

National Flood Examiner

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The National Flood Examiner, the official newsletter of the National Flood Determination Association (NFDA), is published biannually for our members and all other interested parties. For more information about the NFDA or to subscribe to this newsletter, go to the "Contact us" section of www.nfdaflood.com.

Letter from the President

Dear Members:

At the inception of the National Flood Determination Association, we committed to advocating quality flood services by sharing education and best practices within the industry. 2007 was no different. Talented members of the NFDA often spoke at conferences like the Association of State Floodplain Managers (ASFPM), gave educational sessions at the National Flood Insurance Program conferences, held meetings with FEMA, and were asked to weigh in on floodplain legislation.

An additional focus of the NFDA was to grow our membership and continue to strengthen the NFDA's reputation within the industry. In support of these goals, the board approved discounts for new members as an incentive for them to gain the benefits of membership. The members of the NFDA enjoy a pipeline to current events and hot topics; information on proposed legislation, map modernization and levees; a forum to exchange ideas with peers; and so much more. I invite you all to get more information at www.NFDAflood.com.

I am privileged to have served as President of the NFDA in 2007 and hope to have the opportunity to continue to drive the Association's goals and to help positively change the future of the flood industry. My thanks goes to all of the talented board members for their support and hard work this past year. It has been an honor to work with you.

John Duchouquette, NFDA President, 2007

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Legislative Report from the Capitol

Meredith R. Inderfurth, *Washington Liaison*

JANUARY 2008

Summary Overview

Flood and Disaster Legislation Hanging in Mid-Air

The Congress paid considerable attention to flood and disaster related issues this past year, but almost none of the bills, hearings, mark-up sessions and House and Senate floor actions produced final legislation. Most of the proposals are still somewhere in the legislative process. Since this year will be the second session of the 110th Congress, all active legislation can be carried over from the first session to the second session.

Members of Congress returned to Washington D.C. for an unusual several weeks of work in December following the two-week Thanksgiving break. Action on the Fiscal Year 2008 (which began October 1, 2007) federal budget dominated the schedule. The flood insurance reform legislation was not taken up on the Senate floor during the December session. It is probable that legislative action will occur in 2008 since the National Flood Insurance Program's (NFIP's) authority will expire in September, 2008.

At the moment, there are many flood, disaster and FEMA related bills "up in the air." Major flood insurance reform legislation is nearing completion. Importantly, that legislation includes a large section authorizing an ongoing, enhanced flood mapping program to involve additional mapping tasks.

Legislation to provide both wind and flood coverage at actuarial rates is getting a positive response on Capitol Hill. Further, legislation to provide a federal back up for private insurance in the case of catastrophic losses is under active consideration. Bills to establish commissions to make recommendations on how to deal with catastrophic losses have been considered.

In addition to active bills, many hearings have been held on problems associated with insurance companies pulling back on writing homeowners' insurance along the coast – all coasts, not just the Gulf Coast and Florida. Hearings have been held and some actions have been taken to address the ongoing redevelopment needs for areas impacted by Hurricanes Rita and Katrina

in 2005. Significant attention has been paid in committee hearings and in a new Select Committee to the potential effects of climate change on the occurrence of natural disasters and their impact. Levee safety has also received significant attention. Legislation was passed creating a commission to make recommendations on levee safety issues to the Congress, and those recommendations are required in six months so that a levee safety program can be authorized by the Congress this year. In addition to all this, there have been a large number of housing related bills acted on by House and Senate Committees and some by the full House and Senate dealing with housing availability, construction and finance issues.

“The flood insurance reform legislation was not taken up on the Senate floor during the December session. It is probable that legislative action will occur in 2008 since the National Flood Insurance Program's (NFIP's) authority will expire in September, 2008.”

All of this continued into the new Congressional session which began officially on January 3rd. Actual legislative business began January 15th in the House of Representatives and January 22nd in the Senate. The President's budget request for the federal departments and agencies will come out in early February,

kicking off hearings and actions related to which programs will actually be funded and at what levels.

Flood Insurance Reform

Major flood insurance reform legislation is moving through the Congress, but like last year, has taken different forms in the House and Senate. At this point, the House of Representatives has passed its bill, H.R. 3121. It passed on September 27th by a vote of 263-146. The Senate has a bill awaiting consideration on the Senate floor. The measure, S. 2284, was reported out of the Senate Banking Committee on November 1st after an October 2nd hearing. Senate floor consideration has been delayed due to “holds” placed on the bill by several Senators and due to Committee concerns about amendments which could be offered. It seems likely that the bill will be taken up during this session. Differences between the House and Senate bills are significant on some matters, so a House-Senate Conference Committee will have many issues to resolve once the bill does pass the Senate.

Following is a summary of the contents of both bills:

Summary of House Bill – H.R. 3121

- Reauthorizes the National Flood Insurance Program (NFIP) for five years. (The NFIP is currently authorized through September 2008.)
- Raises the cap on premium increases in a given year to 15% from the current 10%.
- Phases out the pre-FIRM subsidies for vacation homes and business properties.
- Provides for new coverage to be offered at actuarial rates for business interruption, additional living expenses, basement improvements, and replacement cost of contents.
- Requires notification to landlords of availability of contents coverage for tenants and strongly encourages notification of tenants.
- Increases the amount of residential coverage to \$335,000, contents coverage to \$135,000 and commercial to \$670,000.
- Adds a new, optional, wind and flood policy to be offered at actuarial rates.
- Authorizes an ongoing mapping program, adds new mapping tasks and authorizes funding at \$400 million annually for five years.
- Requires a study of requiring flood insurance in “residual risk” areas behind levees and below dams.

- Does not forgive the NFIP’s debt to the Treasury of \$17.6 billion.
- Re-establishes the Technical Mapping Advisory Council.
- Removes waiting period for policy effective date if purchased within 30 days of property purchase or transfer.
- Increases penalty cap for lender non-compliance from \$350 to \$2,000 per violation and increases annual cap per institution to \$1 million although a “safe harbor” provision is included for good faith compliance efforts.

“Major flood insurance reform legislation is moving through the Congress, but like last year, has taken different forms in the House and Senate.”

- Requires FEMA participation in state non-binding mediation of claims disputes.
- Creates a competitive grant program for communities to encourage purchase of flood insurance, especially in areas outside of the SFHA where purchase is not required.
- Clarifies that the FEMA Director may work directly with severe repetitive loss property owners on mitigation when states or communities are unable or unwilling to do so.
- Extends the Severe Repetitive Loss Pilot program (created by 2004 Reform legislation, but regulations have only just been issued).
- Amends the Real Estate Settlement Procedures Act (RESPA) to require notification of flood insurance availability for properties not in a SFHA.
- Requires a Government Accounting Office study of ways to increase NFIP participation by low-income families.
- Requires a study of using nationally recognized building codes in floodplain management requirements.
- Requires a study of the economic effects of charging actuarial rates for pre-FIRM structures.
- Extends the period for filing proof of loss with a flood insurance claim from 60 days to 180 days.

Provisions added by amendment on the House floor include:

- Requires FEMA to report on repayment of the debt to the Treasury in a 10 year period.
- Creates an independent staff position of Flood Insurance Advocate, tasked with evaluating claims and appeals issues and reporting to Congress in one year on steps the agency could take to address policyholder issues including possible establishment of a permanent Office of the Advocate.
- Provides for anti-concurrent causation, requiring insurance companies to agree that policies will not exclude coverage of wind damage simply because there is also flood damage.
- Requires no rate changes pursuant to issuance of updated maps until all maps in a given Corps of Engineers District are issued.
- Alters the warning language on flood maps for areas mapped as behind flood control structures, making it less strong and clarifying that flood insurance is not required.
- Requires notification to property owners by first class mail if their property is affected by map changes.
- Requires FEMA to consider impacts and potential impacts of global warming and to utilize best available climate science in assessing risk and updating flood maps.

Summary of Senate Bill – S. 2284

- Reauthorizes the NFIP for five years.
- Does not include any of the increased coverages in the House bill.
- Significantly increases premiums in a number of categories by eliminating their pre-FIRM subsidies in an effort to increase income to the National Flood Insurance Fund. Those include vacation homes, businesses, severe repetitive loss properties and properties where flood losses have exceeded property value.
- Increases the per year cap on premium increases to 15% from 10% like the House bill.
- Requires that any new policy for a property in a SFHA not covered by a flood insurance policy at the date of enactment of the reform bill must be issued at an actuarial rate.
- Requires purchase of flood insurance in areas of “residual risk” behind levees or below dams.
- Authorizes an on-going mapping program, adds additional mapping tasks and authorizes \$400 million for five years.
- Prohibits the current NFIP practice of allowing properties remapped into the 100 year floodplain to pay at rates reflecting their earlier risk level. A two year phase-in is provided for those

with existing flood insurance policies.

- Requires state-chartered lending institutions to comply with the mandatory purchase requirements of the NFIP.
- Increases the penalty cap for lender non-compliance from \$350 to \$2,000 per violation and eliminates the \$100,000 annual cap.
- Requires escrow of flood insurance payments.
- Increases minimum deductibles.
- Requires consideration of catastrophic loss years in the calculation of average losses.
- Establishes a catastrophic reserve fund of 1% of risk exposure. An amount equal to 7.5% of the reserve target must be paid in annually, although the Director may report to Congress if making the payment in a given year would have serious negative effects on the NFIP.
- Clarifies that condominium owner flood insurance claims should be paid regardless of adequacy of condominium association coverage.
- Re-establishes the Technical Mapping Advisory Council.
- Forgives the debt to the U.S. Treasury incurred following the hurricane seasons of 2004 and 2005.
- Removes limits on state contributions for updating flood maps.
- Requires federal agencies to improve coordination of mapping and mapping budgets and requires a study of such interagency coordination and of means to establish joint funding mechanisms with federal, state and local agencies to share collection and use of data for mapping.
- Amends the Real Estate Settlement Procedures Act (RESPA) to require information about the availability of flood insurance.
- Provides for FEMA inclusion in state non-binding mediation of claims disputes.
- Extends the authorization period for the Severe Repetitive Loss Pilot program (created in the 2004 Act but regulations have only just been issued).
- Establishes an Office of the Flood Insurance Advocate to assist policyholders with issues and claims problems. The Advocate may establish offices in the FEMA Regional Offices and temporary local offices after a flooding event.

Hearing on Optional Wind and Flood Coverage

The House Financial Services Committee held a hearing on wind and flood coverage on July 17th. The wind and flood policy was originally proposed as the Multi-Peril Insurance bill,

H.R. 920, by Rep. Gene Taylor (D-MS). Its language was subsequently added to the House flood insurance reform bill H.R. 3121, and a probable amendment to add this provision to the Senate bill S.2284 is expected when the full Senate considers its bill. Senators Martinez (R-FL) and Schumer (D-NY) have indi-

“While acknowledging the confusion in claims adjustment over damages caused by wind or flood, Ms. Small stated that the addition of such an unknown new exposure could be a serious threat to the future stability of the NFIP.”

cated their intent to offer the amendment.

Three panels testified at the hearing on H.R. 920: a panel of several Members of Congress from Louisiana and Mississippi: a federal government panel including David Maurstad, FEMA Assistant Director for Mitigation and Insurance, and Phillip Swagel, Assistant Secretary of the Treasury for Economic Policy; and a third panel including Cheryl Small, Policy Advisor for the National Flood Determination Association.

Testifying along with Ms. Small were Pam Pogue former Chair of the Association of State Floodplain Managers; Sandy Praeger, Kansas Insurance Commissioner for the National Association of Insurance Commissioners; Ted Majewski for the Property Casualty Insurers, American Insurance Association and the National Association of Mutual Insurance Companies; Anderson Baker, a Louisiana insurance agent; Dr. Robert Hartwig, President and Chief Economist for the Insurance Information Institute; and David Conrad, Water Resources Specialist for the National Wildlife Federation (NWF) and lead author of the NWF’s report “Higher Ground” regarding repetitive flood losses.

During the hearing, Rep. Taylor very effectively made his case that optional wind/flood coverage would avoid the claims

adjustment problems that were so prevalent following Hurricanes Katrina and Rita. He stated that the program would be “revenue neutral” because it is offered at actuarially sound rates. However, both federal witnesses and the majority of the third panel witnesses expressed various reservations about adding the optional wind and flood coverage to the NFIP.

NFDA Testimony

Ms. Small presented testimony on behalf of the NFDA expressing concerns and raising questions about the bill. While acknowledging the confusion in claims adjustment over damages caused by wind or flood, she stated that the addition of such an unknown new exposure could be a serious threat to the future stability of the NFIP. Ms. Small said, “NFDA concerns center around the financial and administrative impact that this voluntary windstorm and flood coverage may have on the NFIP, the potential impact on federally regulated lenders in the form of disjointed compliance guidelines, gaps in coverage and potential exposure to litigation as well as a concern that establishment of actuarial rating may not provide sufficient premium income to bear program administration costs and loss payments.” She raised a series of questions: How will this program be administered? Would it utilize the current Write Your Own mechanism? What would be the administrative burden to the NFIP? What would be the time and cost involved in modifying

THE ELECTION RESULTS ARE IN!

The 2008 Board of Director elections for the NFDA is complete, and the results have been tabulated.

We are pleased to announce the results:

President:	Leila Taha, FIS Flood Services
Vice President:	Cheryl Small, First American Flood Data Services
Treasurer:	Steve Murchison, CBCInnovis
Secretary:	Barb Skalsky, Wells Fargo Insurance
Director:	John Duchouquette, TransUnion Settlement Solutions
Director:	Robert Ogle, American Flood Research
Director:	Mark Schnellinger, FIS Flood Services

The NFDA is extremely fortunate to have so many experienced and talented representatives from our member companies serving on the Board.



the NFIP policy database for additional coverage forms, rules and reporting requirements? What is the time and cost to enhance the current financial and statistical reporting mechanism? What would be the impact on current contractual arrangements for program management and implementation? Would the multi-peril program be authorized to borrow from the U.S. Treasury to cover shortfalls? Would premiums be pooled with current flood program premiums? What are the compliance implications for lenders if a mortgagee with a property in a SFHA drops an optional wind/flood policy?

“At this point, it is important to make clear to those in policy and budget positions the importance of continuing the map modernization effort and investment. The flood disasters of 2004 and 2005 have shown the need for mapping ‘residual risk’ areas and for better reflecting levee status on maps.”

Ongoing Mapping

Both the House and Senate bills have significant mapping sections which authorize an on-going mapping program, add new tasks and provide \$400 million per year for five years. Both bills re-establish the Technical Mapping Advisory Council (TMAC). The NFDA was a member of the first TMAC which had a five year life and which made recommendations that resulted in the Map Modernization Initiative.

Language in the House bill is similar to that in last years’ bills. The Senate language, while still very similar, does reflect some changes and refinements. That language was introduced as a separate bill, S. 1938, by Senator Jack Reed (D-RI) and then incorporated into the Senate flood insurance reform bill. Both House and Senate bills require mapping areas behind levees and below dams and mapping the 500 year floodplain. The language requires use or acquisition of best available ground elevation data and requires data development on a watershed basis. FEMA is directed to include relevant data from other federal

agencies on coastal inundation, stream flows, watershed characteristics, topography, land subsidence, and coastal erosion. Both bills require use of best available climate science on the potential for future inundation from sea level rise, increased precipitation and increased intensity of hurricanes due to global warming. The FEMA Director is required to ensure the maps use the open publishing and data exchange standards established by the Open Geospatial Consortium and with the North American Vertical Datum of 1998 for New Hydrologic and Hydraulic Engineering standards, and that maps are compliant with digital geospatial data.

Catastrophe Insurance

Legislation passed the House on November 13th which would provide a federal backup for homeowners’ insurance in the event of catastrophic losses. A similar bill has been introduced in the Senate.

The bill, H.R. 3355, is called the “Homeowners Defense Act of 2007.” It was introduced by two Florida Congressmen, Reps. Klein and Mahony, and by Congressional standards, was acted on very quickly. It would establish a consortium of state sponsored insurance funds which would pool their risk and issue bonds to finance themselves. The mea-

sure would also create a federal direct loan program as a backstop to the state insurance funds. The Senate version, S. 2310, was introduced November 6th by Senator Clinton (D-NY) and Senator Bill Nelson (D-FL). While these bills are attracting support from coastal state representatives due to problems with insurance availability, the insurance industry itself is mixed in its support for the legislation or opposition to it.

DHS Appropriations

The Department of Homeland Security Appropriations bills (H.R. 2638 and S. 1644) included funding for FEMA in Fiscal Year 2008. Both were swept up into the huge Omnibus Appropriations measure that was attached to a regular appropriations bill, H.R. 2764.

Only one regular FY ’08 appropriations bill was signed by the President – the Defense bill. The Omnibus bill was signed on December 26th and is now Public Law 110-161.

Mapping Budget

Funding for map modernization in the FY ’08 appropriations

bills is slightly higher than in the FY '07 budget (\$200 million as opposed to \$194 million).

Map Modernization was originally envisioned as a five year effort with FY '08 projected to be the final year of funding. There are a number of reasons for needing additional time to work on this first phase of map modernization. Additionally, it is clear that on-going map maintenance and updating and other related tasks are necessary, however, the legislation authorizing an ongoing mapping program has not yet completed its path through the Congress. At this point, it is important to make clear to those in policy and budget positions the importance of continuing the map modernization effort and investment. The flood disasters of 2004 and 2005 have shown the need for mapping "residual risk" areas and for better reflecting levee status on maps. Efforts between the Army Corps of Engineers and FEMA are underway to identify the nation's levees and to determine the level of protection they provide.

Coalitions

The NFDA continues to actively participate in a number of coalitions focusing on issues of significance to risk data accuracy and flood determinations. Some of those coalitions are:

Map Coalition

FEMA regularly provides the Map Coalition with Map Mod briefings and considers it to be its stakeholder group for briefing and consultation purposes. The group met most recently in November at the offices of the National Association of Realtors and had an extensive briefing and discussion with FEMA and National Service Provider representatives including David Maurstad, Assistant Director of FEMA for Mitigation and Insurance, Michael Buckley, his Deputy, and Doug Bellamo, Chief of Risk Assessment.

The Map Coalition recently sent a strong letter of support for the FY '08 mapping budget to the House and Senate Appropriations Committees. A letter to the Office of Management and Budget is now being prepared urging continued funding for mapping in FY '09 and the Coalition is planning meetings with OMB officials and DHS officials to explain the need for ongoing mapping.

Streamgage Coalition

The Streamgage Coalition is led by the Executive Director of the Interstate Council for Water Policy (ICWP). The coalition has regularly met with officials of the U.S. Geological Survey and the Department of the Interior to keep visible the need for strong

streamgage programs. Since streamflow information is important for many purposes, the group represents a broad range of interests including water quality and quantity, flood risk, and recreational water use. Most recently, a representative group of about eight organizations spent most of one day meeting with a Deputy Assistant Secretary of Interior, the USGS Budget Examiner at OMB and House Appropriations staff. The group supports both the federally funded network of stream gages (National Streamflow Information Program) and the partially federally funded cooperative stream gage program. The former is particularly important for the uninterrupted, long-term data needed for flood risk assessment.

USGS Coalition

The NFDA participates in the USGS Coalition to support the water information programs. Because the USGS is a data collection resource, it can recede into the background in tight budget deliberations. It is, therefore, important that groups who need and value the information provided by USGS make its importance known to policy makers and budget decision-makers. The coalition arranges group meetings with Capitol Hill staff and with OMB officials. At frequent intervals, key Hill staff and federal agency officials, including officials of the White House Office of Science and Technology Policy, meet with the coalition for briefings and discussion.

Congressional Natural Hazards Caucus Alliance

The Congressional Natural Hazard Caucus is made up of Members of Congress who are concerned with natural hazards issues and has both House and Senate Co-Chairs. The Alliance is a very large group of organizations which support the Caucus by scheduling briefings on Capitol Hill on various disaster related issues.

All legislation referenced can be found by typing in the bill number at: <http://thomas.loc.gov>. Hearing testimony can be found at the same website by clicking on House of Representatives or U.S. Senate, clicking on committees, clicking on either House Financial Services or Senate Banking, clicking on hearings and then looking for the relevant hearing.

WE'RE ALL EARS

The NFDA thanks you for your contributions to the Association, and we welcome your feedback! If you have any ideas or comments about www.NFDAflood.com, please don't hesitate to let us know! Just click "Contact Us" and tell us what you're thinking.



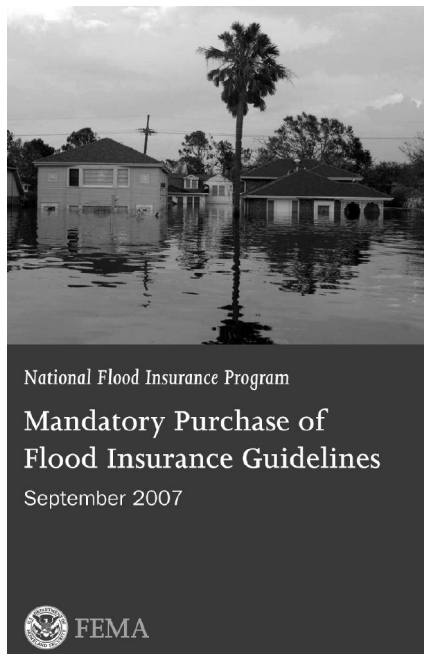
FEMA News Brief

FEMA Revises Mandatory Purchase of Flood Insurance Guidelines

FEMA recently published a new Mandatory Purchase of Flood Insurance Guidelines booklet (FEMA 186, September 2007). This edition of the guidelines clarifies some of the complex issues that have arisen since the 1999 edition and incorporates industry best practices and lessons learned for implementing statutory requirements. The booklet is now available electronically on the FEMA website at <http://www.fema.gov/library/viewRecord.do?id=2954> and printed copies are available free of charge through the FEMA Distribution Center (1-800-480-2520).

The following is a summary of some of the significant changes in the revised booklet:

- Includes discussion of the legislative history of the NFIP and describes the federally regulated lending agencies and the types of lending institutions they each supervise. Incorporates a flowchart illustrating the mandatory purchase process at loan origination. (Section A)



- Includes a link to information about the NFIP and levees. Clarifies processing information for Letters of Map Change. (Section B)
 - Explains options for purchasing coverage for buildings in the course of construction. Specifies that there is no 30-day waiting period for this coverage. (Section C)
 - Effective October 1, 2007, requires that the Declarations Page of each Residential Condominium Building Association Policy (RCBAP) that is issued or renewed must show the building's Replacement Cost Value (RCV) and the number of units within that building. (Section D)
 - Recommends 100-percent RCV for RCBAP coverage. Clarifies application of coinsurance penalties and loss assessments. Updates deductible information for Government-Sponsored Enterprises. (Section D)
 - Incorporates a flowchart describing tripwires during the life of loan. Expands discussion of regulatory penalties. (Section E)
 - Updates language referencing NFIP history and legal citations. (Appendix 1)
 - Provides federally regulated agency lender regulations. (Appendix 2)
 - Includes most current Standard Flood Hazard Determination Form. (Appendix 3)
 - Provides two separate Sample Notices of Special Flood Hazard and Availability of Federal Disaster Relief Assistance – one for participating communities and one for non-participating communities. (Appendix 4)
 - Provides contact information for federally regulated lending agencies, GSEs, and flood-related resources. (Appendix 5)
 - Expands waiting period discussion to correspond with the NFIP Flood Insurance Manual. (Appendix 6)
 - Updates the Mortgage Portfolio Protection Program information. (Appendix 7)
 - Updates the Glossary for consistency with the Flood Insurance Manual. (GLS)
- Expands the Index. (IND)

Coming to You *Live* from NFDAflood.com!

The NFDA's refreshed and improved website is up and running on our new URL, www.NFDAflood.com. And the site is not just easier on the eyes – its continually updated information is easier to use. In addition to general access to the latest industry news, we greatly enhanced the Members Only area. The "Claims & Legal Info" section includes a new listing of case law with an easy to scan overview along with complete summaries of each case. In addition, members can now report map-related issues online to our Technical Mapping Committee and search a central database to see if the map-

ping problem they encountered is already being addressed. This database will help NFDA members efficiently prioritize critical issues as well as eliminate duplicate or previously resolved issues. Entries to this database will be considered for presentation to FEMA and the mapping contractors.

If you have not already obtained a user ID and password for our new URL, please contact Leila Taha at Leila.Taha@fnis.com with your email address and desired password and we will establish your member account.

No April Fooling. It's Annual Retreat Time!

Get your suitcase ready! The NFDA's 2008 Annual Retreat will be held March 30th through April 1 in beautiful Scottsdale, Arizona. Our host property this year is the Millennium Resort Scottsdale at McCormick Ranch. Just 20 minutes from the airport, this intimate resort offers great food, first class hospitality, two PGA golf courses, and close proximity to shopping and spas.

On our business agenda, we will continue to explore how the catastrophic flooding events of the past few years are affecting public policy, legislation and litigation and how the resulting standards and perspectives are contributing to the evolution of the flood zone determination industry.

Conference registration and room reservations should be made no later than February 20th. Because we want to make sure you are at the Retreat, we have made it as easy as possible for you to meet this deadline. Retreat information and registration forms are available online at www.NFDAflood.com. Just click on "NFDA 2008 Annual Retreat." Room reservations should be made directly with the Millennium Resort. We've

negotiated a special room rate of \$209 per night for our attendees. A government rate of \$156 per night is available for eligible attendees. You can contact the resort at (480) 948-5050 or (800) 243-1332 and reference our NFDA conference code 5979. Or, you can get the NFDA room rate by registering online through the resort's website using the following link: <https://reservations.synxis.com/lbe/rez.aspx?hotel=11546&arrive=03%2F28%2F2008&nights=1&adult=1&group=5979&promo=&iata=&step=1>.

This is slated to be an especially productive and enjoyable Annual Retreat and I look forward to seeing all of you there. Feel free to contact me with any questions you may have.

Meagan Rice
TransUnion Settlement Solutions
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NFDA Certification Cycle Nears Completion

The completion of the NFDA's current certification cycle is slated for February 2008, and the results are eagerly anticipated within the flood zone determination industry. The NFDA's Certification is a prized honor, representing a high standard of accuracy, professionalism, and service for the certified company.

"Phase I Audits" of the applicant companies' business practices were completed by the NFDA's designated CPA,

Davila, Buschhorn & Associates, P.C., and "Phase II Accuracy Validation" is nearing completion. Random blind samples of flood determination data from the applicant companies were generated by the CPA and have now been audited by the control companies and processed by the data storage firm. Discrepancy files were then submitted back to the applicant companies for review and completion. A deadline of December

19, 2007, was given for all remaining files to be returned to the Certification Chairperson, Rick Catalano.

Once the Chair receives all of the completed files, a “map researcher review” meeting will be scheduled, tentatively, in mid-January. At that point, results will be tabulated by the Certification Committee and reported to the NFDA Board for “Phase III Completed Process and Notification.” During this final phase, the NFDA Board completes its review of the initial criteria and the Accuracy Validation Process, and announces the Certification results to the individual companies.

Additional information regarding the NFDA’s Certification program is available online at www.NFDAflood.com. Or, contact Rick Catalano by email at rcatalano@americanflood.com or by telephone at 800-995-8667, x106.

NFDA/FEMA/MSC/NSP Coordination Meeting

Guy Smith, *TransUnion Settlement Solutions*

Representatives from the NFDA, FEMA, the Map Service Center (MSC), and the National Service Provider (NSP), met on December 14, 2007, with common goals in mind – to strengthen the existing relationships and communication between the organizations, and to provide updates and discuss issues and concerns related to the flood determination industry. During the meeting, which took place at the Michael Baker Jr., Inc., office in Alexandria, Virginia, John Duchouquette, NFDA President, stated that this type of coordination is “crucial” to the NFDA in providing insight into FEMA/MS/NSP initiatives. Lora Eskandary, who serves as the FEMA/NFDA liaison, stated that NFDA interactions have been very positive and FEMA depends on the NFDA to give feedback on the impact of Map Modernization on map users.

Levee Update

The matter of how levees will be handled on a FIRM was discussed at length. In an ongoing effort to minimize damage and loss of life, FEMA will provide risk information on the FIRM indicating that areas protected by levees may be at risk of levee failure or overtopping.

The owner of a levee must submit data and documentation showing that the levee provides protection from the 1%-annual-

chance or greater flood. The area behind an accredited levee will be shown on the FIRM as Zone X (shaded), except in areas of residual flooding, such as ponding areas. At this time, the FIRM does not differentiate the shaded zone X behind a levee from other 0.2%-annual-chance areas. However, FEMA will add notes on the FIRM warning users of the risk of levee failure or overtopping. FEMA is going to consider adding boundaries on the FIRM to separate areas protected by levees from other 0.2%-annual-chance areas.

Levees that FEMA has previously accredited with providing protection on an effective FIRM and for which FEMA is awaiting data and/or documentation that will show the levee’s compliance with NFIP regulations are considered Provisionally Accredited Levees (PAL). Owners of PAL will have 2 years to provide data/documentation to show compliance. If the data or documentation is not provided or shows that the levee does not provide adequate protection, the levee will not be accredited. Areas behind unaccredited levees will be mapped as Zone AE or A, depending on the type of study performed for the area.

Insurance is not required, but strongly encouraged in areas protected by (accredited or provisionally accredited) levees.

Post-Katrina Maps

Preliminary FIRMs for Hurricane Katrina affected counties in Mississippi (Hancock, Harrison and Jackson) are targeted for a January 17, 2008 release. If the maps are adopted, they may become effective in October 2008. Preliminary FIRMs for Katrina/Rita affected parishes in Louisiana are not expected until some time in early 2009.

eLOMA

FEMA is continuing to evaluate the NFDA’s proposal to become registered users of the eLOMA tool. All feedback at this time has been positive, but no indication of a final ruling was given.

Digital Vision

Digital as Official has been approved and will be distributed and publicized later this year and announced in the Federal Register. The NFDA will be notified of the effective date. We can expect to see the release of the National Flood Hazard Layer (NFHL) with integrated DFIRM and LOMR data in the first quarter of 2008. Representatives from FEMA and the NSP agreed to allow time for the NFDA to do some testing with the NFHL when it is ready.

Large Population Map Revisions

2008 will be a big year for map revisions. In addition to the regularly scheduled revisions, some of the big counties that were rescinded from the September 2006 revision (Los Angeles, San Bernardino and Riverside, California) should become effective in September 2008. Other densely populated counties that expect to have map revisions in August and September 2008 are Cook, Illinois and Dallas, Texas.

Base Flood Elevation (BFE) on Standard Flood Hazard Determination Form (SFHDF)

Steve Van Dyke, with FEMA's Risk Insurance division, questioned the use of the BFE on the SFHDF. Many companies in the NFDA add the BFE for a variety of clients. In many cases, Mr. Van Dyke found differences between the BFE shown on the SFHDF and the BFE shown on the Elevation Certificate (EC). No suggestion was made that the use of the BFE is inappropriate but Mr. Van Dyke did say that the BFE from the EC should be used for rating an insurance policy, so long as it was taken from the current FIRM.

Map Issues

Greg Fischer, from First American Flood Data Services, and Guy Smith, from TransUnion Settlement Solutions, presented several mapping issues and areas of concern on behalf of the NFDA. These issues included the timeliness of delivering revised FIRMs, the clarity of the images used in FIRMs with aerial photo backgrounds, cities that lie in multiple counties affected by a revision, new community identification, and fraudulent Letter of Map Change (LOMC).

Delivery Timelines

Chris Eckhart of the Map Service Center confirmed that some maps were sent late due to various reasons, such as problems during the printing process and general quality problems on the FIRM identified prior to sending it to users. Mr. Eckhart said that efforts are always being made to send all maps out in a timely manner. Mr. Fisher and Mr. Smith noted the improvements over the last couple of years, but pointed out that at times maps are received late with no prior notice.

Unclear map images

FIRMs with photo backgrounds at times are unclear and illegible, however, no resolution to this problem was easily obtainable. FEMA relies upon the best available information and at times that

information is less than ideal. In areas such as Hancock County, Indiana, perhaps the DFIRM will be a better solution for identifying flood hazard areas.

Cities in Multiple Counties

A few examples were provided showing cities that lie in multiple counties where one of the counties has recently been revised and the portion of those cities in the adjacent counties were not revised and how this may cause problems for making flood zone determinations. The old FIRM for the cities are marked as Historic on the MSC website and as a result the portions of the city in the unrevised counties now appear to be unmapped. Jeff Sparrow of Michael Baker Jr. Inc., asked to be provided with additional information regarding this issue and he will provide feedback to the NFDA.

Fraudulent LOMC

Two examples of LOMC that had been altered to change FEMA's determination were presented. In one example, someone had changed FEMA's determination from a denial to a removal, while in the second example, an additional building was added to the determination document. Both LOMC were changed in such a way that even the more experienced user would not be able to identify the changes without having the original LOMC for comparison. FEMA representatives asked to be made aware if or when a fraudulent LOMC is found in the future.

If you would like more information on the NFDA/FEMA/MS/NSP Coordination Meeting, detailed minutes and the NFDA's PowerPoint presentation are available in the Members Only section of www.NFDAflood.com.

ABOUT THE NATIONAL FLOOD DETERMINATION ASSOCIATION

The National Flood Determination Association (NFDA) is a national nonprofit organization comprised of flood zone determination companies, their vendors, and re-sellers. The association is dedicated to promoting the interests and success of members involved in making, distributing, and reselling flood zone determinations. NFDA serves as a collective industry voice on legislative and regulatory issues. NFDA supports the National Flood Insurance Program (NFIP) and the agencies that serve the NFIP.





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