

# **Flood Insurance is a *Good Thing***

## **CRS Communities can Encourage Purchase of Policies**

**By: Gary Heinrichs and Bruce Bender Co-Chairs  
of the ASFPM Insurance Committee**

*Editor's Note: Communities that participate in the CRS can receive credit points for promoting flood insurance, but that's not the most important reason for supporting the purchase and maintenance of building and contents coverage. This article, excerpted from one that appeared in the Association of State Floodplain Managers' News & Views, reiterates the rationale for making flood insurance a priority in any community's flood mitigation approach.*

Self-reliant, sustainable communities know that flood insurance is the only vehicle guaranteed to assure a smooth and complete recovery from a damaging flood. Experience has shown that an insured community recovers more quickly and more thoroughly than it would if no insurance were in place. Consider that:

- People without the needed financial resources may not be able to make full repairs to their homes after a flood and may move back into an unsafe or unsanitary structure—if they move back at all. In either circumstance, neighborhoods can be prone to deterioration over time, which tends to result in social problems and also undermines the tax base.
- One out of every four damaged businesses does not re-open after a disaster, because they are not financially prepared to do so, according to the Institute of Business and Home Safety. Business closures reverberate through the local economy and the community, as jobs are lost, tax revenues decline, and consumer spending is disrupted.
- Very few floods are declared federal disasters. No declaration means no federal grants, loans, or temporary housing funds for the people or for the local government. And even in the few cases in which there is a disaster declaration, the vast majority of federal assistance to households comes in the form of small, restricted grants and disaster loans.

The good news is that flood insurance can remedy these situations. Renters and homeowners with building and/or contents coverage are assured of quick financial help to recover and to repair or rebuild. Businesses with the proper flood insurance coverage can repair, reopen, and put their employees back to work faster. Further, insured properties are eligible for Increased Cost of Compliance (ICC) payments—an additional source of funding that helps in local redevelopment. All of these circumstances generate a sense of well-being and positive outlook in a flood-damaged community.

Local officials can help their communities get ready for the next flood by making flood insurance a high priority. Here are some ideas:

- Promote the advantages of flood insurance in town newsletter articles, public service announcements, town events, and other outreach projects.
- When residents apply for permits for projects in the floodplain, remind them that their homeowners' policy does not cover flooding, but they can purchase it through their own insurance agent.
- Check the amount—and distribution—of flood insurance coverage in your community to see if some areas need to be targeted for receiving additional information. (CRS communities get a list of local flood insurance policies from FEMA once every year).
- Supply elevation certificates from your building permit files to insurance agents, real estate agents, and property owners.

- Let the insurance agents in your community know that training in flood insurance is available. Better yet, arrange training sessions for them.
- Don't forget to explain the Preferred Risk Policy in all your promotional work.
- Buy flood insurance for community-owned buildings. This sets a good example and also ensures that the community will have financial resources for repair and rebuilding. Remember, even if a federal disaster is declared, the amount of assistance provided for flood-damaged public property will be reduced by the amount of insurance coverage the community should have had.

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