.ready.gov/make-a-plan>

Final Thoughts

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Questions?