Welcome to the FEMA NFIP Agent Training Program!

We will start in a few minutes. Meanwhile, let’s do a warm-up exercise.
Module 1

Training Overview

Homeowner Flood Insurance Affordability Act of 2014 (HFIAA)
Biggert-Waters Flood Insurance Reform Act of 2012 (BW-12)

April 2015 Program Changes Summary

- Increase in Reserve Fund Assessment
- Annual surcharge on all new and renewed policies
- An additional deductible option
- Increase in the Federal Policy Fee
- Rate increases for most policies
- Guidance on substantially improved properties
- Properties newly mapped into Special Flood Hazard Areas

- April 2015 NFIP Flood Insurance Manual
- April Program Changes Fact Sheet – 3-page summary as course material
Training Agenda

Session 1
• Getting Started
• Module 1: Training Overview
• Module 2: Flood Insurance Essentials
• Module 3: The Standard Flood Insurance Policy
• Module 4: Coverage

Session 2
• Module 5: Loss Settlement
• Module 6: Building an NFIP Policy
• Module 7: Base Flood Elevation and Elevation Certificates
• Module 8: Resources and Summary

The duration of the training program is 4 hrs.
The training is divided into two sessions of 2 hrs. each.

The Least You Need to Know

1. Every building is in a flood zone.
2. You can purchase flood insurance for any zone, not just for high-risk ones.
3. You need to purchase coverage separately for a building and for its contents.
4. You can file a claim without a federal declaration of disaster.
5. The Standard Flood Insurance Policy isn’t a guaranteed replacement cost policy
6. The Standard Flood Insurance Policy provides limited coverage for basements
7. The Standard Flood Insurance Policy excludes “time-element exposures”
Resources for Insurance Agents and their Clients

NFIP Flood Insurance Manual

Access the NFIP Flood Insurance Manual:

• Online at FEMA's website:
  
  http://www.fema.gov/flood-insurance-manual

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Module 2

Flood Insurance Essentials
Module Objectives

After completing this module, participants will be able to:

• Describe the basics of NFIP
• Differentiate between flood insurance and disaster assistance
• Distinguish the different flood zones
• Become familiar with the Flood Insurance Rate Maps (FIRM)

Topic 1: The National Flood Insurance Program

Basics of NFIP

The NFIP:

• Offers flood insurance through Write Your Own (WYO) insurance companies as well as the NFIP Direct Servicing Agent
• Reduces the consequences of flooding by:
  ▪ Making flood insurance available to property owners
  ▪ Involving community participation
Topic 1: The National Flood Insurance Program

Availability of Flood Insurance to Property Owners

Community Participation

• FEMA agrees to make flood insurance available within a community.
• The community agrees to:
  ▪ Adopt a Flood Insurance Rate Map
  ▪ Adopt a floodplain management ordinance
  ▪ Enforce regulations in the floodplain management ordinance
### Topic 1: The National Flood Insurance Program

**Community Participation: Ways to Participate**

#### Emergency Program
- Entry-level participation
- Flat rates
- Limited coverage
- Older flood map [Flood Hazard Boundary Map (FHBM)]
- Generally, a first step towards the regular program

#### Regular Program
- Full participation
- Actuarial rates
- Additional coverage
- Newer, detailed map [Flood Insurance Rate Map (FIRM)]

### Topic 2: Types of Coverage

**NFIP Coverage Limits**

<table>
<thead>
<tr>
<th></th>
<th>Emergency Program</th>
<th>Regular Program</th>
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<tbody>
<tr>
<td><strong>Residential (1-4 family)</strong></td>
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<td>Contents</td>
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<tr>
<td>Contents</td>
<td>$100,000</td>
<td>$500,000</td>
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</tbody>
</table>
### Community Status Book

**Community Participation: Does My Community Participate?**

### Community Status Book Report

<table>
<thead>
<tr>
<th>CID</th>
<th>Community Name</th>
<th>County</th>
<th>Init FIRM Identified Date</th>
<th>Init FIRM Identified Date</th>
<th>Cur Eff Map Date</th>
<th>Reg-Emer Date</th>
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</table>

**Legend:**
- **(E)** Indicates Entry In Emergency Program
- **(NSFHA)** No Special Flood Hazard Area - All Zone C
- **(M)** No Elevation Determined - All Zone A, C and X

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### Federal Emergency Management Agency

#### Community Status Book Report

**Kansas**

Communities Participating in the National Flood Program

**Table:**

- **CID:** Community Identification Number
- **Community Name:** Name of the community
- **County:** County where the community is located
- **Init FIRM Identified:** Initial date when the Flood Insurance Rate Map (FIRM) was identified
- **Init FIRM Identified:** Initial date when the FIRM was identified
- **Cur Eff Map Date:** Current effective flood map date
- **Reg-Emer Date:** Regular or emergency status
- **Tribal:** Tribal status

- **Community and county:** The community and county associated with the FIRM identification date
- **Initial date for Flood Hazard Boundary Map (older map):** Initial date for the Flood Hazard Boundary Map
- **Initial date for Flood Insurance Rate Map (if any):** Initial date for the Flood Insurance Rate Map
- **Date of current flood map:** Date of the current flood map

**Legend:**
- **(E):** Indicates Entry In Emergency Program
- **(NSFHA):** No Special Flood Hazard Area - All Zone C
- **(M):** No Elevation Determined - All Zone A, C and X

---

**Topic 1: The National Flood Insurance Program**

**CSB Shows All Participating Communities**

- Community Identification Number
- Community Name
- County
- Initial date for Flood Hazard Boundary Map (older map)
- Initial date for Flood Insurance Rate Map (if any)
- Date of current flood map

**Legend:**
- **(E):** Emergency program
- **(NSFHA):** No Special Flood Hazard Area - All Zone C
- **(M):** No Elevation Determined - All Zone A, C and X

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**Date:** 3/9/2015
Topic 2: Flood Zones and Mapping

Flood Insurance versus Disaster Assistance

**Flood Insurance**
- Flood insurance from the NFIP puts you in control. Flood insurance claims are paid even if a disaster is not declared by the President.
- There is no payback requirement.
- The average premium for federally backed flood insurance through the NFIP is about $700 a year.

**Disaster Assistance**
- Most forms of federal disaster assistance require a Presidential Declaration.
- The most common form of federal disaster assistance is a loan, which must be paid back with interest.
- The duration of a Small Business Administration (SBA) disaster home loan can extend to 30 years.

Basics of Flood Zones

- The various characteristics of a SFHA are:
  - “100-year floodplain” with 1 percent annual chance of flood
  - At least a 26 percent chance over a 30-year mortgage
  - High-risk zones comprising A zones and V zones (Coastal)
- The characteristics of a Non-SFHA are:
  - Moderate to Low risk
  - B and C zones (older maps)
  - X zones (more recent maps)
FIRM is an official flood map showing:
- Flood zones
- Base Flood Elevations (BFE)

It is available online through FEMA’s Map Service Center www.msc.fema.gov.

Finding a FIRM

You can locate the FIRM for a specific street address at the FEMA Map Service Center on:
www.msc.fema.gov.
After clicking View, the Map Viewer on the site gets activated, which allows you to:

- Pan, zoom in, zoom out, or make a FIRMette

FIRMette: A Section of FIRM

You can perform the following functions after you press the Make a FIRMETTE button:

- Use the MSC Viewer
- Move highlight to select a specific area on the FIRM
- Save the FIRMette in the following formats:
  - Print
  - PDF
  - Image file
Topic 2: Flood Zones and Mapping
FIRMette: Good Reference for the Insured
Topic 2: Flood Zones and Mapping
Coastal Barrier Resource Act and Otherwise Protected Areas

Insurance may not be available in:

• Coastal Barrier Resources Act (CBRA) areas
• Otherwise Protected Areas (OPA)

What CBRA and OPA mean:

• Buildings may be ineligible for coverage (even in participating communities) if constructed on or after identification date

Module 3
The Standard Flood Insurance Policy
Module Objectives

After completing this topic, participants will be able to:

• Describe the three types of Standard Flood Insurance Policy forms
• Explain the 30-day waiting period
• Explain the Preferred Risk Policy (PRP)

Policy Forms

Which to use? What’s the purpose of the structure?
Policy Forms

Dwelling Form

- Residential building for 1 to 4 families
- Also applies to:
  - Individual condo units
  - Manufactured homes
  - Renters (for contents)

Policy Forms

General Property Form

- Residential (More than 4 families)
- Nonresidential buildings
  - Commercial
  - Schools, churches, etc.
Policy Forms
Residential Condominium Building Association Policy

- Buildings owned by condo associations
- (Individual unit owners purchase a dwelling policy)

Topic 2: Waiting Period

Topic Objectives

After completing this topic, participants will be able to explain the 30-day waiting period along with its exceptions.
**Topic 2: Waiting Period**

**Flood Insurance Waiting Period (30 days)**

- There is a 30 day waiting period before any new or modified flood insurance policies go into effect.
- Exceptions are provided for:
  - Insurance in connection with a loan.
  - Insurance purchased within 13 months of a map revision (1 day wait).
  - Wildfire exception

**For detailed information, please see the General Rules section of the Flood Insurance Manual**

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**Topic 3: Preferred Risk Policy (PRP)**

**Preferred Risk Policy (PRP)**

Preferred Risk Policy:

- Offers lower cost option for low and moderate risk zones for:
  - Zones B, C, or X
- Depends on loss eligibility requirements that:
  - Apply to any 10-year period
  - Regardless of change of ownership
- Depends on upfront documentation requirements
- Is available for:
  - Individual condo owners, but not for the condo association
  - Residential risks
  - Non-residential risks

See the PRP section of the NFIP Flood Insurance Manual for more eligibility details.
Module 4

Coverage

Module Objectives

After completing this module, participants will be able to:

• Describe a flood event according to the NFIP definition
• Explain the four types of coverage
• Identify examples of ‘property not covered’ and exclusions in NFIP
**Topic 1: NFIP’s Definition of a Flood**

**Definition of Flood**

NFIP’s definition of flood has the following elements:

- A general condition
- A temporary condition
- Partial or complete inundation, such as:
  - Overflow of inland or tidal waters
  - Unusual and rapid accumulation or runoff of surface waters from any source

“A general and temporary condition of partial or complete inundation of two or more acres of normally dry land area or of two or more properties (at least one of which is your property) from:

- Overflow of inland or tidal waters
- Unusual and rapid accumulation or runoff of surface waters from any source.
- Mudflow”

**Definition of Flood: Mudflow**

Flood includes mudflow, which:

- Refers to a river of liquid or flowing mud on normally dry land
Topic 1: NFIP’s Definition of a Flood

Definition of Flood: Erosion

Flood-related erosion:

• Is the collapse or subsidence of land along the shore of a lake or similar body of water
• Is caused by waves or currents exceeding cyclical levels
• Results in flooding (as defined in previous slide)

“Collapse or subsidence of land along the shore of a lake or similar body of water as a result of erosion or undermining caused by waves or currents of water exceeding anticipated cyclical levels that result in a flood.”

Topic 2: Types of Coverage

Types of Coverage

The four types of coverage available in the Standard Flood Insurance Policy are:

• **Coverage A**: Building Property
• **Coverage B**: Personal Property
• **Coverage C**: Other Coverages
• **Coverage D**: Increased Cost of Compliance
Topic 2: Types of Coverage

Coverage A: What is a Building?

Buildings should:

• Have at least two rigid exterior walls and a fully secured roof
• Be principally above ground level
• Affixed to a permanent site

Buildings may include:

• Manufactured (mobile) home or travel trailer

Coverage A: Buildings under Construction

Coverage A for buildings under construction:

• Applies prior to “two rigid exterior walls and a roof”
  ▪ Offers coverage while work is in progress, or up to 90 days after work is halted
  ▪ Building deductible is doubled
  ▪ Offers no coverage if lowest floor is below Base Flood Elevation (BFE)
• Covers materials and supplies
  ▪ Stored in the building
  ▪ Stored on adjacent property

Travel trailers that are “road-ready” (having wheels) are not insurable by the NFIP.
### Topic 2: Types of Coverage

#### Coverage A: Additions and Extensions

“Building” includes additions and extensions attached to and in contact with the building, by means of a(n):

- Rigid exterior wall
- Solid, load-bearing interior wall
- Stairway
- Elevated walkway
- Roof

### Topic 2: Types of Coverage

#### Coverage A: Appurtenant Structures (Detached Garages)

- 10% of building coverage can be applied only to detached garages under the Dwelling Form
- Not additional coverage; taken from limit for building
- Dwelling policy only
  - Not General Property policy
  - Not RCBAP policy (condo associations)
- If a detached garage is used for residential, business, or farming purposes, it must be insured separately
Topic 2: Types of Coverage

Coverage A: Other Forms of Building

- Awnings, canopies
- Blinds
- Built-in dishwashers
- Carpet permanently installed over unfinished flooring
- Central A/C
- Elevator equipment
- Fire sprinkler systems
- Furnaces, radiators
- Garbage disposals
- Light fixtures

Examples of “building property” not personal property. See policy for details.

Coverage B: Personal Property in Which Building?

Under Coverage B, you need different forms for different types of personal property:

- Dwelling forms are for:
  - Contents that you own in any building at the described location
- General Property (GP)/RCBAP forms are for:
  - Contents inside a fully enclosed insured building

Remember, they are separate coverages:

- Coverage A insures the building property.
- Coverage B insures personal property.
- Need both? Purchase both.
**Topic 2: Types of Coverage**

*Coverage B: Examples of Personal Property*

- Air conditioning units (portable or window)
- Carpets over finished flooring
- Carpets, not installed permanently over unfinished flooring
- Clothes washers and dryers
- Cook-out grills
- Freezers (not walk-in); food in any freezer
- Portable microwave ovens, dishwashers

*These are examples. Please see the policy for complete details.*

---

**Topic 2: Types of Coverage**

*General Property Form: Household or Non-Household?*

<table>
<thead>
<tr>
<th>If Household Personal Property</th>
<th>If Other than Household</th>
</tr>
</thead>
<tbody>
<tr>
<td>Typical household personal property</td>
<td>Furniture and fixtures</td>
</tr>
<tr>
<td>Property belonging to you or to a family member</td>
<td>Machinery and equipment</td>
</tr>
<tr>
<td>At your option, property belonging to a guest or servant</td>
<td>Stock (raw material, supplies, finished goods, etc.)</td>
</tr>
<tr>
<td>Also: property you may be liable for</td>
<td>Other property you own and use in your business</td>
</tr>
</tbody>
</table>

*Under the General Property Form, Coverage B covers either household personal property or non-household personal property—but not both.*
Topic 2: Types of Coverage

Basement Coverage: What’s a Basement?

According to the Standard Flood Insurance Policy, a basement:

• Refers to any area with its floor below ground level on all sides
• Includes sunken rooms or rooms with sunken area

"Any area of the building, including any sunken room or sunken portion of a room, having its floor below ground level (subgrade) on all sides."

Coverage A (Building Property) in Basements and Enclosures*

- Central air conditioners
- Cisterns & the water in them
- Unfinished drywall (walls, ceilings) in a basement
- Electrical junction and circuit breaker boxes
- Electrical outlets and switches
- Elevators and related equipment
- Fuel tanks and fuel in them
- Furnaces and hot water heaters
- Heat pumps
- Non-flammable insulation in a basement
- Pumps and tanks used in solar energy systems
- Stairways and staircases (attached to building)
- Sump pumps
- Water softeners and chemicals in them, water filters and faucets installed as integral part of plumbing system
- Well water tanks and pumps
- Required utility connections for items on this list
- Footings, foundations, posts, etc., required to support building
- Clean-up

*Applies to basements in ANY zone and Post-FIRM enclosures in SFHAs. Please see the policy for complete details.
Topic 2: Types of Coverage

Coverage B (Personal Property) in Basements

Personal property items in basements that can be covered under Coverage B are:

- Portable or window air conditioning units
- Clothes’ washers and dryers
- Food freezers (other than walk-in) and food in freezer

Equipment must be in a functioning location and connected to a power source.

Topic 2: Types of Coverage

Coverage C: Other Coverages

- Removal of debris, which includes:
  - Non-owned debris in insured property
  - Owned debris from anywhere
  - Value of your labor for removal (at minimum wage)
- Loss avoidance measures for:
  - Sandbags, supplies, labor (up to $1,000)
  - Property removed to safety (up to $1,000)
- Condominium loss assessment (Dwelling Form):
  - Assessed to your unit by condo association
  - Up to the liability limit of Coverage A
- Pollution Damage (General Property Form)
  - $10,000 maximum limit
  - Does not include testing or monitoring unless required by law or ordinance
Topic 2: Types of Coverage

Coverage C: Doesn’t Increase A and B

For Example:
• Building only policy; insured for $125,000
• Claimed under Coverage C: $23,000
• Remaining under Coverage A: $102,000

Note: This example applies to “Debris Removal” or “Condominium Loss Assessments.”

Topic 2: Types of Coverage

Coverage D: Increased Cost of Compliance

• Post-flood cost to comply with floodplain management ordinances related to:
  ▪ Elevation, relocation, demolition
  ▪ Floodproofing (non-residences)
• Requires substantial damage or repetitive loss of:
  ▪ At least 50% of market value, or
  ▪ Loss in 2 floods in last 10 years
• Up to $30,000; no separate deductible

See details about eligibility in Part III, Section D of the policy form
### Topic 3: Property Not Covered and Exclusions

#### Examples of Property Not Covered by SFIP

- Personal property outside the fully enclosed building
- Property in, on, or over water
- Walks, decks & driveways
- Land, trees, shrubs
- Fences, seawalls, piers, docks
- Self-propelled vehicles, recreational vehicles
- Livestock
- Crops
- Accounts, bills, coins, currency, other valuable papers
- Underground structures, equipment (e.g., septic systems)
- Storage for gases, liquids
- Pools and equipment; hot tubs (except as bathroom fixtures)

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### Topic 3: Property Not Covered and Exclusions

#### Exclusions

The Standard Flood Insurance Policy does not provide coverage for:

- Loss of revenue or profits
- Loss of access or use
- Loss from interruption of business
- Additional living expenses
Topic 3: Property Not Covered and Exclusions

Examples of Exclusions

Policy does not cover:

- Sewer backup/seepage
- Overflow from sump pump
- Seepage or leaks
- Pressure or weight of water

Exception to the above:
Unless there is a flood in the area and the flood is the proximate cause of one of the excluded items.

Topic 4: NFIP Loss Settlement Options

Deductibles

Some important features of deductibles are:

- Minimum deductibles are tiered
  - Higher deductibles are available
- Separate for building and for contents
- Deductible doubles for buildings under construction
- No deductible for:
  - Loss avoidance measures
  - Loss assessments
  - Increased cost of compliance
Topic 5: National Flood Insurance Reform Act of 2004

Information Sent by WYO

Information sent to policyholder by WYO Company (or NFIP Servicing Agent):

- Cover letter for enclosures, information to follow
- New or renewal declarations page
- Four-page summary of coverage

Information Sent by FEMA

Information sent to policyholder by FEMA:

- Cover letter for enclosures
- Loss history for insured property
- Claims handbook
- Acknowledgment form to sign
Evaluations - Online

All attendees will be receiving an email with a link to a survey and feedback form.

Please take time to complete and help us improve our training effort!

THANK YOU!

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www.nfipiservice.com/training

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