



CRS Insurance Moonshot Workgroup Report

November 19, 2018

Executive Summary

The Federal Emergency Management Agency (FEMA) Community Rating System (CRS) Task Force assembled the CRS Insurance Moonshot Workgroup in July 2018 to examine ways the CRS could further engage with CRS communities and CRS stakeholders to support the FEMA's Strategic Plan Objective 1.1, which calls for closing the insurance gap, and to achieve the Federal Insurance and Mitigation Administration's (FIMA) "Double Coverage by 2022" insurance moonshot.

The CRS Insurance Moonshot Workgroup explored the potential for increased CRS program leveraging with CRS stakeholders, including communities, insurance agents and potential flood insurance policy purchasers, and CRS program incentives for CRS communities.

The Workgroup considered the implementation time frame of options and their potential impact on the number of contracts-in-force (CIF). All options were considered based on the Workgroup's sense of best approaches for retention of current CIFs and avenues for new CIFs, including private flood insurance policies. A major consideration was the likelihood for CRS communities or stakeholders to undertake a new activity due to the additional staff time or cost potentially required.

Numerous ideas were considered by the Workgroup and the alternatives discussed are presented in this report. Ways to more fully engage communities and insurance agents in the effort to close the insurance gap and to achieve two times the CIF by 2022 was the Workgroup's focus. For that end, the CRS Insurance Moonshot Workgroup recommends the following for further consideration by the CRS Task Force and FIMA:

1. Extend the CRS flood insurance premium discount to Preferred Risk Policies (PRPs) and Standard X Zone policies. Implementation would require a change in the Flood Insurance Manual and support from the Federal Insurance Directorate.
 - *This recommendation offers something new in the CRS that can be offered by insurance agents and promoted by communities in fresh outreach messages.*
 - *This recommendation can be implemented at any time and implemented without any changes to CRS Coordinator's Manual.*

2. Provide CRS communities with an overview of the community's flood insurance coverage that allows elected officials and others to see insurance gaps and helps the community identify flood insurance outreach needs.
 - *Rather than require community CRS coordinators to assess NFIP data, this recommendation instead calls for ISO to provide a synopsis of current coverage. FIMA has new data and insight into insurance and since the CRS offers a direct communication with communities, the insights should be conveyed to community officials.*
3. Offer additional CRS credit within CRS Activity 370 (Flood Insurance Promotion) beginning in 2019. Up to 215 additional credit points will be available in the activity and new credit elements are included for additional collaboration with insurance agents.
 - *This recommendation offers community incentives to undertake a higher level of flood insurance promotion (at least annual or more frequently) in exchange for CRS Class improvement.*
4. The CRS program should further engage with CRS communities and all stakeholders through newsletters and special communications, and at all training opportunities, to assist communities and stakeholders with their conversations with residents and property owners on the importance of flood insurance.
 - *Over 70% of all NFIP policies are within CRS communities. The CRS stakeholder base extends to regional groups and not-for-profits. The CRS will deliver FIMA messages, toolkits and other resources to all stakeholders.*

These four recommendations allow FIMA to use CRS to further engage with insurance agents, communities and other stakeholders, and call for the CRS to expand their current efforts to support the insurance aspects of the NFIP. Supporting the insurance aspects of the NFIP has always been a stated goal of the CRS.

As concurrence with the recommendations are provided by FIMA, the CRS team will coordinate with FIMA Directorates and begin implementation. The CRS Task Force will monitor implementation and assess possible additional efforts. The CRS Insurance Moonshot Workgroup will be called back together as needed.



CRS Insurance Moonshot Workgroup Report

November 19, 2018

Overview

In July 2018, the Community Rating System (CRS) Task Force assembled the CRS Insurance Moonshot Workgroup to examine ways that the CRS could further incentivize CRS communities and other CRS stakeholders to support the Federal Emergency Management Agency's (FEMA) Strategic Plan Objective 1.1 to close the insurance gap and achieve the Federal Insurance and Mitigation Administration's (FIMA) "Double Coverage by 2022," or for the purposes of this report, the "Insurance Moonshot." The Insurance Moonshot means doubling the number of National Flood Insurance Program (NFIP) and private flood insurance contracts-in-force (CIF)¹ by 2022.

The CRS Insurance Moonshot Workgroup explored

- CRS program leveraging and marketing opportunities with insurance agents, and potential purchasers of flood insurance and CRS stakeholders to achieve the insurance moonshot, and
- Changes within the CRS program (the CRS Coordinator's Manual) to better incentivize communities to increase policy coverage.

The Workgroup considered the time frame for implementation of each option, and potential impact on the increase in (net) CIF by 2022. All options were considered based on the Workgroup's sense of the potential for a net increase in flood insurance CIFs. Meaning, retention of current CIFs and new CIFs, including private flood insurance policies. The recommendations made by the Workgroup in this Report are for the consideration of the CRS Task Force and by the FIMA Leadership. Some recommendations have already been considered by the CRS Task Force; those are noted in the discussion that follows.

The Workgroup was made up of CRS Task Force members, FIMA representatives or consultants, and two outside insurance experts that donated their time to the Workgroup. All of the local community representatives and all of the insurance industry representatives from the CRS Task Force participated. This group of members assisted in answering questions of effectiveness for each idea within communities or with insurance agents. The Workgroup chair and members are listed in Appendix D.

¹ Crediting Policy Growth:

It is understood that the FEMA Strategic Plan Objective and the FIMA Insurance Moonshot is for a net increase in CIF. Available NFIP policy data for the CRS is as PIF. For purposes of the Workgroup effort, PIF and CIF are interchangeable.

Options and Alternatives Considered

A variety of options and alternatives for the CRS to help achieve the Insurance Moonshot were suggested by FIMA for consideration by the CRS Insurance Workgroup. Other options and ideas were proposed by the Workgroup members. The following list of ideas were considered. With each idea or option, the current CRS requirement or credit is noted. It is also noted with each idea or option if the Workgroup felt there should be further consideration or exploration.

Table 1. CRS Insurance Moonshot Workgroup List of Suggested Alternatives

Alternative	Recommended to CRS Task Force and FIMA	Further Consideration Needed	Not Recommended	See Report
1. CRS Prerequisites				Page 5
Require an increase in CIF over time for CRS participation			✓	
Require credit in Activity 370 (Flood Insurance Promotion) for CRS participation	Alternate approach		✓	
Require flood insurance on all community-owned buildings			✓	
2. Extension of the CRS Discount to All NFIP Policies				Page 8
Extend to Standard X Zone Policies	✓			
Extend to Preferred Risk Policies	✓			
3. CRS Credit for				Page 10
Increase credits in Activity 370 (current elements)	✓			
New elements in Activity 370 and provide enough total points for a class change	✓			
Increase in CIF			✓	
Add credit for insurance promotion in other locations in the CRS Manual		✓		
4. Stand-alone program not related to points that provides a one class improvement		✓		Page 14
5. CRS Promotion of Insurance Moonshot				Page 15
NFIP/CRS Update Newsletter feature articles	✓			
Expansion of FEMA Moonshot Toolkit	✓			
CRS education and promotion of moonshot at stakeholder trainings	✓			
6. Other Ideas		✓		Page 16

1. Create CRS Prerequisites Related to Flood Insurance

The CRS program has several program prerequisites (Class 9) and class improvement prerequisites (Classes 6, 4 and 1). The current Class 9 prerequisites include a community being in good standing with the NFIP, maintaining correct elevation certificates, attention to repetitive loss properties, and having flood insurance on properties owned by the community where flood insurance is required. Possible new Class 9 prerequisites (required for program participation) were suggested by FIMA staff for the Workgroup's consideration:

- Require an increase in CIF
- Require flood insurance on public buildings
- Require some credit in the current Activity 370 (Flood Insurance Promotion)

- a. **Require an increase in CIF over time for CRS program participation.** The Workgroup agreed that increased insurance coverage in a community is a desired outcome of the community's CRS program participation.² The Workgroup discussed the roles of community CRS coordinators and floodplain administrators. The Workgroup concurred that requiring an increase in CIF (and more specifically a net increase in CIF) should not be a program prerequisite. The Workgroup discussed, at length, the challenges that exist on how to measure a net increase in CIF that are due to marketing or community efforts, and not a result of FEMA map changes to the FIRM, disaster declarations or mortgages being sold. Also, the challenge of accounting for changes in CIF related to availability of private insurance cannot readily be measured. The Workgroup agreed, however, that if an increase in CIF (if it can be measured) related to marketing or promotion by the community, should receive CRS credit (see discussion in Section 3 of this report).

Current CRS Class 1 Prerequisite:

"211.d (3) Promote flood insurance as a vital way to protect residents and businesses from the financial impact of a flood. This is demonstrated by having at least 50% of the buildings in the community's SFHA covered by a flood insurance policy or obtaining at least 50% of the maximum points under Activity 370 (Flood Insurance Promotion)."

See page 210-6 of the 2017 *CRS Coordinator's Manual*.

The Workgroup members representing CRS communities also noted their efforts to have Community Identification Numbers (CIDs) corrected on policies so that people outside their community were not wrongly getting their CRS community's discount. This effort may show a false decrease in CIF and communities should not be penalized for correcting the CIDs.

The Workgroup recommends against an increase in CIF being a program prerequisite for the additional reason that the CRS should not be punitive to communities that do not increase CIF. The NFIP gains other flood risk reduction benefits from community participation in the CRS; these benefits are very important. An increase in CIF as a CRS program (Class 9) prerequisite is not recommended by the Workgroup.

² Preliminary research by Texas A&M in 2015, funded by the CRS program, indicated that flood insurance coverage in CRS communities was higher than non-CRS communities.

b. **Require flood insurance on community-owned buildings:** The FIMA suggestion brought to the Workgroup was to require insurance on all public buildings. The CRS has a current Class 9 prerequisite that the community “must maintain all flood insurance policies that it has been required to carry on properties owned by the community.” The prerequisite is for community-owned buildings and not all public buildings within the community. The Class 9 prerequisite pertains to communities that have received Public Assistance (PA) and only to buildings owned by the community itself. If a community has not received PA, there is no current CRS insurance requirement for community owned buildings (Appendix A provides the CRS Coordinator's Manual description of the prerequisite).

Two options were suggested:

Option 1. Create a new prerequisite for insurance on all community-owned buildings. Such a prerequisite would also support the FIMA mitigation moonshot.

Option 2. Make flood insurance on community owned buildings a credit opportunity.

While the Workgroup members felt it is important to promote flood insurance on community owned buildings, the burden hours on communities to document that insurance would be notable. (The Workgroup is aware of FIMA's interest in seeing the CRS simplified.) The Workgroup also felt that the total number of community-owned buildings and public buildings are a small percentage of all buildings (inside and outside the SFHA) and it would be best to focus our efforts on privately owned buildings.

The Workgroup shared this opinion regarding CRS credit for flood insurance for critical facilities; that the effort to document the insurance would not be worth the credit, however this is something that the CRS team could further explore under other CRS activities.

The Workgroup does not recommend a new prerequisite for insurance on community-owned buildings but does think CRS should further explore the potential for new credit for insurance on community owned buildings and/or critical facilities.

c. **Require CRS communities to get credit in Activity 370 (Flood Insurance Promotion) for CRS participation or as a class prerequisite:** The option includes requiring each CRS community to either do an assessment of their community's flood insurance coverage, develop a coverage improvement plan, and/or provide outreach to residents and property owners regarding flood insurance. Activity 330 (Outreach Projects) has a current credit prerequisite for at least one annual flood insurance message that must be disseminated before credit will be provided for other messages or projects. See page 330-6 of the 2017 CRS Coordinator's Manual (CRS Manual) for more information. As of May 2018, 94% of CRS communities met this prerequisite and received CRS credit for outreach projects. CRS communities with repetitive loss properties must also distribute an annual outreach project to properties within repetitive loss areas and the project must include “basic facts about flood insurance.”

The Workgroup discussed the idea of whether credit in Activity 370 should be a CRS prerequisite for Class 8 or Class 9 at a number of the discussions. The Workgroup recommends against creating additional insurance-related prerequisite for CRS participation or for Class 8. The Workgroup instead thought it better to have ISO provide flood insurance coverage information at cycle verification visits and/or annual recertifications. Currently, ISO provides the CRS “What If” statements to the community CRS coordinators at all cycle visits (every 3 or 5 years). The “What If” statements are from

FIMA's Community Information System (CIS) and show the current number of policies and the potential CRS discount for the various CRS classes. The other insurance information from CIS could also be provided to community CRS coordinators and be shared with the community's chief elected official. This could be done at the cycle visit but also annually, during the community's annual recertification. Combined with the community's knowledge of buildings in the SFHA or subject to flood risk, the insurance coverage concerns would be clear. This information sharing approach, rather than a prerequisite or a mandate, would foster a community partnership with FEMA in closing the insurance gap.

CRS Activity 370 (Flood Insurance Promotion)

1. Flood insurance coverage assessment (FIA) provides credit for a review of existing NFIP policy coverage in the community. The FIA can be done by one person and the assessment must be shared with the governing body.
2. Coverage improvement plan (CP) provides credit for forming a committee that includes an insurance agent to outline additional flood insurance messages that could be provided to residents and property owners. (Note that all CRS communities must provide a flood insurance message in CRS Activity 330 (Outreach Projects) in order to get any credit in that activity.)
3. Coverage improvement plan implementation (CPI) provides credit for implementing the CP and the CP must be adopted by the governing body.
4. Technical assistance (TA) provides credit for an insurance professional that provided flood insurance advice, when requested, and on behalf of the community.

Total of 110 credit points available.

Note that ISO also provides each CRS community with a list of NFIP policies within the community each year. The community can use the policy data and/or the CIS to do the FIA and the CP (and get credit), but information may not reach elected officials. A more intentional effort by ISO to discuss flood insurance and reaching elected officials may be more productive than putting additional requirements on CRS communities who participate in this voluntary program.

Although, a CRS participation (Class 9) prerequisite related to Activity 370 is not recommended by the Workgroup, the Workgroup did recommend that the CRS team assess if the current Class 1 Activity 370 prerequisite be implemented at Class 4 in the next *CRS Coordinator's Manual*.



The Workgroup recommends that FIMA work with ISO to identify flood insurance assessment information that ISO can provide to CRS communities which allows elected officials and others to see insurance gaps and helps the community identify flood insurance outreach needs.

2. Extension of the CRS discount

Figure 1 presents Table 110-1 from the CRS Manual (page 110-3). Currently, discounts of 0% to 45% can be provided to NFIP policies in the SFHA. Discounts of either 5% or 10% are provided for Standard X Zone policies (“Outside the SFHA”). There are no CRS discounts for preferred risk policies (PRPs). These discounts have been in place since the beginning of the CRS in 1990.

It was suggested that the “In SFHA” discount be extended to the Standard X Zone policies and PRPs for the purpose of creating a marketing opportunity for communities and insurance agents. FEMA and the NFIP ask people to consider their risk and to purchase flood insurance. With additional discounts, perhaps people currently not eligible for a discount will be prompted to “think again” about the value of flood insurance. The following alternatives were considered by the Workgroup:

- Option 1: Extend the full CRS Class discount (0% to 45%) to Standard X Zone policies
- Option 2: Extend the full CRS Class discount (0% to 45%) to PRPs
- Option 3: Extend the “Outside SFHA” discount (5% or 10%) to PRPs

The Workgroup understands that the CRS is a revenue neutral program within the NFIP. Increases in total CRS discount (all communities; all policies) results in increases to the base premium rate. An issue with the proposed options is the potential increase in the Standard X Zone or PRP base premium verses the potential for an increase in CIF.

Tom Hayes, FEMA actuary, was open to considering extending the discount to Standard X Zones and PRPs because, due to CRS, the nation’s flood risk portfolio has been reduced and that many CRS activities are implemented outside the SFHA. He added that although the extension of the CRS discount to all policies is an idea stemming from the Insurance Moonshot discussions, it may simply be time for the NFIP and the CRS to make a program adjustment.

The NFIP data base on policies-in-force as of December 31, 2017 and CRS community class status effective May 1, 2018 were used to evaluate the proposed CRS discount options by FEMA actuaries.

Option 1: There would be limited impact on the base premium for Standard X Zone policies if the CRS discount were changed from 5% or 10% to the full CRS Class discount. This is due to there being relatively few Standard X Zone policies compared to all other NFIP policies. Since Standard X Zone policy holders pay a more actuarial rate premium, the premiums are often higher than SFHA premiums. The Workgroup concurred that it is appropriate to extend the full CRS Class discount to “Outside the SFHA” (which should be changed to “Standard X Zone” in the next CRS Manual).

Option 2: If the full CRS Class discount (5% to 45%) were extended to the PRPs, the base premium for PRP policies would need to be increased by about 13%.

Option 3: A CRS discount of 5% (Class 9-7) and 10% (Class 6-1) for PRPs would yield a 6% increase in the base premium for PRPs. The Workgroup agreed that Option 3 is more appropriate for the activities that CRS communities implement outside the SFHA and in newly mapped areas.

The potential 6% increase in PRP rates means that PRP policies in CRS communities Class 9-7 would see a 1% increase and others will see (CRS communities Class 6-1) a 4% decrease.

Current CRS Manual Table 110-1 [Modified]. CRS classes, credit points, and premium discounts.					Recommended CRS Manual Table 110-1 CRS classes, credit points, and premium discounts.				
CRS Class	Credit Points (cT)	Premium Reduction			CRS Class	Credit Points (cT)	Premium Reduction		
		In SFHA	Outside SFHA	PRP			In SFHA	Standard X Zone	PRP
1	4,500+	45%	10%	0%	1	4,500+	45%	45%	10%
2	4,000–4,499	40%	10%	0%	2	4,000–4,499	40%	40%	10%
3	3,500–3,999	35%	10%	0%	3	3,500–3,999	35%	35%	10%
4	3,000–3,499	30%	10%	0%	4	3,000–3,499	30%	30%	10%
5	2,500–2,999	25%	10%	0%	5	2,500–2,999	25%	25%	10%
6	2,000–2,499	20%	10%	0%	6	2,000–2,499	20%	20%	10%
7	1,500–1,999	15%	5%	0%	7	1,500–1,999	15%	15%	5%
8	1,000–1,499	10%	5%	0%	8	1,000–1,499	10%	10%	5%
9	500–999	5%	5%	0%	9	500–999	5%	5%	5%
10	0–499	0	0	0	10	0–499	0	0	0
SFHA: Zones A, AE, A1–A30, V, V1–V30, AO, and AH Outside the SFHA: Zones X, B, C, A99, AR PRP: Preferred Risk Policies Minus-rated policies and, after October 1, 2012, severe repetitive Premium discounts are subject to change.					SFHA: Zones A, AE, A1–A30, V, V1–V30, AO, and AH Standard X Zone: Zones X, B, C, A99, AR PRP: Preferred Risk Policies Minus-rated policies and, after October 1, 2012, severe repetitive Premium discounts are subject to change.				

Figure 1. CRS Insurance Premium Discount - Current and Recommended (Options 1 and 3)



Workgroup recommends that FIMA Leadership approve the extension of the full CRS Class discount (0% to 45%) to Standard X Zone policies and approve the extension of a 5% and 10% discount to PRPs, as shown in Figure 1 of this Report.

The extension of the CRS discount does not require a change in the *CRS Coordinator's Manual*. The discounts would need to be published in the *Flood Insurance Manual* and included any communication with insurance agents.

The Workgroup was not unanimous in recommending the extension of the CRS discount. Some Workgroup members had concerns with the possibility of PRP base rates going up and the potential loss of PRP premium revenue for renewing policies. Also, worth noting, all of the local community Workgroup participants supported the extension of the CRS discounts to Standard X Zone and PRPs. They feel that PRPs getting a CRS discount is something CRS communities will take the time to promote and that people will consider a PRP, in light of a discount.

A fourth option was suggested for future consideration, and that was the full CRS class discount for PRPs if there is an appropriate increase in CIF. As discussed later in the Report, the Workgroup was challenged to both assess net increase in CIF due to community efforts (verses a map change or disaster) and private insurance, therefore this fourth option was tabled.

3. CRS Credit for Promotion of Flood Insurance and Changes to the CRS Coordinator's Manual

The Workgroup considered the benefits of adding activities or elements to the current 2017 CRS Manual to better promote flood insurance. The 2020 CRS Manual is scheduled to be effective in April 2020. The Workgroup considered changes that would be made in 2020 and changes that could be made now.

With each 500 credit points, communities improve by a CRS class. There are a number of CRS prerequisites that must be met before improving to certain classes. Adding new prerequisites related to flood insurance were discussed in Section 1 of this report, and new prerequisites are not recommended by the Workgroup. Neither did the Workgroup recommend waiving any prerequisites. Instead the Workgroup focused on adding sufficient points within current CRS activities to allow communities the opportunity for a class improvement. While Activity 330 (Outreach Projects) has a requirement for the community to disseminate a flood insurance message before any credit is provided for that activity, the Workgroup felt it best to focus on Activity 370 (Flood Insurance Promotion).

Activity 370 (Flood Insurance Promotion) offers credit for:

- A flood insurance assessment (15 points)
- The development of an insurance coverage improvement plan (15 points)
- The implementation of the coverage improvement plan (60 points), and
- For technical assistance from an insurance professional for insurance policy inquiries (20 points).

The maximum credit is currently 110 points.

- a. **For Activity 370 (Flood Insurance Promotion):** Activity 370 is a “new” activity to the CRS, but interest in this activity is growing. The CRS program has been monitoring the increase in community credit in the Activity. Most communities are combining the elements within Activity 370 with other outreach or planning efforts. ISO/CRS Specialists have noted that the name of this Activity isn’t very enticing to communities. An Activity name change will be considered for the 2020 CRS Manual.

For Activity 370 the Workgroup considered:

- Adding credit to current elements in Activity 370
- Creating new elements based on community or insurance agent actions not currently credited in the CRS
- A combination of current and proposed points and then assessed the resulting incentive for communities to take on additional flood insurance promotion
- Considered if points should only be provided if the community’s efforts resulted in an increase in CIF

Table 2 lists the current Activity 370 elements and shows the Workgroup recommendations for increasing credit in those elements. The table also shows the new elements being recommended. In all, the Workgroup recommends that the CRS Task Force and FIMA consider adding 300 to 400 points to the CRS program (via Activity 370).

Table 2. Activity 370 (Flood Insurance Promotion) New Credits

372 Elements – Currently 110 points.	Recommended changes or new creditable effort	Recommended Points to be added
a. Flood insurance coverage assessment (FIA): <u>Up to 15 points</u> for assessing the community’s current level of coverage and identifying shortcomings. <i>[Reassessment is required every 5 years.]</i>	Increase credit for current requirements from 15 to 30 when additional level of assessment (e.g., comparison to building counts) is included. Add additional credit for a reassessment each year	30 15 (Total: 45)
b. Coverage improvement plan (CP): <u>Up to 15 points</u> for a plan prepared by a committee that has representation from local insurance agents.	Increase credit for current requirements from 15 to 45. Add credit for additional considerations, such a higher level of involvement by insurance agents	30 15 (Total: 45)
c. Coverage improvement plan implementation (CPI): <u>Up to 60 points</u> for implementing the projects in the CP plan.	Option: More credit if an increase in CIFs.	60
d. Technical assistance (TA): Up to 20 points for providing advice about flood insurance.	Increase credit for more than one advisor. Other community-insurance agent partnering opportunities.	35 15 (Total: 50)
NEW Activity 370 ELEMENTS		
e. Distribution of flood insurance brochures (FIB).	Flood insurance information given out when: A permit is being issued by the community. Utility bills or tax bills, at least annually Social media outreach (4-5 per year)	15 25 10 (Total: 50)
f. Flood insurance town hall meeting or open house (FIM).	Annual town hall meeting held with community officials and insurance agents. Additional credit related to attendance at the meeting. Additional credit if the State insurance commissioner is involved.	40 10 10 (Total: 60)
g. State requirement for continuing education on flood insurance for insurance agents.	Create credit	15 (Total: 15)
Current available credit: 110 points	Proposed new Activity 370 total: 325 points	

The credits proposed would be the 110 current credits available, plus 215 points, for a total possible of 325 points. As Activity 370 is expanded, attention will be given to the frequency of messaging. The CRS generally requires an annual distribution of messages. For the additional Activity 370 credit however, some efforts may be required to be implemented quarterly or every six months.

Possible impact of new CRS credits: The Workgroup, and the CRS Task Force at the September 2018 Task Force meeting, discussed the possible impact of offering “new” points within the CRS program. A higher total number of possible points in the CRS and the assumed opportunities for communities to improve a class, could necessitate an increase in the NFIP base rate premiums for CRS and non-CRS communities. An increase in CIF could offset the impact on base rates, but this is difficult to assess. Therefore, the major concern is the additional credit being offered that could result in CRS class improvements without an increase in CIF. Figure 1 shows the CRS discount for each CRS Class.

Note: The Workgroup is aware that the CRS Task Force is discussing the retirement of certain CRS credits in 2020, and some retired credit could be transferred to Activity 370. (See Appendix C for the national CRS participation map and CRS Class ratings as of October 2018.)

Net increase in CIF: The Workgroup spent considerable time discussing how to determine whether a net increase in CIF can be attributed flood insurance promotion by communities. There are many factors that influence changes in CIF within a community that are unrelated to community actions, and only NFIP CIFs can be readily measured at this time. Increases in CIF can be due to changes in the FIRM and disaster declarations. Decreases in NFIP CIF can be due to changes in the FIRM, the availability of private flood insurance and mortgage changes. Also, as stated earlier, a number of CRS communities are interested in having the CID on policies that aren’t within their community be corrected.

The Workgroup also considered, if an increase in CIF could be measured, how much of an increase should be expected for maintaining CRS credit, or receiving additional CRS credit. Average PIF in the top 1% of CRS communities, by total CRS discount, is 71,231 policies. The average PIF in the bottom 10% of CRS communities, by total discount is 16 policies. Average PIF in the top 50% of CRS communities is 4,774 policies, and the bottom 50% is 134 policies. (See Figure 2.) A 20% nor a 2% increase in CIF for all communities can fairly applied, given the range of PIF within CRS communities.

The Workgroup considered a varying scale for percent increase in CIF to apply fairness between CRS communities – for the time when a net increase in CIF can be identified. The table in Figure 3 provides an example of percent increase in CIF based on current PIF in CRS communities. Appendix B provides more information on NFIP policies in CRS communities.

Due to the inability to determine a net increase in CIF due to a community’s flood insurance promotion efforts, the Workgroup, at this time, recommends that the CRS not attempt to require or credit an increase in CIF.



The Workgroup recommends, as an option for achieving the moonshot, adding credit and credit elements to Activity 370 (Flood Insurance Promotion). FIMA will need to further consider the impact on the NFIP base premiums if new CRS credits are created without a reduction in existing credits and high policy count communities receive class improvements.

Figure 2. CRS Communities and NFIP Policies

The Workgroup concurred that for a number of the insurance moonshot ideas for the CRS, CRS credit should be provided if the communities or stakeholder actions result in a net increase in CIF, whether through NFIP policies or private insurance. There are two challenges when considering flood insurance policy growth. The first is knowing if the net increase is related to community or stakeholder action, and not a result of a map change or disaster declaration. The second challenge is fair credit for communities that have varying percentages of SFHA or buildings at flood risk.

CRS communities certainly range in size (very large counties to very small municipalities), and the range in average number of policies is significant. Table 2 shows the average number of NFIP policies for communities in the top 1% of PIF to the communities in the bottom 10%. There are currently six communities that participate in the CRS that have no NFIP policies.

See Appendix B for more information on NFIP policy distribution within CRS communities. As of October 1, 2018, there are 1,502 communities in the CRS (See Appendix C for the map of CRS communities and a bar chart of CRS communities by CRS Class).

	Including	Communities	Total Policies	Average No. of Policies
Top 1%	14		997,234	71,231
Next 9%	134		1,602,607	11,960
20%	149		513,444	3,446
30%	148		235,068	1,588
40%	149		129,316	868
50%	149		72,409	486
60%	148		43,877	296
70%	149		28,138	189
80%	149		16,575	111
90%	148		8,425	57
100%	149		2,347	16
Totals:	1,486		3,649,440	
Average PIF for all CRS communities:				2,456
Based on Policies-in-Force as of December 31, 2017				

- b. **Other CRS activities:** The Workgroup briefly discussed other changes that could be made in the CRS program (and CRS Manual) to support the moonshot. Ideas suggested by the Workgroup for other CRS activities will be considered with the development of the 2020 CRS Manual. These ideas include:
- Provide more credit in Activity 330 (Outreach Projects) when materials are distributed by insurance agents (increase STK credit).
 - Increase credit in Activity 510 (Floodplain Management Planning) when flood insurance gaps are addressed more directly or specifically.

The Workgroup requested that the CRS team further consider the above items and present them to the Task Force as appropriate.

Figure 3. How to credit an increase in CIF?

1. How much of an increase should be expected?

The Workgroup also considered, if increase in CIF could be measured, how much of an increase should be expected for maintaining CRS credit, or receiving additional CRS credit. Appendix B shows the NFIP PIF in CRS communities. Average PIF in the top 1% of CRS communities, by total CRS discount, is 71,231 policies. The average PIF in the bottom 10% of CRS communities, by total discount is 16 policies. Average PIF in the top 50% of CRS communities is 4,774 policies, and the bottom 50% is 134 policies. A 20% nor a 2% increase in CIF for all communities can fairly applied. The Workgroup considered a varying scale for percent increase to apply fairness between CRS communities (below) - in the event that a net increase in CIF could be identified.

Current PIF/CIF	CRS Points			
	15 Points	25 points	50 points	100 points
1-9	50%	100%	200%	300%
10-99	30%	60%	75%	100%
100-999	50%	30%	40%	50%
1,000-9,999	10%	20%	30%	40%
10,000-99,999	5%	10%	15%	20%
100,000+	3%	5%	80%	100%

See Table B-2 in Appendix B provides more information on CRS and policy or CIF growth.

2. When should an increase in CIF be expected?

The Workgroup did not spend much time discussing when an increase in CIF should be observed. Workgroup members understood that community outreach efforts still require the resident or property owner to see an insurance agent and make the purchase. The group left the question open if an increase in CIF should be seen within 1 year after the outreach, less or more?

Note: It is understood that the FEMA Strategic Plan Objective and the FIMA Insurance Moonshot is for a net increase in CIF. Available NFIP policy data for the CRS is as PIF. For purposes of Workgroup effort, PIF and CIF are interchangeable.

4. Stand-alone Flood Insurance Promotion Program for a CRS Class improvement

A flood insurance promotion program (FIPP) has been proposed as a stand-alone effort, that when completed would advance a CRS community one CRS Class. A FIPP would include a number of actions a community would execute to achieve and maintain the CRS class. Such a program would not offer incremental points and an increase in CIF would be expected due to implementation of the program. Communities would be expected to engage with insurance agents, the state insurance

commissioner, residents and property owners. Elected officials and community staff would be required to participate.

The flood insurance promotion program would deliberately be intended to have the messages around the importance of flood insurance coming from and delivered by community leaders and emergency managers. It would afford an opportunity for community businesses to have a sustained working relationship with community leaders. Hopefully, with insurance agent involvement, it would build business prospects for their agencies. The FIPP would raise up local agents as the real experts on flood insurance and the source of expert information.

FEMA would need to be prepared to support a community in their efforts. This could include: making insurance marketing subject matter experts available to advise a community; providing marketing materials such as print, digital, prerecorded messages, press releases, etc.; providing PIF data and structure count data for tracking; providing a designated ISO staff person to support the effort (which is not available under the current ISO/FEMA work plan); providing Regional Office staff and presence to recognize a FIPP community.

The Workgroup supported further investigation of the FIPP, however local community officials on the Workgroup expressed a preference for working within the current CRS activities. Getting their communities to engage in a new effort such as the FIPP would be challenging.

The Workgroup also agreed that a stand-alone program with a CRS Class improvement would have to include a performance measure – such as an increase in CIF – which as discussed is difficult to measure.

5. CRS promotion of the “Double Coverage by 2022”

The CRS program will increase its promotion of the insurance moonshot beyond what has been done already. Communities and stakeholder education on the importance of flood insurance will be further incorporated into the CRS. Existing outlets for promotion of the insurance moonshot through the CRS include:

- (1) The *NFIP/CRS Update* newsletter, published every other month, reaches all CRS communities and several hundred associated people (federal and state staff, consultants)
- (2) Email “blasts” to all CRS communities, which have been used sparingly in the past but can easily be done
- (3) Messaging through the CRS Users Groups—word of mouth or email messages for local CRS Coordinators who attend Users Group meetings
- (4) Word of mouth or other messaging via ISO/CRS Specialists, who work one-on-one with communities.
- (5) The CRS Resources website. A new “tab” could be created on the site just for the Moonshot, or for flood insurance promotion in general. It could have links to the toolkit and other resources we could assemble.
- (6) Webinars and classroom training.

Messaging through the CRS

CRS messages are designed to reach communities and stakeholders, not individuals. All CRS messaging will encourage communities and stakeholders to share the messages with individuals (and agents). Possible messages include:

- Encourage your residents to purchase flood insurance AND get CRS points for doing so (details to be supplied by CRS team—individual elements OP, PPI, STK, LIB, LPD, WEB, FIA, CP, CPI, TA) Use the tools in the Moonshot Toolkit and others. [CRS team will flesh these out and write what is needed.]
- Help FEMA reach its moonshot by promoting flood insurance AND get CRS points for doing so. Use the tools in the Moonshot Toolkit and others.
- Engage your stakeholders in promoting the purchase of flood insurance AND get CRS points for doing so. (Stakeholders for this purpose are: insurance agents, banks, mortgage lenders, Chamber of Commerce and others. Schools were suggested by the Workgroup.)
- Here is a NEW opportunity for CRS points [if the Task Force/FIMA decide to enhance Activity 370 points]
- Now even your residents living outside the SFHA will now get your CRS discount. Remember, flood insurance is available to everyone in your community.

The CRS team will like to coordinate with the Marketing and Outreach Branch in FID to expand the Moonshot Toolkit to provide additional resources for CRS communities. Also, the local community representatives on the Workgroup recommended that FIMA and the CRS encourage local officials and all partners to make better use of the “Cost of Flooding” tool on FloodSmart. Note: For credit in CRS Activity 350 (Flood Protection Information) community websites must link to FloodSmart.gov.



The Workgroup recommends that the CRS expand their communications with CRS communities and other stakeholders on the insurance moonshot.

6. Other discussion and ideas from Workgroup and CRS Task Force

Following are ideas for supporting the insurance moonshot related to other FIMA projects or programs that were suggested by Workgroup members. Also, at their September 2018 meeting the CRS Task Force broke into small groups to brainstorm additional ideas for achieving the moonshot. Most ideas related to recommended changes to the NFIP insurance products and in the delivery of the NFIP insurance products. These other ideas are included below.

- a. HMA Planning: Incorporate flood insurance promotion into both state and local HMA planning requirements. Such a requirement would be for CRS and non-CRS communities helping to target the 30% of NFIP policies that are not in CRS communities.

- b. HMA Grants: Offer grants to communities for engagement on flood insurance promotion from sources such as the Flood Mitigation Assistance program. Also, encourage states and communities to utilize the 5% Initiative funds from HMPG for flood insurance promotion. A grant would not be for just additional messaging on flood insurance, but for full engagement with agents, property owners and others.

Summary of Recommendations and Next Steps

The CRS Insurance Moonshot Workgroup, throughout the weekly meetings from July to November 2018, were mindful that achievement of the moonshot; not simply promotion of the moonshot is the goal. An increase in CIF, within the SFHA and throughout communities, for both the NFIP and private flood insurance, is the expected outcome. The recommendations made by the Workgroup in this report are for further consideration by the CRS Task Force and FIMA Leadership.

For the purpose of closing the flood insurance gap and achieving double coverage by 2022, the Workgroup recommends:

1. **Extension the CRS discounts to all NFIP policies.** As presented in Figure 1, the Workgroup recommends that the 0% to 45% NFIP premium discount be provided for Standard X Zone policies and a 5% discount for PRPs in CRS Class 9-7 communities and 10% discount for PRPs in CRS Class 6-1 communities. If the FIMA Leadership concurs with this recommendation, much of the implementation responsibility would fall under the Federal Insurance Directorate for

- Determining when the change could be made; April 2019 Flood Insurance Manual (FIM) or October 2019 FIM
- WYO promotion
- Marketing and Outreach Branch promotion

The CRS program would promote the extension of the CRS discount to all CRS communities and stakeholders.

2. **Provide NFIP insurance policy summary information to CRS communities that highlights insurance gaps and needs and recommends insurance promotion.** The CRS team will work with FIMA to determine the best flood insurance information to provide to communities. For example, the flood insurance tables in the CIS can be provided and ideally combined with building count information. The following will be considered:

- How and when to provide the information to communities. ISO is in contact with all CRS communities each year. Information could be provided at meetings, but also in written correspondence.
- How and when to best to reach community elected officials. Efforts could be combined at the beginning of spring flood seasons or ahead of hurricane season. Materials could be developed that help elected officials share the right message with constituents.
- Suggestions from CRS communities on the use of the “Cost of Flooding” tool and other resources to best communicate with residents about level of flood insurance coverage.

3. **Additional credit and new credit elements in Activity 370 (Flood Insurance Promotion)** in the *CRS Coordinator's Manual*.

- The CRS team will update Activity 370 language to include the Workgroup's outline of new credit elements. The CRS team will share the updated activity with the Workgroup or the CRS Task Force members for comments.
- FIMA will need to further consider the impact on the NFIP base rates if new CRS credits are created and high policy count communities receive class improvements.
- The CRS Task Force will consider how to implement the enhanced Activity 370 in 2019 (ahead of the 2020 *CRS Coordinator's Manual*). CRS communities will be encouraged to undertake the new activity. CRS communities that implement the new activity will be encouraged to submit for a CRS Class modification. (Note: This effort will be additional workload for ISO.)

4. **CRS promotion of the "Double Coverage by 2022."**

- The CRS team will continue to support the FEMA Strategic Plan and FIMA moonshot through regular and special outreach efforts (newsletters, etc.).
- The CRS team would like to work with the Marketing and Outreach Branch to enhance the current Moonshot Toolkit for the use of CRS communities.

5. **Further consideration** of crediting an increase in CIF and a stand-alone community flood insurance partnership program.

The CRS will continue to work with the Federal Insurance Division to identify how to credit an increase in CIF (NFIP and private insurance) for the purpose of providing CRS credit. As more capability is developed for seeing the outcomes of a community's flood insurance promotion efforts the CRS will re-evaluate current and new activities and elements and consider a stand-alone flood insurance promotion program for a CRS Class improvement.

As concurrence with the recommendations are provided by FIMA, the CRS team will coordinate with FIMA Directorates and begin implementation. The CRS Task Force will monitor implementation and assess possible additional efforts. The CRS Insurance Moonshot Workgroup will be called back together as needed.

Conclusions

Numerous ideas were considered by the Workgroup and the alternatives stretched beyond CRS credit and CRS program requirements. All options were reviewed based on the likelihood for CRS communities or CRS stakeholders to undertake the effort, and for a potential increase in CIF. Along with the recommendations for CRS and the insurance moonshot, a number of conclusions and observations were reached by the CRS Insurance Moonshot Workgroup, such as:

- Successful marketing of flood insurance is difficult for community floodplain officials.
- The insights of CRS community officials participating in the Workgroup efforts were valuable. They offered that some flood insurance coverage for homeowners is more important than full coverage. The CRS will continue to gather the input of local officials and other stakeholders.

- The insurance representatives on the Workgroup spoke to people's consideration of risk. Many people determine they have no risk, and this is a problem that needs to be tackled.
- The desired outcome of marketing efforts is an uptake in flood insurance. However, any consideration of flood insurance by an individual reached through messaging or community official interaction is a success in closing the gap in flood readiness.
- The cause of an increase CIF within a community is difficult to assess. The time from message delivery to a person calling an agent can vary. If repeated messages work, as research shows, the increase in CIF may occur years after a flood insurance message is first heard.
- The Workgroup recommends against potentially punitive options, such as prerequisites. The CRS is a voluntary, incentive-based rating program that credits communities for exceeding the minimum requirements of the NFIP. The Workgroup concurred that CRS continuing its incentive-based approach is best for achieving the insurance moonshot.
- FEMA Strategic Plan Objective 1.1 and the FIMA insurance moonshot require the engagement of all NFIP and CRS stakeholders.

As more is learned about the above observations, the CRS Insurance Moonshot Workgroup may be called back together by the CRS Task Force to reconsider some of the suggested alternatives. Separately, the products and any measured outcomes will be reported by the CRS team to the CRS Task Force at each meeting.

Appendix A. Additional Information on Current CRS Requirements

1. CRS Class 9 Insurance Prerequisite for Community-Owned Buildings

CRS Coordinator's Manual Figure 210-1. The CRS flood insurance prerequisite for community-owned buildings.

As part of the verification documentation, the community's chief executive officer must certify that the community has all the flood insurance policies it has been required to have. The CRS is not concerned with past lapses in flood insurance coverage. Flood insurance must be in effect at the time of the verification visit and must be kept in the future. The CRS Coordinator should make every effort to determine the community's legal requirement to purchase flood insurance.

Congress has taken steps to encourage public agencies and private property owners to purchase flood insurance instead of relying exclusively on disaster assistance for help after a flood. Therefore, disaster assistance for a community-owned building will be reduced by the amount of NFIP flood insurance coverage (structure and contents) the community should be carrying on the building—regardless of whether the community is actually carrying a policy.

In effect, disaster assistance for a public agency has a very large deductible equal to the flood insurance policy the agency should carry. The law expects public agencies to be appropriately insured as a condition of receiving federal disaster assistance.

There have also been recent cases in which communities were underinsured. Some communities have purchased only the required amount of coverage (e.g., coverage equal to the amount of a previous federal grant). The disaster assistance rule requires that a flood-damaged community fund all repairs up to the amount of flood insurance that it could have purchased.

Whether there was a requirement to purchase and maintain flood insurance as a condition of a previous federal grant or not, the community's risk manager or other appropriate official should ensure that all community-owned buildings exposed to flooding are insured for flood damage. Some communities have found out too late that their all-risk insurance policies did not cover flooding.

Appendix B. NFIP Policies-in-Force and the CRS

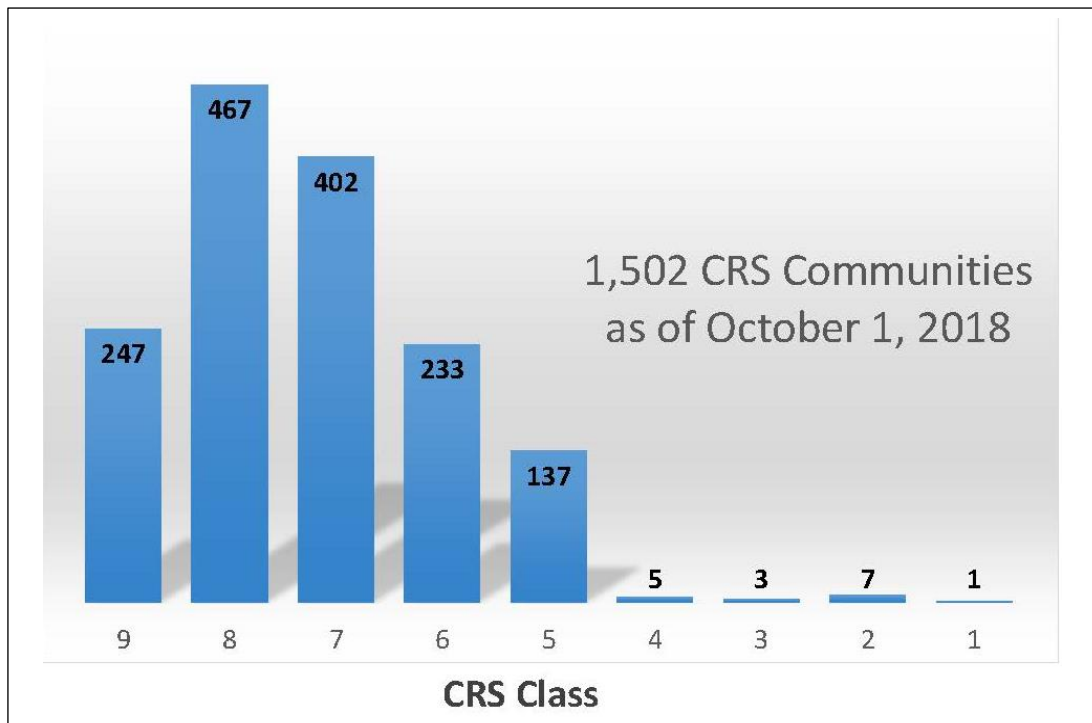
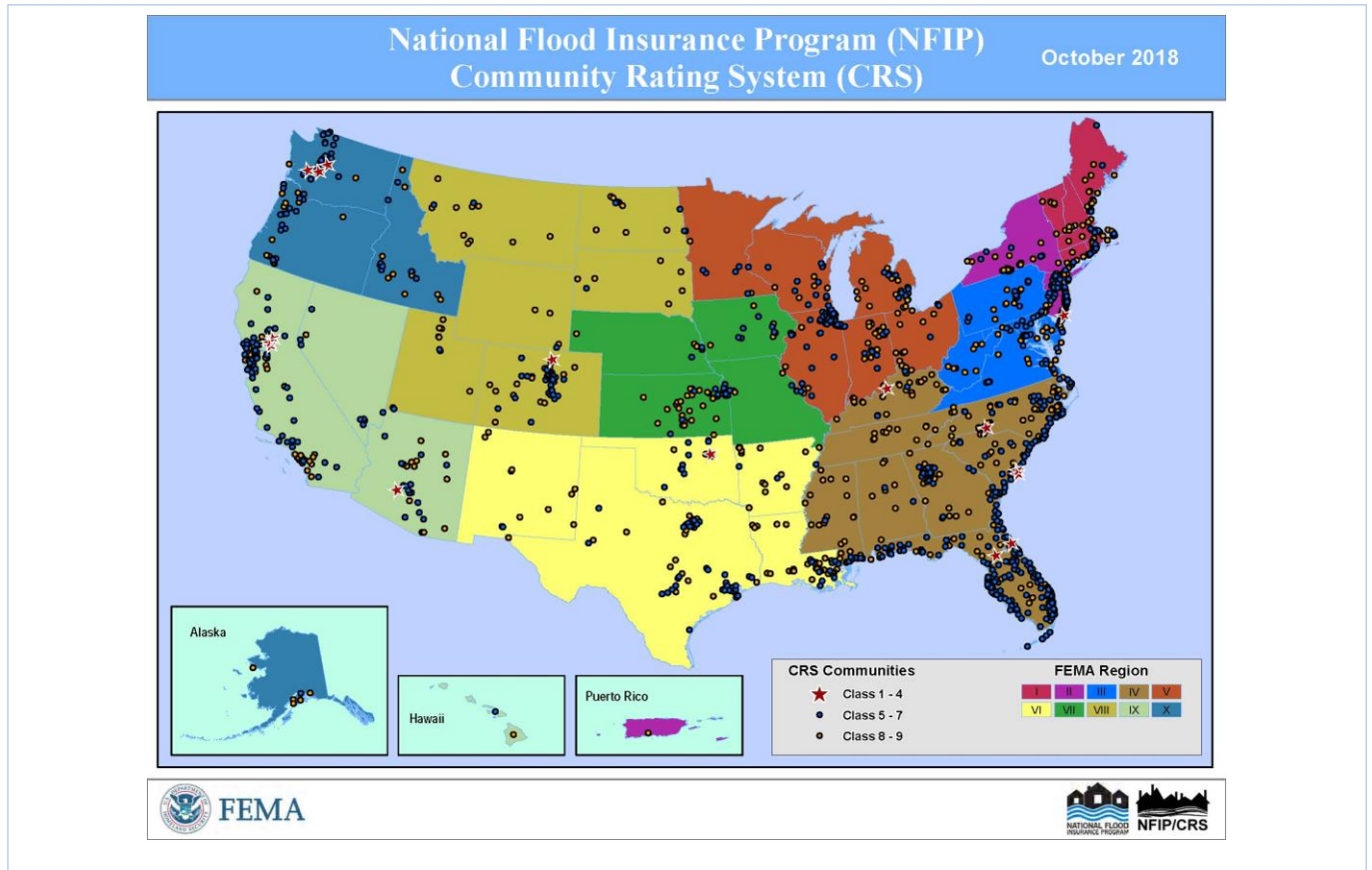
Table B-1. CRS and NFIP Policies

Comparison of CRS Communities - By Rank in PIF											
Including	Communi ties	Total Policies	No. of Policies	Including	Communi ties	Total Policies	No. of Policies	Including	Communi ties	Total Policies	No. of Policies
Top 1%	14	997,234	71,231	Top 20%	297	3,113,285	10,482	Top 50%	743	3,550,078	4,778
Next 9%	134	1,602,607	11,960								
20%	149	513,444	3,446								
30%	148	235,068	1,588								
40%	149	129,316	868								
50%	149	72,409	486	Next 30%	446	436,793	979				
60%	148	43,877	296	Next 30%	446	88,590	199	Bottom 50%	743	99,362	134
70%	149	28,138	189								
80%	149	16,575	111								
90%	148	8,425	57	Bottom 20%	297	10,772	36				
100%	149	2,347	16								
Total:	1486	3,649,440			1486	3,649,440			1486	3,649,440	
Average PIF for all CRS communities:				2,456							
Based on Policies-in-Force as of December 31, 2017											

Table B-2. CRS and Policy or CIF Growth

CRS and Policy Growth						
	Top 1%	Next 9%	Next 10%	Next 30%	Bottom 50%	
Total Policies	997,234	1,602,607	513,444	436,793	99,362	
No. of Communities	14	134	149	446	743	
Average No. of Policies	71,231	11,960	3,446	979	134	
Percent Increase in Policies Equals _____ Policies	1%	712	120	34	10	1
	2%	1,425	239	69	20	3
	5%	3,562	598	172	49	7
	10%	7,123	1,196	345	98	13
	20%	14,246	2,392	689	196	27
	30%	21,369	3,588	1,034	294	40
	40%	28,492	4,784	1,378	392	53
	50%	35,616	5,980	1,723	490	67
	60%	42,739	7,176	2,068	588	80
	70%	49,862	8,372	2,412	686	94
	80%	56,985	9,568	2,757	783	107
90%	64,108	10,764	3,101	881	120	
100%	71,231	11,960	3,446	979	134	
About 200 communities with less than 50 policies						

Appendix C. CRS Participation, as of October 2018



Appendix D. CRS Insurance Moonshot Workgroup Participants

Name:	Agency/Company:	Representing:
Dave Stearrett	FIMA - OFIA	Workgroup Chair
Matthew Behnke	FIMA - FID	
Tom Hayes*	FIMA - RM	CRS Task Force Member
John Hintermister*	FIMA - FID	CRS Task Force Member
Dahlia Kasperski*	FIMA - Integration	CRS Task Force SME
Bill Lesser*	FIMA – RM	CRS Program Manager
Clark Poland	FIMA - FID	
Tony Hake*	FIMA - FID	CRS Task Force Member
Michael Blakely*	Chatham County, GA	CRS Task Force Member
Dennis Dixon*	Pierce County, WA	CRS Task Force Member
Patty Latshaw*	Wright Flood Insurance	CRS Task Force Member
Corise Morrison*	USAA Insurance	CRS Task Force Member
Mike Sutfin*	City of Ottawa, IL	CRS Task Force Member
Maggie Talley*	Jefferson Parish, LA	CRS Task Force Member
Destiny Aman	HWC, Inc.	C3 Team
Bruce Bender	Bender Consulting	Subject Matter Expert
Lisa Sharrard	Choice Flood Insurance	Subject Matter Expert
Jacki Monday	JLM & Associates	CRS Consultant
Molly O'Toole	Molly O'Toole & Associates	CRS Consultant
Bill Trakimas	ISO	

Meeting/conference call dates:

July 19, 2018	August 23, 2018
July 26, 2018	August 30, 2018
August 2, 2018	September 6, 2018
August 9, 2018	September 20, 2018
August 16, 2018	November 8, 2018