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FLOODPLAIN MANAGEMENT newsletter

December 30 1983

Here we are with our third newsletter and the first for the new fiscal year which began on October 1 1983 and our most adventuresome to date. Our plan is to publish the State of Texas Floodplain Management Newsletter each quarter throughout this year. We'd like to hear how any of you might have solved a particular floodplain management problem in your community and publish it in our newsletter to share with other floodplain administrators. So let us hear from you!

PUBLIC AWARENESS

Did your community have a flood event this year? If it did, your citizens are probably well aware of the flood hazards peculiar to your area. But if there hasn't been a flood for a while, you may be surprised how many people don't know which areas flooded or how high the water was. New residents are especially vulnerable to an unpleasant surprise if there has been no recent publicity about the flooding in your town. Ignorance of past flooding history and simple precautions to take before, during, and after a flood costs lives and money. Periodic distribution of some basic information about flooding is necessary and may pay off in saving a life. Radio stations and newspapers servicing your area have received materials prepared by FIAP and FEMA. You have received copies of Public Awareness brochures and other information which can be used as is or can be used to develop your own materials for an even better and more personal local program. Let us know of any ideas you've implemented that may be of use to other communities. We'll use them and give you full credit.

FLOOD INSURANCE RATE STUDIES

The detailed Flood Insurance Rate Studies normally required before a community moves into the Regular Program, are somewhat up in the air. FEMA has over 7,000 unstudied communities to try to convert to the Regular Program by 1987. To speed the conversion, FEMA has asked its consultants for proposals to develop criteria that will determine which of the 7,000 should have detailed studies and options available to convert communities without a study. Possible options are (1) detailed study, (2) convert, using existing data, and (3) convert, using Flood Hazard Boundary Maps. The Association of State Floodplain Managers, Inc. is vitally interested in this effort by FEMA because states and local communities have a large stake in the process to obtain adequate mapping data for use in regulating flood hazard areas.

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Of the 1234 flood prone communities in the state, 459 have had detailed studies and there are 60 ongoing studies at this time This leaves 714 designated flood prone communities, 460 of which are not participating in the National Flood Insurance Program. The Texas Department of Water Resources, which is the lead state agency for the NFIP, will work with FEMA in selecting additional communities for detailed Flood Insurance Rate Map Studies as funds become available. Communities not participating in the NFIP cannot be recommended for detailed mapping until they are a participant in the NFIP. For further information on this please contact Everett Rowland of TDWR, (512) 475-2171

IS THE STATE BUILDING IN YOUR TOWN?

Construction on state-owned property in local political jurisdictions (such as cities or unincorporated areas of counties) should comply with the local floodplain management permitting process however there is an executive order (DB 34A) which directs state agencies to evaluate flood hazards for all state projects and to comply at a minimum, with the floodplain management criteria established by FEMA for the National Flood Insurance Program.

TRY THIS FOR INTERIM BFE

As stated in the minimum floodplain management criteria established by FEMA and adopted by local jurisdictions, until base flood elevation data is provided by FEMA, local communities must try to obtain and utilize base flood data from other sources. Sources of flood information could be the Texas Highway Department for 100-year flood elevations at major highway bridge crossings, the U S Geological Survey for 100-year flood elevations and historical flood records at stream gauge stations, the U S Army Corps of Engineers, the U S Department of Agriculture - Soil Conservation Service (usually located in each county courthouse) and the Texas Department of Water Resources. Where flood maps have been published for county unincorporated areas, local officials can superimpose the flood boundaries onto U S Geological Survey topographic maps and determine an approximate 100-year elevation contour line. All major subdivision developers should also provide 100-year flood elevation data on the recorded subdivision plat.

THE ELEVATION CERTIFICATE - MORE THAN JUST ANOTHER FORM

The primary use for the elevation certificate is the application process for the purchase of flood insurance. Since October 1, 1982 insurance agents have been required to have an elevation certificate before writing flood insurance policies. This certificate contains all the necessary information for proper rating of the policy including the certification of the as-built first floor level by a Registered Professional Engineer or Public Surveyor. A second use for the elevation certificate is for meeting elevation record keeping requirements by local political subdivisions. Since section I of the certificate is filled out by the local permit official, the city or county should keep a copy of the certificate with the local permit records.

KEEP THIS RECORD STRAIGHT

When a county or city approves the incorporation of a community, the Texas Department of Water Resources should be notified as well as FEMA. Likewise, any annexations, disincorporations or takeover of one community by another political jurisdiction should also be reported to the Community Services unit of the Texas Department of Water Resources 512/475-2171

PRIVATE SECTOR INSURANCE COMPANIES RETURN TO NFIP

Forty-eight of the nation's leading property insurance companies have signed financial assistance/subsidy arrangements with the Federal Emergency Management Agency (FEMA), under which they will write flood insurance. The arrangements are the culmination of nearly two years of effort on the part of FEMA's Federal Insurance Administration (FIA) and insurance industry representatives to reinvolve the private sector in the flood insurance program.

Since 1978 flood insurance coverage was available only by a direct purchase from the federal government, and this new arrangement marks a significant return of the private sector to the National Flood Insurance Program (NFIP)

The 48 participating companies are a cross section of the insurance industry, with all types and sizes involved.

Because these companies will be able to sell flood insurance along with their homeowner policies, FEMA hopes to see a substantial increase in the number of flood insurance policyholders. This increase will spread the risk of loss and could lessen the current taxpayer burden necessary to subsidize the NFIP.

Although there are nearly two million NFIP policyholders, there are at least six to eight million structures in the United States which could be flooded and should be covered by flood insurance.

Under the terms of the arrangement between FIA and the private sector companies, firms will sell flood insurance under their own names. They will collect the premiums, retain 29.5 percent for commissions and servicing expenses and invest the remainder of the premiums. The companies will service their own flood insurance policies, adjust any losses and pay their own claims.

If the companies pay out more in claims than they take in from premiums and investment income, they will be reimbursed by the NFIP for the difference. Any profit realized by the companies as a result of the flood insurance business will be turned over to the United States Treasury.

FIA will determine rates, coverage limitations, eligibility and the like for flood insurance. Insurance agents and brokers who are not affiliated with any of the participating companies may continue to write flood insurance coverage directly with the NFIP.

Flood insurance is available for almost any walled and roofed structure and its contents if the structure is in a community which has agreed to adopt and enforce sound floodplain management ordinances. There are 777 out of 1234 communities in the state of Texas now participating in the NFIP.

REVISED NFIP POLICIES AND RATES TOOK EFFECT OCTOBER 1ST

The Federal Insurance Administration has announced revised premium rate schedules and significant policy language changes effective October 1st. Therefore, policies with new or renewal dates on or after October 1st will be the first to be processed in accordance with the changes according to FIA Administrator Jeffrey S. Bragg. The most important changes were summarized in a notice sent to insureds with their renewal notices by the NFIP.

Rate Simplification

The elevation rating of policies insuring buildings with the lowest floor at elevation shown in the manual rate pages has been simplified by applying the same rate to numbered zones 1 through 30. For example, Flood Risk Zones A1 to A30 have been placed under a single set of rate schedules as have Zones V1 to V30.

Basement and Elevated Building Exclusion

On or after October 1st, new and renewal policies will not cover flood damage to finished walls, floors, ceilings or other similar construction or improvements to a basement area.

This exclusion also applies to enclosures or building components located below the lowest elevated floor of an elevated building. However, required utility connections and the footing, foundation posts, pilings, piers or other foundation walls and anchorage system required for the support of the elevated building are covered.

Elements servicing the building (such as heating, electrical, air conditioning and utility equipment) in basements and below the lowest elevated floor are also covered. In most cases, flood damage to the content of basements or equipment located below the lowest elevated floor will not be covered.

Coastal High Hazard Areas

In addition to the basic deductible of \$500 and the \$3000 deductible also currently available for properties located in coastal high hazard areas, optional deductibles up to \$5,000 will be available commencing April 1, 1984 in all zones. And a policy may be endorsed for a deductible higher than the basic \$500 or V-Zone optional \$3,000 deductible on or after April 1, 1984. The higher deductibles will allow insureds to reduce their flood insurance premiums while retaining protection from a major catastrophe.

Coastal Barrier Resources Act

Agents writing applications for NFIP coverage in East and Gulf Coast

areas should be aware of the limitations on NFIP imposed by the Coastal Barrier Resources ACT (CBRA). New flood insurance will not be available through NFIP for new or substantially improved structures in designated undeveloped coastal barrier areas after October 1, 1983. FEMA coastal flood maps are now being revised to show areas designated as undeveloped barrier islands.

Revised Rates

Premium rates for many flood risk zones have been revised, with some rates increased and others decreased. The net effect of the changes will increase the average flood insurance premium by \$18.00 per year, or \$1.50 per month. However, insureds who own property in high risk zones will pay a proportionately higher rate than those who own property in the lower risk areas.

Additionally, the severe flooding during the first seven months of fiscal year 1983 has resulted in more than \$242 million of incurred claims during a period for which the earned premium was \$166 million. Also, during this period the NFIP incurred \$25 million in agents commissions and \$28 million of other expenses resulting in an underwriting loss of \$129 million for these seven months. Hurricane Alicia flooding will further aggravate this situation.

The rate increase and the policy changes will help reduce the overall cost of the program and in some cases will help individual property owners to reduce their insurance costs by electing one of the optional deductibles which become available on April 1, 1984.

NEW SERVICING AGENT FOR NATIONAL FLOOD INSURANCE CONTRACT

Federal Emergency Management Agency has selected Computer Sciences Corporation (CSC) to act as servicing agent for the National Flood Insurance Program.

As servicing agent, Computer Sciences will perform all insurance servicing administrative and marketing functions for the flood insurance program, with the government setting rates and assuming the underwriting risk.

The program currently has nearly two million policyholders and more than \$100 billion of coverage in force throughout the United States, Puerto Rico, and U. S. Territories. The FIA wants to add new policyholders in floodprone areas to provide homeowners and business concerns with financial protection from disastrous floods, as well as to expand the program's policyholder base, thereby reducing its dependence on government subsidy.

Computer Sciences will provide policy and claims administration support to the FIA for day-to-day operations of the program, and establish on-

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site catastrophe offices in the event of large-scale flooding. It will also assist the FIA in actuarial planning and financial management and analysis related to the program.

In addition, the company will operate training, marketing and information programs for agents, brokers, adjusters and lenders through a central program office in Lanham, Md, and 11 regional offices nationwide. The Regional office servicing Texas is located at 1535 West Loop South, Houston, Texas 77027, phone (713) 961-3058

MANAGING THE FLOODPLAIN/WHAT ABOUT THE WATERSHED?

Since the 100 year floodplain has been defined by detailed study in 459 communities throughout the state and is in the process of being identified in 60 additional communities, it is time to think about managing the watershed as well. Development throughout the watershed impacts on the floodplain through increased amount and rate of runoff.

Some communities have already expressed an interest in a re-study of their floodplain because the base flood elevation is most likely higher now due to construction in the watershed! Not only is re-studying expensive, it takes money away from studies needed by communities which haven't been studied. In addition, a rising BFE causes more flooding problems for homes and businesses already built according to NFIP standards in the floodplain.

Cities can manage their watersheds, but counties have a problem with this since their managing authority runs out at the outer and upper limits of the defined 100 year floodplain. Counties should develop some options for this big gap in the effective management of their floodplain. Let us hear from you on this. "Not to act is indeed to act"

PAST EVENTS

- FIAP/TDWR coordinated activities last quarter

November 18	Presentation Coastal Bend Emergency Management Association	- City of Kingsville
November 21	Floodplain Management Workshop	- City of Schertz
November 29	Floodplain Management Workshop	- City of Clute
November 30	Floodplain Management Workshop	- City of Port Aransas
December 6	Floodplain Management Workshop	- Walker County

- NFIP activities in Texas

November 15 & 16	Flood Insurance Sales Workshop	- Houston
December 13	Flood Insurance Sales Workshop	- Corpus Christi
December 14	Flood Insurance Sales Workshop	- Brownsville



- TDWR activities

October 19	Community Assistance Visit	- City of Whitney
October 20	Presentation on Role of TDWR in Floodplain Management to American Society of Civil Engineers	- Houston
November 1	Community Assistance Visit	- Kendall County
	Community Assistance Visit	- City of Boerne
	Community Assistance Visit and local workshop	- City of Crockett
November 2	Presentation on FPM to	- Val Verde County Board of Realtors
	Community Assistance Visit	- City of Port Arthur
November 4	Community Assistance Visit	- San Saba County
November 6 - 10	Attended NFIP Multi Hazard Conference	- Washington, D. C.
November 7	Community Assistance Visit	- Brown County
November 15	Community Assistance Visit Testimony on NFIP to State House Committee on Urban Affairs	- City of Schertz - Houston
November 21	Community Assistance Visit	- Comal County
December 6	Community Assistance Visit	- Hardin County
December 13	Community Assistance Visit	- City of Fredericksburg

October 1 through December 31 - Handled approximately 300 requests
for flood maps

COMING EVENTS

The January - March quarter of 1984 is shaping up as a busy one with two Workshops, two Regional Meetings, a Legal Seminar and the State Emergency Management Conference already scheduled or in the planning stages

January 18 -	Region 6 Floodplain Management Meeting at Killeen Community Center, Killeen Texas
January 25 -	Tarrant County Workshop at City Hall, Fort Worth, Texas
February 7-9 -	Legal Seminar at the Chariott Inn Motor Hotel Austin Texas
February 21-23 -	State Emergency Management Conference at the Hil- ton Inn Austin, Texas
March -	Region 1 Floodplain Management Meeting, (date and site not confirmed)
March 15 -	Robertson County Workshop (site not confirmed)

For further information on any of these events please contact Keith
Krause toll-free at 1-800-792-1123

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