



NATIONAL FLOOD INSURANCE PROGRAM

Bureau and Statistical Agent

W-01083
3028-01

MEMORANDUM TO: Write Your Own (WYO) Principal Coordinators and the NFIP Servicing Agent

FROM: WYO Clearinghouse

DATE: December 26, 2001

SUBJECT: Steps States Can Take to Reduce Flood Losses

Attached are copies of a letter and related material that FEMA Director Allbaugh sent to the governor of each state earlier this year. In this letter, the Director suggests ways that the governors can help their states support the National Flood Insurance Program in reducing flood losses in their communities.

Please share this information with others in your organization as appropriate.

If you have any questions, please contact your Program Coordinator.

cc: Vendors, IBHS, FIPNC, WYO Marketing Committee, Government Technical Representative

Suggested Routing: Marketing, Underwriting

August 6, 2001

Dear

Since becoming Director of the Federal Emergency Management Agency (FEMA), I have witnessed the devastation that flooding can cause. To date, there have been some 20 Presidential Disaster Declarations in 18 states due to flooding. These floods create tragic consequences for far too many individuals, families and businesses by causing significant property damage, loss of life, and extraordinary public expense. While we have made headway in reducing flood losses, I know we can do better.

The fact is, not all communities participate in the National Flood Insurance Program (NFIP); not all eligible citizens have flood insurance; and not all buildings are built or rebuilt safely. Although the building standards of the NFIP are estimated to save more than \$1 billion in flood damages per year, the program was established on the basis of minimum floodplain management criteria. As a practical matter, the NFIP cannot address all the individual needs of each state.

As you know, states are key to reducing the costly financial and human toll of floods. We would like to work with you and your staff to further reduce flood losses. As a starting point, the FEMA Regional Director will soon contact your Chief of Staff to find out what actions your state is currently taking, to discuss what actions can be taken in the future, and to learn how we can help you. Some of the key areas we will want to explore with your staff are:

- Encouraging community participation in the NFIP;
- Promoting the purchase of flood insurance; and
- Ensuring that communities and your state implement sound floodplain management programs.

You may wish to consider these and the additional actions described in the attachment to address your unique flooding needs. Together we can make a difference in people's lives by reducing the costly economic and human toll caused by floods. Please feel free to contact me or to have your staff contact Howard Leikin, Deputy Administrator, Federal Insurance and Mitigation Administration at (202) 646-2781.

Sincerely,

Joe M. Allbaugh
Director

cc State NFIP Coordinating Agency
Emergency Management Directors
FEMA Regional Director

Enclosure



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Steps States Can Take to Reduce Flood Losses

- ❑ **Encourage communities to join the National Flood Insurance Program (NFIP)** – Individual citizens suffer the consequences of non-participation by not being able to purchase flood insurance and by not being eligible for certain types of disaster assistance. While more than 19,700 communities participate in the NFIP, some 4,000 communities with identified flood hazards are not in the program. Nearly every state has non-participating communities. Contact communities and encourage them to join the NFIP so that citizens can buy flood insurance.
- ❑ **Review state statutes to ensure communities effectively reduce flood losses** – Determine whether communities have the necessary authorities and tools to further sound floodplain management practices and to address their unique flooding needs, such as:
 - Integrate mitigation measures within existing state and local land use planning and development processes. Doing this before disaster strikes is one of the most effective ways to reduce damage from flood hazards.
 - Enact floodplain management requirements that exceed the minimum NFIP criteria. This will further strengthen community floodplain management programs. Update statutes to incorporate floodplain management criteria that can significantly reduce flood damages, such as freeboard and floodway restrictions. Communities that adopt more stringent protective measures may participate in the NFIP Community Rating System, enabling their citizens to obtain discounts on flood insurance premiums.
 - Enact statewide building codes to ensure construction of more hazard-resistant buildings.
- ❑ **Develop a strategy for repetitive loss properties.** The repeated flooding of properties is a serious problem in many states. These properties should receive priority for flood protection.
- ❑ **Update state regulations and executive orders to ensure state-owned properties are protected from flood damages** – A state is considered a “community” in the NFIP. As a participating community, states must also adopt floodplain management criteria that meet or exceed the minimum to ensure that state actions do not increase flood damages. Review these documents to determine whether they need updating.
- ❑ **Strengthen the state floodplain management agency** – Each state has an agency responsible for coordinating floodplain management aspects of the NFIP. The NFIP state coordinating agency plays an important role in providing assistance to communities, ensuring that communities comply with state and NFIP floodplain management criteria, providing outreach and education, and coordinating statewide floodplain management efforts. Provide sufficient resources to this critical office to sustain and promote an active and viable floodplain management program in support of communities.

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- ❑ **Integrate floodplain management throughout all state functions** – Hazard mitigation should be a part of all decisions regarding land use, public safety, housing, economic development, highway and public infrastructure. Establish a mechanism to ensure that floodplain management and NFIP activities are coordinated across all levels of government and programs.
 - ❑ **Increase state involvement in keeping flood hazard maps current** – Mapping flood hazards creates broad-based awareness of the flood hazards and provides the information needed for floodplain management programs and for accurate flood insurance rating. Lenders also use the maps to determine whether flood insurance is required. While FEMA has expended considerable effort to modernize the flood hazard maps, the Agency’s limited financial resources have not allowed FEMA to fully accomplish this goal of ensuring that communities have the most up to date maps. Some states have elected to participate with FEMA in our flood hazard-mapping program using the Cooperative Technical Partnership (CTP) initiative, which can include a cost-sharing component. Establish a partnership with FEMA, or assist communities in establishing such a partnership, to ensure that all communities have up to date flood hazard maps to serve their needs.
 - ❑ **Encourage constituents to buy flood insurance** – Buying flood insurance is one of the most important things citizens can do to help themselves recover from flood damage. People should not have to rely on limited disaster assistance in lieu of flood insurance. Currently, more than 4.2 million flood insurance policies representing \$562 billion worth of coverage are in force nationally. Flood damage – unlike wind damage – is not covered by homeowner’s or many business insurance policies. Here are things states can do:
 - Promote the sale of flood insurance. For example, the State Insurance Commissioner can also play a key role in promoting flood insurance.
 - Purchase flood insurance for publicly owned buildings and encourage local governments to obtain coverage for public buildings to protect taxpayers and facilitate rapid recovery.
 - Include the subject of flood insurance in state insurance exams and in continuing education requirements for state licensing of insurance agents and adjusters.
 - ❑ **Make sure that the state is financially prepared** – Many states have “Rainy Day” funds to cover the costs of specific disasters. Create disaster trust funds that provide on-going support for preparedness, response, recovery, and mitigation. The National Conference of State Legislators has prepared model trust fund legislation guidance that states can use to develop a “Rainy Day” fund. Create state tax incentives for homeowners and businesses to take measures to reduce flood damages.