

# National Flood Observer

Summer 2012

A Quarterly Newsletter from LPS National Flood



## FEMA's Risk MAP Program

### Building a Framework for Multi-Hazard Risk Mitigation

The Federal Emergency Management Agency (FEMA) has articulated a well defined vision behind its new Risk Mapping, Assessment and Planning (Risk MAP) initiative: to deliver quality data that helps increase public awareness and reduce risks to both life and property. Building upon the flood hazard data and maps produced during FEMA'S Flood Map Modernization program (Map Mod), Risk MAP has several key goals: Form a solid foundation for risk assessment by addressing gaps in existing hazard data; Create a measurable reduction of current and future vulnerability through an increase in public awareness; Help communities effectively engage in risk-based mitigation planning; and Enhance FEMA's overall digital platform. Once fully implemented, Risk MAP will play an important part in FEMA's overall natural disaster risk mitigation strategy.

Map Mod marked an important milestone by transforming the bulk of the flood hazard-mapping inventory to 21st century digital technology. It was also very successful in restoring confidence in the reliability of floodplain boundaries and improving the underlying engineering data used to create Flood Insurance Rate Maps (FIRMs).

In addition, the program saw the release of effective maps or preliminary maps for 94 percent of the population, and new effective digital maps (or DFIRMs) for 77 percent of the population, a number that should reach the mid-80 percentile by the end of FY2012.

Now that a majority of the current map inventory is in a digital format, physical map revisions can target only those specific areas where hazards have changed or where the underlying engineering data no longer supports existing conditions, as opposed to county-wide revisions that are large-scale wholesale revisions of entire geographic areas of a county. This is a major improvement in terms of data maintenance and a significant savings of both time and money.

Risk MAP provides communities with flood information and tools they can use to enhance their mitigation plans and take action to better protect their citizens. It builds upon the success of Map Mod by providing more accurate flood maps, risk assessment tools and consumer and professional outreach. This successor

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Have a question or topic that you would like addressed in the *National Flood Observer*? Submit your suggestions to [floodinfo@lpsvcs.com](mailto:floodinfo@lpsvcs.com)

[www.lpsnationalflood.com](http://www.lpsnationalflood.com)

## NFIP Long Term Extension and Reform

On June 29, 2012, Congress passed H.R. 4348 which includes a 5 year extension and reform for the **National Flood Insurance Program**. This is the first long term extension in years. The NFIP has been working under short term extensions since 2008. The President signed the bill on July 6, 2012 which reauthorizes the program until September 30, 2017.

The original bill included a controversial provision regarding mandatory purchase requirements for residual risk areas. That provision was excluded from the final legislation, and allows FEMA to continue to assess risk for areas behind levees as it does today.

Notable portions of the reform legislation:

- Excludes certain properties from receiving subsidized premium rates.
- Allows FEMA to phase in higher rating at up to 20% per year.
- Increases penalties against lenders from \$350 to \$2,000 for each violation and removes the annual cap.
- Expands the escrow requirements for flood insurance.
- Authorizes \$400 million for each of fiscal years 2013 through 2017 for reviewing, updating, and maintaining maps and for communication and outreach.
- Allows the use of private insurance to satisfy the mandatory purchase requirement.

## FEMA Risk MAP Program

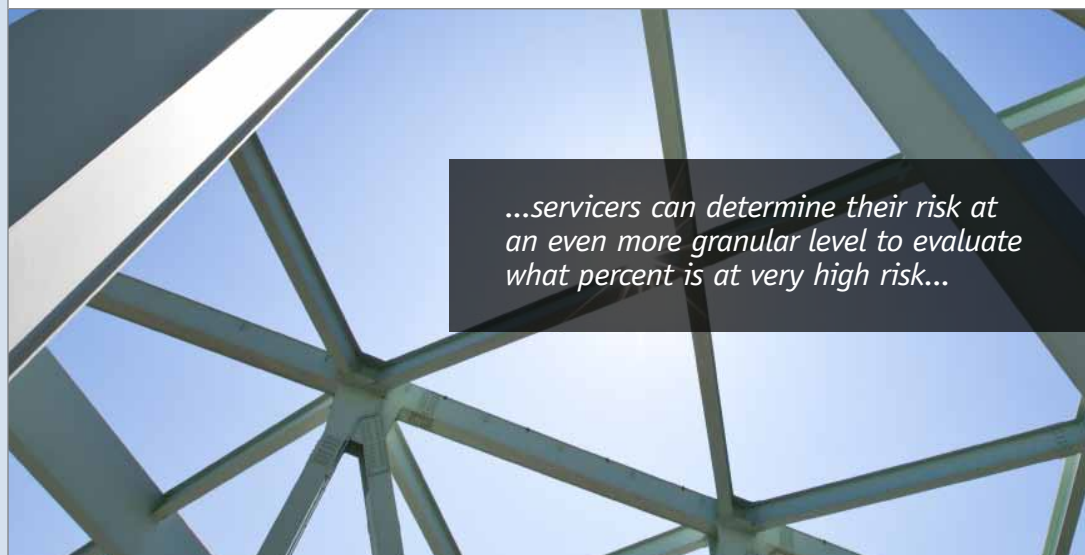
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program is ideal to manage risk associated with multiple hazards, helping government officials improve mitigation plans and strengthen local ability to make informed decisions regarding risk reduction. Once in place, functions such as prioritization of resources based on risk and need, delivery of multi-hazard risk assessments and mitigation planning can be replicated across multiple hazard types.

In simple terms, this greatly expanded portfolio of data and mapping information from FEMA could allow the flood determination industry to go far beyond the “yes” or “no” decision regarding the need for flood insurance for a particular property. Lenders, servicers, communities, insurance providers and others could also receive valuable information that allows them to better quantify the *degree* of risk associated with flood events. These expanded risk assessment capabilities combine the possibility of a flood event with the potential economic loss as well as

other threats such as public safety and environmental hazards. For example, instead of only being able to identify the percent of homes in a portfolio that require flood insurance, servicers can determine their risk at an even more granular level to evaluate what percent is at very high risk versus medium to low risk.

Ultimately, FEMA is delivering an impressive range of both existing and new information that will allow the flood determination industry to provide much deeper insights into property loss risk associated with flood events. Potential recipients of that information, such as servicers, will need to consider how they will take advantage of this information to better manage portfolio risk. With access to this more comprehensive view, they can know more about the flood risks in their portfolios than ever before, giving them the opportunity to make decisions that are much better aligned with their tolerance for risk.



*...servicers can determine their risk at an even more granular level to evaluate what percent is at very high risk...*



*Congratulations Barbara Morse!*

This year's National Flood Conference (NFC) took place in Austin, Texas. Attendees included Insurance Agents, FEMA employees, Lenders, Flood Zone Determination Companies and Write Your Own Company representatives. This year's conference offered many different workshops covering topics such as "Intro to the NFIP: Do You Really Know the Basics?" and "Zone Discrepancies: From a Lender's Perspective". The Lender Town Hall session was well attended and included discussions regarding the then proposed FEMA form and Flood Zone Discrepancies.

Thank you so much to all our customers and business partners for attending our event at the Annual National Flood Conference in Austin, Texas. Everybody

had a great time enjoying the best Texas BBQ available while enjoying live music by Clay McClinton. We're also happy to report that we did not lose anybody or have to perform any water rescues on the famous Duck Tour of Austin.

Congratulations to Barbara Morse from Umpqua Bank to winning the Nook during our fish bowl drawing! Barbara was pleasantly surprised to have won as she actually asked her husband to get her a Nook for her upcoming birthday.

We look forward to seeing you at next year's conference in Los Angeles, California. For more information regarding the NFC, visit <http://www.fema.gov/business/nfip/natl fldconf.shtm>.

## New Form

FEMA Form 086-0-32

The new Standard Flood Hazard Determination Form (SFHDF), FEMA Form 086-0-32 has been published. FEMA has granted a six month grace period for implementation of the new form and its modifications. This will provide LPS National Flood with ample time to make the necessary changes. According to the FEMA website and form instructions, the changes include:

- FEMA Form 81-93 is now **FEMA Form 086-0-032**
- Expiration date is **May 31, 2015**
- Property Address and **Parcel Number LOMA/LOMR Number**.
- **Section D:** Add the following additional sentence: Please note, the risk of flooding in this area is only reduced, not removed

FEMA's instructions to the form do not address the Parcel Number addition and the change from LOMA/LOMR to LOMA/LOMR number. LPS National Flood, along with the National Flood Determination Association (NFDA) is seeking clarification from FEMA with regards to specific instructions regarding these two items. In addition, we are requesting a specific implementation date be provided rather than a six month grace period. LPS National Flood will continue to keep you updated as additional information becomes available.

Please visit our website at [www.lpsnationalflood.com](http://www.lpsnationalflood.com) for the latest updates or contact a member of our Account Management team with any questions.

## New Remittance Address

Effective June 1, 2012 our remittance address has changed from PO Box 60000, File 74543-8134, San Francisco, CA 94160 to the below address in Los Angeles, California and will no longer include a File number. Please note this new address is only for payments remitted to **LPS National Flood** and does not affect any other LPS division that you may also do business with.

New Remit Address for LPS National Flood only:

**LPS National Flood**  
**PO Box 511243**  
**Los Angeles, CA 90051-3042**

If you have any questions, please do not hesitate to call us at **800-833-6347 x520**.

## Products Provided by LPS National Flood

In addition to providing guaranteed Flood Zone Determinations, LPS National Flood provides the following products:

**CertMap:** Incorporates high resolution FEMA images, digital road layers and full color satellite and aerial images. These high quality PDF exhibits can be appended to current flood certifications where flood insurance is required. This tool is helpful in illustrating why flood insurance is required resulting in fewer disputed determinations. Information detailing how to secure flood insurance can also be included. Flood insurance and hazard insurance revenue can be generated for an affiliated insurance provider or agency. CertMap is provided when insurance is required as a third page after the Notice to Borrower.



**MapCopy:** Online product that also incorporates high resolution FEMA images, digital road layers and full color satellite and aerial images. Varying versions and combinations can be customized per each individual order. LPS National Flood has experienced substantial productivity gains by utilizing similar mapping tools internally. This product will allow internal Customer Service Representatives to streamline the dispute resolution process and reduce the dependence on third party providers to complete the resolution process.



**Grandfathered Flood Zone Determinations:** A “grandfathered” flood zone determination is one that uses **Flood Insurance Rate Maps (FIRMs)** that reflect prior conditions for the subject property. The historical flood hazard information comes bundled with an exhibit of the subject property’s location on the prior FIRM in effect, formatted for direct submission to FEMA for consideration of insurance premium discounts. These determinations are always completed manually by our senior map technicians.

**Preferred Risk Policy Flood Zone Determinations:** Historical Flood Data based on prior FEMA flood maps in effect, provided in conjunction with the Standard Flood Zone Determination to support the **National Flood Insurance Program’s (NFIP’s)** provision to provide a cost-saving flood insurance option for property owners whose buildings are newly mapped into SFHAs. Data elements provided include historical zone and flood map information and indication of the property’s potential eligibility for the PRP Extension provision.

To add any of the above products to your account profile, send an email to [flood@lpsvcs.com](mailto:flood@lpsvcs.com) or call (800) 833-6347.