



NFIP AND THE COMMUNITY RATING SYSTEM (CRS)

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INTRODUCTION

NATIONAL FLOOD INSURANCE PROGRAM (NFIP)

- Created by Congress: National Flood Insurance Act of 1968
- Purpose is 2-fold:
 - Enables purchase of flood insurance for properties within Special Flood Hazard Areas*
 - Reduces flood risk through adoption of floodplain management standards
- Community participation in NFIP is voluntary; however, flood insurance is only available to properties within participating communities



**SFHA = 100-year (1% annual chance) floodplain*

INTRODUCTION (cont.)

Lee's Summit has participated in NFIP since 1978

- Floodplain ordinance meets minimum NFIP criteria
- Adopted FEMA Flood Insurance Rate Maps (FIRMs)

Approximately 127 flood insurance policies in Lee's Summit



FLOOD INSURANCE

FLOOD DISASTER PROTECTION ACT OF 1973

- Made flood insurance mandatory for properties located within Special Flood Hazard Areas (federally-backed loan or mortgage)
 - Many flood insurance policies have historically been federally subsidized
- Large national disasters (Katrina, Rita, Sandy, Harvey, Irma) have adversely impacted the NFIP. (*Beginning of 2014, NFIP was \$24 Billion in debt*)

FLOOD INSURANCE (cont.)

BIGGERT-WATERS FLOOD INSURANCE REFORM ACT OF 2012

- Changed NFIP premiums to match actuarial risk-based premiums
- Removed subsidies

HOMEOWNERS AFFORDABILITY ACT OF 2014

- Delayed the increase in premiums
 - Premiums for most subsidized properties are required to increase no less than 5% but no more than 18% annually until premium reaches full actuarial risk rate.

REGIONAL INSURANCE RATES

State of MO:	\$1,019 avg. annual premium (26% Non-SFHA)
Jackson County:	\$1,072 avg. annual premium (33% Non-SFHA)
City of LS:	data skewed; currently more flood insurance policies for properties out of SFHA than in.

NOTE: Snap shot in time; relative numbers that change every year

COMMUNITY RATING SYSTEM (CRS)

Voluntary, free, program for communities within the NFIP

- Comparable to an Accreditation program
- Credits community efforts that exceed minimum NFIP standards by discounting flood insurance premiums for properties within Special Flood Hazard Areas
- Discounts range from 5% to 45% based on the CRS credit points that are awarded to communities

(Similar to private insurance programs that grade communities on effectiveness of fire suppression or building code enforcement.)

CRS CLASS TABLE

CRS Class	Credit Points Required	Discount for SFHA	Discount for non-SFHA
1	4,500+	45%	10%
2	4,000-4,499	40%	10%
3	3,500-3,999	35%	10%
4	3,000-3,499	30%	10%
5	2,500-2,999	25%	10%
6	2,000-2,499	20%	10%
7	1,500-1,999	15%	5%
8	1,000-1,499	10%	5%
9	500-999	5%	5%
10	0-500	0%	0%

COMMUNITY RATING SYSTEM (cont.)

Participating communities receive credit for 19 different sets of activities that fall into 4 different series:

- Series 300 – Public Information
- Series 400 – Mapping & Regulations
- Series 500 – Flood Damage Reduction
- Series 600 – Flood Preparedness

(CRS Manual has 600+ pages of activities that can count for credit)

CRS IMPACT TO LEE'S SUMMIT

Staff has contacted SEMA, FEMA, and the FEMA Insurance Services Office (ISO)

- Brief, cursory review indicates Lee's Summit could enter CRS at a class 9 based on current practices (5% discount to residents within SFHA).
- In depth review of existing practices will likely result in a higher class (Class 8, maybe a Class 7) and increased discounts to residents within SFHA.

CRS PROCESS

- City submits letter of interest to FEMA, followed by CRS application.
- FEMA performs a Community Assistance Visit (CAV)* to ensure we are in compliance with the NFIP.
- Once approved, City staff submits required information to FEMA to get started.
- Each year, City submits annual verification report to FEMA.
 - City can increase CRS Class rating once every 12 months (by additional documentation of existing efforts or by implementing new measures) for increased CRS points.

CRS COMMUNITIES

Nationwide: 22,000 NFIP communities; 1,500 of those are CRS

Missouri: 12 CRS communities, including Kansas City, Independence, and Blue Springs.

- Most communities enter the CRS program at a Class 8 or 9 but increase rating over time.
- Most communities are in Classes 6, 7, & 8.

Class	Community (as of 2017)
1	Roseville, CA
2	Sacramento, CA; Fort Collins, CO; Tulsa, OK; King County, WA; Pierce County, WA; Thurston County, WA
3	Louisville-Jefferson County, KY Ocala, FL
4	Charlotte, NC; Charleston County, SC; Palm Coast, FL; Maricopa County, AZ

QUESTIONS?