

UNIT 2

The National Flood Insurance Program and Community Responsibilities for Participation

As a matter of national policy, a reasonable method of sharing the risk of flood losses is through a program of flood insurance which can complement and encourage preventative and protective measures.

National Flood Insurance Act of 1968

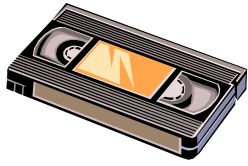
Overview

This unit provides an introduction to the National Flood Insurance Program, including its purpose and how it works. It describes the roles of the state and local partners, how communities participate, and their responsibilities to remain eligible to participate in the program.

Contents

A. The National Flood Insurance Program (NFIP)	3
How the NFIP Works	4
Roles and Responsibilities	5
The Community Role	5
The State Role	6
The Federal Role	6
Contacts	7
B. Community Responsibilities	10
How Do Communities Become Eligible To Participate?	10
What Are a Community's Responsibilities While Participating in the National Flood Insurance Program?	13
Extra-Territorial Jurisdiction	15
C. Current Status of the NFIP	16
Unit Learning Exercise	19
Answers to Unit Learning Exercise	20

Equipment and Materials for Completing This Unit



1. Videotape segment, *Regulating Floodplain Development: What Local officials Should Know* (10 minutes)
2. Video cassette player

References

Federal Emergency Management Agency

1994 National Flood Insurance Reform Act of 1994, Public Law 103-325. Title V in the Community Development and Regulatory Improvement Act of 1994.

1990 *Answers to Questions about the National Flood Insurance Program*. FIA 2.

1989 *Mandatory Purchase of Flood Insurance Guidelines*. FEMA 186.

A. *The National Flood Insurance Program (NFIP)*

During the 1960s, Congress became concerned with problems related to the traditional methods of dealing with flood damage.

Congress concluded that:

- Flood protection structures are expensive and cannot protect everyone.
- People are still building in floodplains and, therefore, risking disaster.
- Disaster relief is inadequate and expensive.
- The private insurance industry cannot sell affordable flood insurance because only those at high risk will buy it.
- Federal flood programs are funded by all taxpayers but they primarily help only those who live in the floodplains.

In 1968, Congress passed the National Flood Insurance Act to correct some of the shortcomings of the traditional flood control and flood relief programs. The act created the National Flood Insurance Program (NFIP) to:

- Guide future development away from flood hazard areas.
- Require that new and substantially improved buildings be constructed to minimize or eliminate flood damage.
- Provide floodplain residents and owners with financial assistance after floods, especially after smaller floods that do not warrant federal disaster aid.
- Transfer most of the costs of private property flood losses from the taxpayers to floodplain property owners through flood insurance premiums.

Congress charged the Department of Housing and Urban Development's Federal Insurance Administration with responsibility for the program. In 1979, the Federal Insurance Administration (FIA) and the NFIP were transferred to the newly created Federal Emergency Management Agency (FEMA).

The NFIP is a voluntary program based on a mutual agreement between the federal government and the local community. Federally backed flood insurance coverage is available to any property owner in return for

THE NFIP

A voluntary program based on a mutual agreement between the federal government and the local community:

In exchange for adopting and enforcing a floodplain management ordinance, federally backed flood insurance is made available to property

community-based regulation of floodplain development to mitigate flood risks.

Flood insurance, and most types of federal financial assistance, such as mortgage loans and grants, are only available in those communities that participate in the NFIP and adopt and enforce a floodplain management ordinance that meets or exceeds the minimum NFIP standards. Flood insurance coverage is also a condition for receiving federal disaster assistance for buildings located in identified flood hazard areas. All federal agencies must comply with NFIP standards and provisions under Executive Order 11988, Floodplain Management.



Before proceeding, this is a good time to view the next video segment, *Regulating Floodplain Development: What Local Officials Should Know*. It is about 10 minutes in length.

Although produced by the Commonwealth of Pennsylvania, the description of the NFIP and community responsibilities will be very beneficial to North Carolina officials. This is one of a number of segments on the tape, so do not rewind after viewing.

How the NFIP Works

BASIS FOR FLOOD INSURANCE PREMIUMS

- For new or substantially improved buildings, based on the flood risk (actuarial)
- Buildings constructed prior to local floodplain management requirements may qualify for nonactuarial rates

The NFIP has two parts—Insurance and Floodplain Management. Federally guaranteed flood insurance is made available in those communities which agree to implement sound floodplain management programs to regulate floodplain development. These communities may apply to participate in the NFIP in order to make the insurance benefits of the program available to their residents, property owners, nonprofit organizations, businesses, and governmental agencies. There is no fee to participate.

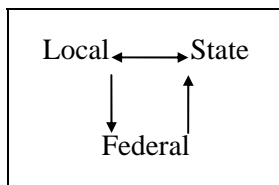
Anyone who owns property, runs a business or nonprofit organization, or lives in a participating community may purchase flood insurance coverage, even for properties not located in mapped floodplains provided the structure or contents are insurable. Insurance provides relief for all floods, including those that are not large enough or severe enough to warrant federal disaster aid. Flood insurance also means that owners of floodprone properties pay more of their share toward flood relief.



At present, there are over 3.8 million flood insurance policies in force nationally. In North Carolina, 94 counties, the Eastern Band of the Cherokee Indian Nation, and 299 municipalities participate in the NFIP; there are over 71,000 policies in force. The insurance aspects of the NFIP are discussed in Unit 11.

Roles and Responsibilities

The federal government has agreed to underwrite flood insurance coverage only in communities that adopt and enforce local floodplain regulations that meet or exceed NFIP criteria. Because the communities ensure that future development will be less susceptible to flood damage, the federal government is willing to make flood insurance available at affordable rates. Floodplain management regulations are explained in Unit 6.



Success in meeting the goals and objectives of the National Flood Insurance Program requires a sharing of roles and responsibilities among local, state, and federal governments, as well as private insurance companies.

The Community Role

As stated earlier, the National Flood Insurance Program is a voluntary program based on a mutual agreement between the federal government and the participating community. A “community” is a governmental body with the statutory authority to enact and enforce development regulations. The authority of each unit of government varies by state. Eligible communities can include cities, town, villages, townships, counties, parishes, special districts, states, and Indian nations.



In North Carolina, the legislature has granted to municipalities the authority to exercise extra-territorial jurisdiction (ETJ) powers in unincorporated areas beyond their corporate limits. Among the powers that may be exercised are the adoption and enforcement of floodplain regulations in these additional areas.

The community’s role in the National Flood Insurance Program is of *paramount importance*. The floodplain management measures required for participation in the NFIP are developed and implemented by the community. These measures must, at a minimum, meet NFIP criteria and state regulations. The community issues and denies floodplain

LOCAL ROLE
<ul style="list-style-type: none"> • Adopt local floodplain management laws in compliance with federal/state laws • Issue or deny development/building permits • Inspect development to assure compliance and maintain records

development/building permits, inspects all development to assure compliance with the local ordinance, and maintains records of floodplain development permits. *Only those residing, owning property, or operating a business or nonprofit organization in a community that participates in the NFIP may purchase flood insurance.*

Each identified floodprone community must assess its flood hazard and determine if the NFIP's flood insurance coverage and floodplain management standards would benefit the community's residents and economy. The specific actions that must be taken by a community to become eligible to participate in the NFIP are covered later in this unit.

The State Role

STATE ROLE
<ul style="list-style-type: none"> • Establish development and building standards • Provide technical assistance to local communities and agents • Under contract with FEMA, evaluate and document community or agency floodplain management activities

The governor of each state is responsible for identifying a state coordinating agency for the NFIP. Funds from the NFIP are available to each state on a 75/25 percent cost share through the Community Assistance Program (CAP) to operate a state assistance office. The role of the designated state agency varies from state to state. It usually includes:

- Regulating floodplain development or providing local governments with the authority to do so
- Providing floodplain management-related technical and specialized assistance to local governments
- Coordinating the activities of various state agencies that affect the NFIP



In North Carolina, the governor has designated the Division of Emergency Management as the state coordinating agency for the NFIP. The state assistance office is housed in the Mitigation and Recovery Branch.

The Federal Role

The NFIP is administered by the Federal Emergency Management Agency. Three components of FEMA are involved in the NFIP:

FEDERAL ROLE
<ul style="list-style-type: none"> • Risk identification • Establish development and building standards • Provide affordable flood insurance coverage

FEMA's Mitigation Directorate, located in Washington, D.C., sets national policy for floodplain regulations, researches floodplain construction practices, and administers the flood hazard mapping program. This includes hazard identification and risk assessment.

FEMA REGIONAL OFFICE ROLE
• Technical assistance

FEMA Regional Offices assist state NFIP coordinating agencies, assess community compliance with the minimum NFIP criteria, advise and assist local officials responsible for administering the ordinance, answer questions from design professionals and the general public, and help in the review and adoption of new maps and data. Each regional office has a Mitigation Division that coordinates the NFIP with states and communities. These offices provide information, training, and interpretation for writing flood insurance policies, lender compliance, and federal mandatory flood insurance purchase requirements. Each FEMA regional office covers four to eight states and territories. A list of the regional offices, their addresses, and the states they cover are shown on page 2-8 of this unit.

The *Federal Insurance Administration (FIA)* located in Washington, D.C., administers the insurance portion of the program. It sets flood insurance rates, establishes coverage, and monitors applications and claims. Private insurance companies through an arrangement with the FIA, called the Write-Your-Own Program, conduct most of the work of processing applications and claims. There are also regional insurance assistance offices, contracted by the FIA. A list of the regional offices, their addresses, and the states they cover are shown on page 2-9. A number of major FIA functions are carried out under contractual arrangements with corporations listed in Appendix G.

Contacts

North Carolina Division of Emergency Management

NFIP - State Coordinator
116 West Jones Street
Raleigh, NC 27603-1335
(919) 733-5392
FAX (909) 715-5408

NFIP Bureau and Statistical Agent Region IV Office

1532 Dunwoody Village Pkwy.
Suite 200, Office B & C
Dunwoody, GA 30338
(770) 396-9117

FEMA Region IV

Mitigation Division
3003 Chamblee-Tucker Road
Atlanta, GA 30341
(770) 220-5400
FAX (770) 220-5440

FEMA Regional Offices

REGION I

Connecticut, Maine, Massachusetts, New Hampshire,
Rhode Island, Vermont

FEMA Region I
J.W. McCormack Post Office and Court House
Room 442
Boston, MA 02109-4595
(617) 223-9559

REGION II

New Jersey, New York, Puerto Rico, Virgin Islands

FEMA Region II
26 Federal Plaza, Room 1337
New York, NY 10278-0002
(212) 225-7200

REGION III

Delaware, District of Columbia, Maryland, Pennsylvania, Virginia, West Virginia

FEMA Region III
Liberty Square Building, 2nd Floor
105 South Seventh Street
Philadelphia, PA 19106-3316
(215) 931-5508

REGION IV

Alabama, Florida, Georgia, Kentucky, Mississippi, North Carolina, South Carolina, Tennessee

FEMA Region IV
3003 Chamblee-Tucker Road
Suite 270
Atlanta, GA 30341
(770) 220-5400

REGION V

Illinois, Indiana, Michigan, Minnesota, Ohio, Wisconsin

FEMA Region V
175 West Jackson, 4th Floor
Chicago IL 60604-2698
(312) 408-5532

REGION VI

Arkansas, Louisiana, New Mexico, Oklahoma, Texas

FEMA Region VI
Federal Regional Center, Room 206
800 N. Loop 288
Denton, TX 76201-3698
(817) 898-5165

REGION VII

Iowa, Kansas, Missouri, Nebraska

FEMA Region VII
2323 Grand Blvd., Suite 900
Kansas City, MO 64108-2670
(816) 283-7002

REGION VIII

Colorado, Montana, North Dakota, South Dakota, Utah, Wyoming

FEMA Region VIII
Federal Center, Building 710
Box 25267
Denver, CO 80225-0267
(303) 235-4713

REGION IX

Arizona, California, Hawaii, Nevada

FEMA Region IX
Building 105
Presidio of San Francisco
San Francisco, CA 94129-1250
(415) 923-7177

REGION X

Alaska, Idaho, Oregon, Washington

FEMA Region X
Federal Regional Center
130 228th Street, SW.
Bothell, WA 98021-9796
(206) 487-4678

NFIP Bureau and Statistical Agent Regional Offices

REGION I

Connecticut, Maine, Massachusetts, New Hampshire,
Rhode Island, Vermont

140 Wood Road
Suite 200
Braintree, MA 02184
(617) 848-1908

REGION II

New Jersey, New York

33 Wood Avenue South
Suite 600
Iselin, NJ 08830
(908) 603-3875

Puerto Rico, Virgin Islands

1407 J.T. Pinero
Caparra Terrace, PR 00921
(809) 782-2733

REGION III

Delaware, District of Columbia, Maryland, Pennsylvania,
Virginia, West Virginia

1930 East Marlton Pike
Building T, Suite 3
Cherry Hill, NJ 08003-4219
(609) 489-4003

REGION IV

Alabama, Florida, Georgia, Kentucky, Mississippi,
North Carolina, South Carolina, Tennessee

1532 Dunwoody Village Parkway
Suite 200, Offices B & C
Dunwoody, GA 30338
(770) 396-9117

REGION V

Illinois, Indiana, Michigan, Minnesota, Ohio, Wisconsin

2443 Warrenville Road
Suite 600
Lisle, IL 60532
(708) 955-4550

REGION VI

Arkansas, Louisiana, New Mexico,
Oklahoma, Texas

11931 Wickchester Road
Suite 304
Houston, TX 77043
(713) 531-5990

REGION VII

Iowa, Kansas, Missouri, Nebraska

The Courtyard
Suite 13-B
601 N. Mur-Len Road
Olathe, KS 66062-5445
(913) 780-4238

REGION VIII

Colorado, Montana, North Dakota, South Dakota, Utah,
Wyoming

6795 E. Tennessee Avenue
Suite 165
Denver, CO 80224
(303) 393-1698

REGION IX

Arizona, California, Guam, Hawaii, Nevada

5777 Madison Avenue
Suite 810
Sacramento, CA 95841
(916) 334-1720

REGION X

Alaska, Idaho, Oregon, Washington

1611 116th Avenue, NE
Suite 116
Bellevue, WA 98004
(206) 646-4908

B. Community Responsibilities

How Do Communities Become Eligible To Participate?

There are a number of actions that must be taken by a community in order to participate in the National Flood Insurance Program. These are listed in Section 59.22 of Part 44 of the Code of Federal Regulations (CFR).

Forms and guides have been developed to address these requirements and to assist in submitting a formal application to the Federal Emergency Management Agency (FEMA).



The Division of Emergency Management (DEM) has developed the following instructions on how to apply to participate in the NFIP:

1. Fill out FEMA Form 81-64, "Application for Participation in the National Flood Insurance Program" (Figure 2-1) which may be obtained by contacting DEM or the FEMA regional office.
2. Adopt and certify the "Resolution of Intent" (Figure 2-2) committing the community to carry out certain floodplain management activities.
3. Adopt and certify an ordinance establishing minimum floodplain management standards consistent with minimum NFIP criteria for floodprone areas. The "Sample Ordinance" contained in Appendix D of this document can be adopted to satisfy this requirement.
4. Prepare a cover letter expressing the intent of the community to participate in the National Flood Insurance Program.
5. Mail two copies of the completed application packet to:
 Director, Mitigation Division
 Federal Emergency Management Agency
 3003 Chamblee-Tucker Road, Suite 270
 Atlanta, GA 30341
6. Mail one copy of the completed application packet to:
 NFIP - State Coordinator
 North Carolina Division of Emergency Management
 116 W. Jones Street
 Raleigh, NC 27603-1335
 Attention: Floodplain Management Section
7. Maintain one copy of the complete application for your records.

INSURANCE PROGRAM		Disclosure Notice		
You are not required to respond to this collection of information unless a valid OMB control number is displayed in the upper corner of this form.				
1. APPLICATION (City, Town, etc.) Horizon County, North Carolina Town of Farview, North Carolina			DATE: September 1, 1995	
COUNTY, STATE Horizon County, North Carolina				
2. COMMUNITY OFFICIAL - CHIEF EXECUTIVE OFFICER (CEO) Sue P. Visor, County Manager			TELEPHONE NO. (Include area code) 704-987-1000	
ADDRESS (Street or box no., city, state, zip code) PO Box 1234, Farview, North Carolina 28765				
3. PROGRAM COORDINATOR (Official, if different from above, with overall responsibility for implementing program) A.R. Ange, Planning / Land Records Director			TELEPHONE NO. (Include area code) 704-987-1234	
ADDRESS (Street or box no., city, state, zip code) PO Box 1234, Farview, North Carolina 28765				
4. FIRST FLOOR ELEVATION INFORMATION WILL BE RECORDED BY: Ed Ifice, Building Inspector			TELEPHONE NO. (Include area code) 704-987-5678	
ADDRESS (Street or box no., city, state, zip code) PO Box 1234, Farview, North Carolina 28765				
5. LOCATION OF COMMUNITY REPOSITORY FOR PUBLIC INSPECTION OF FIA MAPS Planning and Mapping Department				
ADDRESS (Street or box no., city, state, zip code) 300 E. Easy Street, Farview, North Carolina 28765				
6. ESTIMATES FOR ONLY THOSE AREAS SUBJECT TO FLOOD AND/OR MUDSLIDES AS KNOWN AT THE TIME OF APPLICATION				
AREA	POPULATION	NO. OF 1-4 FAMILY STRUCTURES	NO. OF SMALL BUSINESS STRUCTURES	NO. OF ALL OTHER STRUCTURES
Horizon County Town of Farview	220	90	6	0
7. ESTIMATES OF TOTALS IN ENTIRE COMMUNITY				
	POPULATION	NO. OF 1-4 FAMILY STRUCTURES	NO. OF SMALL BUSINESS STRUCTURES	NO. OF ALL OTHER STRUCTURES
	55,200	19,700	250	0

RESOLUTION OF INTENT

WHEREAS, certain areas of _____ are subject to periodic flooding, or flood-related erosion, causing serious damage to properties within these areas; and

WHEREAS, relief is available in the form of federally guaranteed flood insurance as authorized by the National Flood Insurance Act of 1968, and

WHEREAS, it is the intent of this COUNCIL to require the recognition and evaluation of flood, or flood-related erosion hazards in all official actions relating to the land use BUILDING CONSTRUCTION, REPAIR, and REMODELING in areas having these hazards; and

WHEREAS, this body has the legal authority to adopt land use and control measures to reduce future flood losses pursuant to (CITE APPROPRIATE SECTION OF STATE LAW AND OTHER RELEVANT AUTHORITY.)

NOW, THEREFORE, BE IT RESOLVED, that this COUNCIL hereby:

Assures the Federal Insurance Administration that it will enact as necessary, and maintain in force in those areas having flood, or flood-related erosion hazards, adequate land use and control measures with effective enforcement provisions consistent with the Criteria set forth in Parts 59, 60, and 65 of the National Flood Insurance Program Regulations (44 CFR): and

Vests _____ with the responsibility, authority and means to:

- a) Assist the Administrator, as requested in delineation of the limits of the area having specific flood, of flood-related erosion hazards.
- b) Provide such information as the Administrator may request concerning present uses and occupancy of the floodplain, or flood-related erosion areas.
- c) Cooperate with federal, state, and local agencies and private firms which undertake to study, survey, map, and identify floodplain, or flood-related erosion areas, and cooperate with neighboring communities with respect to management of adjoining floodplain, and/or flood-related erosion areas in order to prevent aggravation of existing hazards.
- d) Upon occurrence, notify the Administrator in writing whenever the boundaries of the community have been modified by annexation or the community has otherwise assumed or no longer has authority to adopt and enforce floodplain management regulations for a particular area. In order that all Flood Hazard Boundary Maps and Flood Insurance Rate Maps accurately represent the community's boundaries, include within such notification a copy of a map of the community suitable for reproduction, clearly delineating the new corporate limits or new area for which the community has assumed or relinquished floodplain management regulatory authority.

Appoints _____ to maintain for public inspection and to furnish upon request for the determination of applicable flood insurance risk premium rates within all areas having special flood hazards identifies on a Flood Hazard Boundary Map or Flood Insurance Rate Map, and certificates of flood-proofing, and information on the elevation (in relation to mean sea level) of the level of the lowest flood (including basement) of all new or substantially improved structures, and include whether or not such structures include a basement, and if the structures has been flood-proofed;

Agrees to take such other official action as may be reasonably necessary to carry out the objectives of the program.

DATE PASSED:

CERTIFICATION:

What Are a Community's Responsibilities While Participating in the National Flood Insurance Program?

Communities that are participating in the National Flood Insurance Program have a number of continuing administrative responsibilities.

The most important responsibility is to adopt and adequately enforce floodplain management regulations. These regulations should be designed for each community's circumstances and must meet, at a minimum, the floodplain management criteria established by the Federal Insurance Administrator for participation in the NFIP and more restrictive state standards, if applicable.

These local regulations, in part, implement the mutual agreement between the federal government and the community that federally backed flood insurance will be made available to a community that agrees to regulate development in identified flood hazard areas in order to reduce exposure to flood risk.

The community must revise its existing ordinance within six months of notification of changes in federal or state laws and/or regulations that would necessitate changes to the ordinance. A certified copy of any ordinance revision is to be submitted to the FEMA regional office and to the state NFIP coordinating agency promptly after adoption.

New Term

**Local
Administrator**

Maintain appointment or designation of an agency or official with the responsibility, authority, and means to implement the commitments the community made in joining the NFIP. This official is designated as the "**local administrator**" of the floodplain management program.

Maintaining records of permitted floodplain development is another important responsibility. The community is to maintain for public inspection and to furnish to FEMA or the state upon request, records of all development within identified flood hazard areas:

- Record of all development permitted in the Special Flood Hazard Area (SFHA)
- Information on the elevation (in relation to the National Geodetic Vertical Datum) of the level of the lowest floor (including basement) of all new and substantially improved structures

- Any certificates issued for floodproofing of non-residential structures and the elevation (in relation to NGVD) to which the non-residential structure was floodproofed
- Copies of other required state and federal permits
- No-impact engineer's certification for any development in the floodway
- V-Zone engineer's or architect's certification for all new construction and substantial improvements in the coastal high hazard areas (velocity zones)
- Any variance issued with supporting justification

Note: These certifications will be explained in subsequent units.

There are also a number of other administrative and coordination responsibilities.

New Term

Map repository

- Cooperate with federal, state, and local agencies and private firms that undertake studies to identify flood hazard areas within the community.
- Establish a local "**map repository**," usually within the local administrator's office, where floodplain information provided to the community can be made available for public inspection and use.
- Cooperate with neighboring communities in the management of adjoining floodplain areas in order to prevent aggravation of existing hazards.
- Notify the FEMA regional office and the state, in writing, whenever the boundaries of the communities have been modified by annexation, or if it has otherwise assumed authority to adopt or enforce floodplain management regulations for a participating area, or conversely, no longer has authority for that area. A map is to be included with such notification showing the new corporate limits or new area of assumed or relinquished authority. Note: FEMA requests that this information be supplied only once a year via submission of a current corporate limits map, also showing the boundaries of extra-territorial jurisdictions, if applicable.
- Submit a **biennial report** to the FEMA regional office, on a form mailed directly to the chief executive official (CEO) for this purpose, concerning the community's floodplain development activities. This is usually filled out by the local administrator and signed by the CEO. A sample report is shown in Appendix H.

New Term

Biennial report

- Notify adjacent communities and the state NFIP coordinating agency prior to any alteration or relocation of a watercourse. Submit a copy of such notifications to the FEMA regional office.
- Submit any new floodplain data to the FEMA regional office within six months after it is developed.
- Notify adjacent communities prior to substantial commercial developments and large subdivisions to be undertaken in identified flood hazard areas, which could impact their Special Flood Hazard Areas.
- Whenever physical changes occur in the community that can affect flooding conditions, such as channel modifications or upstream detention, notify the FEMA regional office by submitting technical data on the changes, no later than six months after such information becomes available to the community.
- Review revisions to maps (Conditional Letters of Map Revision, Letters of Map Revision) to guarantee they meet local regulations.

As discussed earlier, the most important community responsibility is to adequately enforce its floodplain regulations. If it is determined that a community *has not* adequately enforced its regulations, it is required to:

1. Correct its program deficiencies.
2. Remedy all violations to the maximum extent possible in accordance with established compliance deadlines.

Failure to do so can result in the community being subject to probation and eventual suspension from the program.

Extra-Territorial Jurisdiction

Municipalities in North Carolina have the option to exercise land use and building permitting jurisdiction over certain areas outside their corporate boundaries. The distance this extends from the community varies according to population size, and the community must take formal council action to create the boundaries of this extra-territorial jurisdiction [ETJ]. The NFIP recognizes that when a community establishes an ETJ, it also assumes floodplain management responsibilities for the ETJ. This has become a serious issue in North Carolina, since there are over 200 municipalities for which FEMA has not issued flood maps. While most of

these communities have never joined the NFIP, many have annexed or included in their ETJs special flood hazard areas portrayed on the Flood Insurance Rate Maps (FIRMs) for the unincorporated areas of a county. When this occurs, the municipality is encouraged to join the NFIP for a variety of reasons:

- To allow county residents and property owners in the annexed areas or ETJs to purchase or renew existing flood insurance policies
- To allow residents and property owners within floodprone, but unmapped, areas of the municipality to purchase federally-backed flood insurance
- To ensure that adequate floodplain management regulations are maintained for the SFHAs over which the community now has jurisdiction
- To avoid sanctions regarding federal disaster assistance and federal loans and grants for activities in the identified SFHAs, and
- To ensure that residents and property owners in the SFHAs are still able to secure mortgage loans and home-equity loans and to refinance existing loans, all of which would be limited if the community did not join the NFIP.

Please refer to the Effects of Non-Participation in Appendix G and to the state NFIP coordinating agency for further information.

C. Current Status of the NFIP

Since the late 1960s the NFIP has evolved from a concept of reducing the nation's flood losses to a national program affecting planning and real estate transactions in essentially all floodprone communities of the United States.

The NFIP has effectuated these changes by:

- Establishing a self-supporting program of flood insurance that was largely unavailable throughout the country. All NFIP expenses, including mapping and administrative costs, are paid through insurance premiums.
- Identifying, assessing, and mapping flood risks in most floodprone communities.



THE NATIONAL
FLOOD INSURANCE
PROGRAM
IN NORTH CAROLINA

- 394 participating communities
- 71,000 policies
- \$8.4 billion in coverage
- \$415 average insurance premium

- Increasing flood risk consciousness on the part of individuals, lenders, and businesses making investment decisions.
- Mapping over 100 million acres of flood hazard areas nationwide and designating some six million acres of floodways along 40,000 stream and river miles. In North Carolina, some 3.2 million acres of flood hazard areas have been mapped in all 100 counties, the Eastern Band of the Cherokee Indian Nation, and 324 municipalities. Maps have not yet been issued for approximately 180 small towns.
- Issuing 3.8 million flood policies with a total coverage of \$417 billion. The average flood insurance coverage is \$109,842; the average loss paid is \$16,640; and the average insurance premium is \$306 (as of August 1997). Florida, Louisiana, and Texas currently have the most policies issued. Since 1978, \$7.8 billion has been paid to over 860,000 loss claims.
- In North Carolina over 71,000 flood policies with a total coverage of \$8.4 billion have been issued; the average coverage is \$117,609; average loss paid is \$26,575; and the average insurance premium is \$415 (as of September 1997). Since 1978, \$278 million has been paid on over 10,000 loss claims.
- Establishing a program of local floodplain management in over 18,400 communities nationwide. In North Carolina 394 communities (counties and municipalities) have adopted and are enforcing floodplain management ordinances. A number are carrying out other floodplain management measures.



Please complete the Unit Learning Exercise before proceeding.



Unit Learning Exercise

Purpose: To review what you have learned in this unit.

Directions: Answer the following questions.

1. The two parts of the National Flood Insurance Program are _____
and _____
2. Where can flood insurance be sold within a participating community? _____

3. The NFIP is a voluntary program based on a mutual agreement between the
_____ and the _____
4. In North Carolina, the state NFIP coordinating agency is _____
5. The two most important responsibilities of communities participating in the NFIP are _____
_____ and _____

6. The agency or official given the responsibility, authority, and means to implement the
commitments my community made in joining the NFIP is _____

7. The agency or official responsible for submitting a biennial report to FEMA concerning my
community's participation in the NFIP is _____

8. The location where floodplain information provided to my community is available for public
inspection and use is _____
9. Whenever the boundaries of the community have been modified by annexation or the
community assumes floodplain management authority for a particular area outside the
corporate boundaries, what administrative responsibility pertaining to the NFIP does the
community have to perform? _____

Answers to Unit Learning Exercise

1. The two parts of the National Flood Insurance Program are ***floodplain management*** and ***flood insurance***.
2. Where can flood insurance be sold within a participating community?
Anywhere in the community.
3. The NFIP is a voluntary program based on a mutual agreement between the ***federal government*** and the ***local community***.
4. In North Carolina, the state NFIP coordinating agency is ***the Division of Emergency Management***.
5. The two most important responsibilities of communities participating in the NFIP are ***adequately enforcing its floodplain management regulations*** and ***maintaining records of permitted development***.
6. The agency or official given the responsibility, authority, and means to implement the commitments my community made in joining the NFIP is
Answer is community specific; if you don't know, find out.
7. The agency or official responsible for submitting a biennial report to FEMA concerning my community's participation in the NFIP is
Answer is community specific; if you don't know, find out.
8. The location where floodplain information provided to my community is available for public inspection and use is ***Answer is community specific; if you don't know, find out.***
9. Whenever the boundaries of the community have been modified by annexation or the community assumes floodplain management authority for a particular area outside the corporate boundaries, what administrative responsibility pertaining to the NFIP does the community have to perform? ***Notify FEMA, in writing, of such changes. A map is to be included showing the new boundaries or area.***