



NATIONAL FLOOD INSURANCE PROGRAM

Bureau and Statistical Agent

FEMA

W-03055

MEMORANDUM TO: Write Your Own (WYO) Principal Coordinators and
NFIP Servicing Agent

FROM: WYO Clearinghouse

DATE: October 16, 2003

SUBJECT: NextGen Newsletter

Attached is the premier issue of FEMA's NextGen Newsletter, which is dedicated to the Next Generation (NextGen) NFIP modernization effort. Please distribute this information within your organization as appropriate.

If you have any questions or need additional information, please contact your Program Coordinator.

Attachment

Suggested Routing: Accounting, Claims, Data Processing, Marketing, and Underwriting



FEMA

NextGen newsletter

Volume One - Issue One - October 2003

Welcome to the premier edition of a new newsletter devoted to the Next Generation (NextGen) of the National Flood Insurance Program (NFIP) modernization effort. During the past few years, we have built a solid business-strategic foundation so the FEMA Mitigation Division can modernize the NFIP Bureau & Statistical Agent (Bureau) systems and improve services. I see the NextGen Newsletter as a way to inform our stakeholders of the status of our transformation.

The principal NextGen Project goals are to improve our internal processes to benefit all NFIP stakeholders, and to achieve more efficient and effective program operations.

Modernization is critical to the success of both arms of the NFIP – both mitigation and insurance. The FEMA Mitigation Division is committed to lessening the impact that floods have on people's lives and property through preparedness. Our work ranges from better enforcement of building codes within floodplains to increasing the number of flood insurance policies in force, just to name some of our activities. We're also looking at how technology can further support preparedness – that's where NextGen comes in. Flood insurance is a unique business that the NextGen team has been analyzing closely to create a business-oriented solution, where the business drives technology changes.

The bottom line is that the NextGen Project is bringing the NFIP into the 21st century of web services technology. This means that WYO companies and vendors will be able to connect directly and seamlessly to the Bureau to conduct flood insurance business in an efficient and meaningful way. By making flood insurance easy and quicker to process, WYO companies can focus efforts to sell more policies and grow their book of business.

The NextGen Project is consistently advancing towards its goal. Examples of advancements are the "simple & quick access" online prototype to access information and the "submit for rate" flood insurance rating prototype. The NextGen team will use this Newsletter to communicate these ongoing activities, progress, WYO company's and vendor's impacts, and how our stakeholders can get involved.

I hope our stakeholders will continue to be active participants in this exciting project – this is OUR future.

Anthony S. Lowe

Director, Mitigation Division

FEMA National Flood Insurance Program



FEMA News Photo 1994

What is NextGen?

Over the next few years, the National Flood Insurance Program's (NFIP) NextGen team will be busy improving processes and Bureau systems, and the goal of the NextGen Newsletter is to keep our stakeholders informed about ongoing and upcoming activities.

The NextGen Project is an Information Technology (IT) effort to modernize the government's NFIP systems with cur-

rent and industry-proven technologies. NextGen's goals are:

1. Establish consistent communications between FEMA Mitigation Division and WYO companies and their vendors.
2. Improve NFIP services to FEMA Mitigation Division and WYO companies and their vendors through stakeholder input.
 - Increase NFIP operational efficiency
 - Enhance NFIP analytical capabilities
3. Improve NFIP systems to create

efficient and financially sound operations. 4. Improve efficiency & operations to facilitate NFIP policy growth.

With the help of our Joint Working Groups (JWGs), the NextGen team continues to define the stages of the long-term plan to improve NFIP services. The new environment will enable NFIP stakeholders to explore the long-term goals of web-services to mitigate risks and enhance flood insurance policy growth. (See "NextGen" on page 2)

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The vision of NextGen is to have a web-based IT system. The end solution should be a seamless transition from the current IT mainframe to a new web service environment (See "Web Services 101"). Over the past year, JWG members

have been meeting to develop functional requirements for our envisioned to-be environment. JWGs members are from WYO companies, vendors, the Bureau and FEMA Mitigation Division. These representatives are helping to ensure that the new system will be able to work with the WYO company and vendor

systems through interfaces. For more information about the JWGs, see our article on page 4.

As the Director said in his welcoming message, over the next few years, we hope to use this newsletter to communicate NextGen progress and what this means to WYO companies and vendors.

Is NextGen "Just Another Project?"

By Debra "Dee" Woodard

NextGen is more than a technology improvement project. The NextGen modernization project is examining everything about current NFIP business processes, identifying improvement opportunities, and detailing how to make improvements using up-to-date technologies.

The first step towards modernization was to clearly understand the details of the program's needs. Over the past year, the NextGen team has been busy gathering requirements through the Joint Working Groups (JWG), made up of WYO companies, vendors, Bureau, and FEMA personnel. Additionally, the team is generating requirements as it begins to reengineer existing Bureau systems and processes to generate some near-term improvements.

One critical near-term improvement is to establish automated high-volume security for online interactions with the Bureau. NextGen is implementing Netegrity SiteMinder™ to ensure data is protected in exchanges with Bureau systems. By first addressing data integrity and security, NextGen is establishing the foundation in the near term for long-term improvements.

Other improvements include creating a format that will allow WYO companies and vendors access to their flood insurance data quickly and easily. While that data will reside on the Bureau's mainframe, companies can access the data and get meaningful reports, allowing WYO companies and vendors a focused marketing edge. This means that the WYO companies will have information about their insured – informa-

tion like whom is canceling policies, who is not renewing, and who is buying new policies – that they can use to develop targeted marketing schemes. But, that's just the beginning.

The NextGen Project Path

The NFIP modernization project started as a business case, which focused on ensuring the continued success of the NFIP for the future. In 2000, our business case, "Blueprint for the Future," identified the need to modernize the legacy NFIP Bureau systems. The "Blueprint" affirmed that modernized NFIP systems and improved processes would offer stakeholders a more service-oriented environment that focused on growing the program. The Blueprint defined the overarching business strategy, which included e-Government capabilities using proven and standard technology components.

Once the Blueprint set the foundation for the modernization effort, it was time to develop the Concept of Operations (CONOPS). The objectives for CONOPS were to define a bird's-eye view of major NFIP processes; describe how processes will function from an enabling technology perspective; and

"...identifying improvement opportunities, and detailing how to make improvements using up-to-date technologies."

assess current baseline technologies. CONOPS continued to define the modernization framework for the NFIP. This high level strategic framework was completed but it then needed to become a reality. The NextGen team became engaged in the next phase and picked up where CONOPS left off. The bird's-eye view of current business processes were analyzed and defined to granular details. Additionally, internal Bureau process models are developing. All 72-internal NFIP Bureau systems and sub systems are under analysis to determine the exact functions they perform and to see if they need to be reengineered. The current processes, infrastructure and systems will provide a clear NFIP Bureau baseline. From a complete baseline, the NextGen team

Near Term Improvements

- May '03 - '04
- Establish NextGen System Environment
- Simple and Quick Access (SQA)
- Develop Meaningful Reports

Joint Working Groups

- October '02 - '03
- Develop Requirements & Recommendations
- Define As-Is Industry Processes
- Identify Future Near Real Time/Batch Transaction Timing Issues

have web services at the core.

Through web services the NextGen team can encapsulate existing business processes and rules; publish them as services; search for and subscribe to other services; and exchange information throughout and beyond the NFIP. Web services will enable application-to-application business interaction, removing the inefficiencies of human intervention. Web services is driven by the need to securely expose business logic beyond their NFIP Bureau firewall. Simply stated, web services is an "inter-active" web that has the ability to complete task with many stages of execution, between different stakeholders.

Web Services 101

Web services, coined by Microsoft, is a standard technology that allows all users to interact over the web with the Bureau Flood Insurance business capabilities, systems and logic. All e-government and e-business systems

August 2002

NextGen Begins

- August '02 - Nov. '03
- NextGen Project Plans
- Determine Bureau Baseline
- Determine Internal Processes
- Develop To-Be Environment

can develop a “to-be” technology architecture that is grounded in today’s realities.

To develop the to-be technology architecture, requirements must be gathered from all stakeholders. The NextGen team has been busy gathering requirements that support near-term and long-term business strategies. The to-be technology architecture will be based on standard and proven technologies. Other considerable requirement factors include capacity, security, performance, risk, baseline migration, financial integration, etc.

For now, companies are not being asked to change their systems or the way they do business. The NextGen team is simply gathering information that establishes the baseline and identifies requirements for

future systems. In the end, changes resulting from new technologies will only affect the delivery and timing of data exchanges. WYO companies and vendors will have some options for how they will change with Bureau improvements.

Over the next few years, NextGen’s goal is to develop e-Government capabilities utilizing “web services.” To correctly implement web services, NextGen is developing prototypes which will undergo extensive testing, to ensure that they can work under current and optimized processes, that they can scale to meet real NFIP demands, and that they can be used and maintained at a reasonable cost to the government and industry partnership.

Making Our Partnerships Work Better

The main objective of the modernization effort is to improve FEMA’s partnership with WYO companies and vendors through a more accessible and seamless data sharing operation.

What does FEMA consider a seamless and accessible system? Primarily, it’s a system that increases customer service and makes data sharing happen near-real time or in a frequent batch environment.

“Through efficiency, we will improve customer service to the entire flood insurance industry.”

Prototypes - TBD

- May ‘04 - ‘06
- Additional Prototypes
- Develop, Test and Pilot
- Smart Flood Insurance Manual

Our customers are the WYO companies, their vendors, and through them flood insurance policyholders.

With better customer service, the Bureau will provide near-real time, accurate error identification. Presently it takes months for an error in the Transaction Record Reporting and Processing (TRRP) cycle to be identified and communicated back to the WYO company or vendor. To reduce the communication time between the Bureau and WYO companies and their vendors, the NextGen Project is planning and testing ways to move the TRRP off the mainframe and into a web services environment.

Another major benefit to NFIP stakeholders will be a Smart Flood Insurance Manual (SFIM), which represents the electronic brains of the NextGen business intelligence, including up-to-date Flood Insurance rules and rates. NextGen is passing this brain to the companies by using web services. SFIM is a NextGen feature, which companies will have the option to use. In a nutshell, SFIM is simply a way to validate rates and rules on the company’s side, using the same rules that the Bureau uses. This should eliminate errors upfront. Every six months a new SFIM will be updated with the May and October changes and sent to the companies in an XML format.

There will also be standard upfront validations with the new NextGen system. Validations will be addresses, policy types, 1316, rates, etc. For example, information about 1316 actions would be automatically communicated

May 2006

Full Production of NextGen

- May ‘06
- Fully Functional System
- Continuous Improvement

– so if a property owner of an insured building fails to obtain an inspection from community floodplain management officials as a condition of renewing the Standard Flood Insurance Policy (SFIP) on the building or refuses to mitigate a flood-prone problem, and therefore is not eligible for NFIP flood insurance, the WYO company will know not to issue a policy.

These are just a few of the major benefits NextGen will extend to NFIP business partners. To truly achieve success, WYO companies and vendors will have to participate and communicate feedback that can make these services and the NFIP partnership successful.

Shooting for Efficiency

NextGen is the culmination of various modernization activities to help the NFIP utilize an entire insurance system in the best ways to communicate and process information provided by WYO companies and their vendors. Through efficiency, we will improve customer service to the entire flood insurance industry. We will enhance the policyholder, government and business relationships by having an efficient and correct reporting process – it’s just good business.

Much of the work has already been done, now we are really “revving up” the building phase. This will result in smooth sharing of information, both ways, and better service to our policyholders.

“WYO Companies and Vendors Have a Voice”

In October 2002, the NextGen Joint Working Groups (JWGs) initiated a yearlong forum to discuss current industry processes and to determine requirements for the to-be environment. JWGs will end their charter with a set of proposed recommendations for the to-be NFIP NextGen environment this October. These recommendations will be critical in guiding the simplification of the NFIP business processes while meeting the needs of the real users and stakeholders. The five NextGen JWGs are:

- Claims
- Financial Management
- Flood Insurance Policy and Underwriting
- Information Technology
- Marketing, Training and Communications

The members of the JWGs are:

- WYO Company Representatives
- Vendor Representatives
- FEMA's Mitigation Division staff, which include actuarial, claims and underwriting personnel, engineers and risk communicators.
- NFIP Bureau Staff. The Bureau functions as the NFIP's gateway to the flood insurance world – it processes incoming information such as the TRRP plan, acts as liaison to WYO Company representatives; and functions as an actuary, among other things.

JWG Operating Principles

In developing recommendations for the NFIP NextGen environment, the work of the JWGs will ensure that recommendations and proposed solutions for the NextGen environment benefit all stakeholders. They have identified processes and practices that work in the present system. These will not be altered in the NFIP NextGen environment.

The JWGs sought to develop proposed processes, requirements and specification to enhance the efficiency for WYO companies, vendors and other stakeholders. The responsibility and liability for information and services delivered through the NextGen systems will remain the same. JWG members sought to keep in mind the impact of the transformation on new business processes.

During their analyses, the NextGen

team and all JWG members proposed recommendations to comply with stakeholder concerns, such as data security, trade secret, proprietary

“These [JWG] recommendations will be critical in guiding the simplification of the NFIP business processes while meeting the needs of the real users and stakeholders.”

requirements, and privacy laws; and ensured that recommendations and solutions will comply with WYO company and vendor needs and interest.

JWG Objectives Principles

One of the main JWG objectives is to expand partnerships and encourage collaboration between FEMA, the Bureau, WYO companies and vendors through JWG activities. In keeping with the goal of unity, a main objective is to ensure that all JWGs worked with and supported the other JWGs when appropriate, to insure all work groups moved in the same direction.

Objectives

- Define, modify and update the “as-is” flood insurance processes to identify current and essential processes;
- Define, modify and update the “to-be” flood insurance processes to improve existing processes by identifying opportunities to use technology to improve the program;
- Propose refinements and/or revisions to the business processes related the NFIP NextGen environment;
- Identify business processes that will not be altered in the NextGen environment; and
- Involve JWGs in targeted improvement activities to ensure that near-term targeted improvements meet stakeholders' needs (e.g., gathering requirements, testing prototypes).

As noted above, the JWGs will wrap up their charters with a set of proposed recommendations for the to-be NFIP NextGen environment this October. These recommendations will be examined with FEMA senior management and in upcoming issues of this newsletter. This will be critical in guiding the growth and simplification of the NFIP business processes while meeting the needs of the real users and stakeholders.

We welcome your comments and suggestions, as well as writing submissions. Send your questions, comments, suggestions and other communications to the NFIP NextGen points of contact;

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