




FEMA

Memorandum

W-03068

To: WYO Company Principal Coordinators
NFIP Servicing Agent
Flood Insurance Producers National Committee (FIPNC)

From: Anthony S. Lowe 
Director
Mitigation Division
Emergency Preparedness and Response Directorate

Date: December 23, 2003

Re: Wildfires Heighten Flood Risk in California — Materials for Agents and Consumers

California's rainy season is here. Residents are at increased risk of flood and mudflows that can damage homes and businesses, especially in and near the recent massive wildfire's burn area, where the risk will be dramatically higher for the next several years.

It is an important time for agents to work with customers to reassess their flood risks and flood insurance policy options. Agents should act quickly to alert Southern California property owners that recent wildfires have greatly increased the risk of flooding and mudflows. Typically, there is a 30-day waiting period before a flood insurance policy becomes effective.

FEMA urges you to share this valuable information with your agents to help them talk with customers about the increased value of acquiring and retaining flood insurance policies. The attached *Agent Information Sheet and Customer Talking Points* and *Consumer Flood Information Sheet* contain critical information about the increased flood risk in Southern California. These are also supplied as Word documents to allow your company and agents to personalize them. You may access this information at http://bsa.nfipstat.com/wyobull/ca_agent_info.doc and http://bsa.nfipstat.com/wyobull/ca_consumer_info.doc.

Additional activities are also underway to help support agents in educating customers about their increased risk.

- **Radio and print ads.** FEMA is working with contractor J. Walter Thompson to create and place radio and newspaper ads in regional and local media outlets. Print ads will run in the *Los Angeles Times*, *Riverside Press-Enterprise*, *San Diego Union Tribune*, *San Bernardino County Sun*, and *Ventura County Star* periodically from December 17 through the first week in January. Radio scripts will be in circulation to stations across Southern California on December 20.

- **Agent association outreach.** FEMA will be contacting agent associations to urge them to share this information with their California members.
- **Training video** segments about the increased flood risk in Southern California are available via the web through the NFIP BureauNet video portal at <http://bsa.nfipstat.com>. This series of 1- to 2-minute videos includes graphics, photos, and answers to frequently asked questions regarding the increased need for flood insurance coverage. A transcript of the training video is attached.
- **Regional training sessions** for agents in Southern California were conducted this month in the impacted area. Additional training on the National Flood Insurance Program can be accessed through the Agent Training Station at www.fema.gov.
- **Post-Fire Advisory Flood Hazard Maps**, issued by FEMA in cooperation with the California Office of Emergency Services, indicate the fire-impacted areas that are now at a higher risk for flooding as a result of the wildfires. These maps are located at www.capostfirefloods.net along with the brochure, "Wildfire and Flood Risks."

If you have any questions, please contact your Program Coordinator.

Attachments

cc: WYO Marketing Committee, IBHS, FISCAA

Suggested Routing: Marketing, Claims, and Underwriting

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**Southern California Flood Season
Agent Information Sheet and Customer Talking Points**

**FLOOD RISKS HIGHER THIS YEAR
THROUGHOUT SOUTHERN CALIFORNIA
Avoid E&O Problems By Contacting Homeowners and Businessowners Now!**

The December-April rainy season is here, and the flood risk is real

In Southern California, the rainy season is flood season. Notable flooding events in January '95; December '96 and January '98 totaled over \$120 million in damages!

In or near the wildfire burn areas, the risk is dramatically higher – and will stay so for three to five years

Areas at higher risk include those below and downstream from the wildfire areas. Experts state that it may take 3 to 5 years for the vegetation to return to its pre-wildfire state. Without this vegetation and ground cover, rainfall can cause the soils on the steep slopes to become saturated, liquefy and then flow down the hills as a powerful and devastating mudflow. (Remember, mudflows are covered by the NFIP, but not mudslides. Refer to your manual for details.)

30-Day Waiting Period – Review your files now

You need to act soon. There typically is a 30-day waiting period before a flood insurance policy becomes effective. To avoid an E&O problem, remember to contact those homeowners and commercial accounts, not just in the wildfire area, which don't have flood insurance. And make sure existing policyholders have enough coverage.

New areas, not usually affected by floods, are now at risk

Adding to the danger, fire debris, mud and silt can clog even the smallest of streams, sending flood waters into neighborhoods and business areas that have never experienced a flood before.

You and your customers can see the areas that have been put at higher risk by the wildfire. California's new Post-Fire Advisory Flood Hazard Maps can be found at www.capostfirefloods.net on the web.

WHAT TO TELL YOUR CUSTOMERS...

- Your risk for flooding has increased, and could remain higher for several years.
- In the post-fire environment, the flood risk has expanded to new areas.
- You can see the affected areas on the Advisory Flood Hazard Maps at www.capostfirefloods.net.
- Flood insurance rates haven't increased, and you may even be eligible for an inexpensive Preferred Risk Policy.
- A Preferred Risk Policy costs just a few hundred dollars and protects your biggest asset – your home.
- Don't delay in making your decision to buy. It typically takes 30 days for a policy to become effective.
- Make sure to insure the building to value and cover your contents, too.

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The risk may be higher, but flood rates are staying the same

The rates have *not* been increased due to this temporary situation, even in the higher-risk areas marked in red (High Risk) on the new Advisory Flood Hazard Maps. However, there is a 30-day waiting period for flood insurance unless required by a federally regulated lender and the risk is immediate so people need to buy insurance now!

Areas marked “D” on the FIRM may be at risk too

Many of the areas affected by the wildfires are marked zone “D” on the flood maps. At the time the flood maps were created, the flood hazard in “D” zones had not been determined. Flood insurance is available for those areas.

Preferred Risk Policies are also available

Your residential customers or prospects in the low-to-moderate risk areas (B, C, X zones) may be eligible for the Preferred Risk Policy. As a reminder, this is an inexpensive policy that includes both property and contents coverage. The application is easy to complete. Remind your customers that 25-30 percent of all flood insurance claims come from these low-moderate risk zones. And with the heightened risk due to the wildfires, there may be a greater chance for flooding to occur in those areas!

For more details on the flood program, training and/or public awareness materials, contact your WYO company or visit the NFIP website at www.fema.gov/nfip

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**Southern California Flood Season
Consumer Flood Information Sheet**

FLOOD RISKS MOUNT AFTER RECENT FIRES

Risk Will Stay Higher for 3 to 5 Years

Winter rains = California floods

Each year during the winter rainy season, Southern Californians face the risk of flooding and mudflows that can damage homes and businesses.

Wildfires have expanded the area at risk

This season, many residents will face a greater flood risk due to the recent wildfires that swept through Southern California. The charred and denuded ground in the burn areas cannot absorb water easily. Properties most at risk are those that were directly affected by the fire as well as those located below or downstream of the fire areas, *including many properties not previously considered at medium or high flood risk.*

New online maps can help you determine your increased flood risk

FEMA, in cooperation with the California Office of Emergency Services, recently issued Post-Fire Advisory Flood Hazard Maps that show how the wildfires have increased the risk of flooding in Southern California. Available at <http://www.capostfirefloods.net>, the maps are intended to illustrate approximate pre-burn and post-burn flood hazard areas – highlighting where the flood risk has increased significantly as a result of the fires.

Get covered now – 30-day waiting period for flood insurance

There is typically a 30-day waiting period before new flood insurance policies become effective, so to be protected you should act right away.

Flood insurance is still available at pre-wildfire rates

Homeowner's insurance does not cover floods, but flood insurance is available through the National Flood Insurance Program. And flood insurance rates have not gone up due to the increased risk caused by these wildfires.

- You can obtain flood insurance on almost any enclosed building and its contents, including homes, condominiums, mobile homes on fixed or permanent foundations, businesses and farms. The contents of a rental unit are also insurable, as are buildings under construction.

Future Risk...

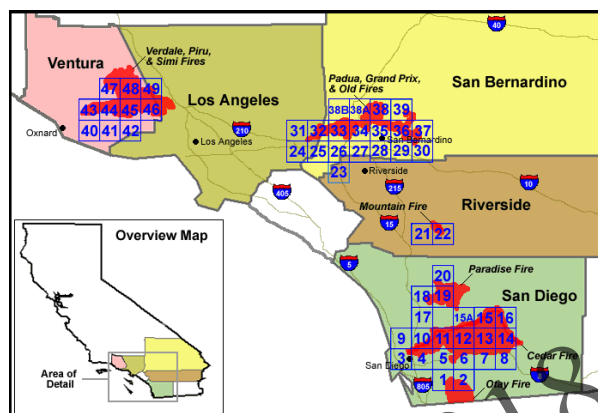
It may take 3 to 5 years or longer for the vegetation to recover enough to bring water runoff back to normal levels in the burned areas.

- Flood insurance protects you where your homeowner's insurance policy does not – against flood-related losses.
- The cost of flood insurance will not be changed because of the temporary increase in the flood hazard in or near the burn areas.
- You may be eligible for a low-cost Preferred Risk Policy; contact your agent to see if you qualify.

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More information about the new maps

- The maps are intended to provide a general understanding of the approximate, increased flood risk for the five counties affected by this autumn's wildfires.
- Some canyons have not been mapped, but are also at increased risk.
- The maps do not replace the current Flood Insurance Rate Maps (FIRMs) that determine flood insurance premiums.



Why Wildfires Lead to Floods...

A major wildfire will greatly increase the risk of flooding in the affected area for several years after normal vegetation has recovered. In areas where soil conditions are subject to mudflow, those risks will also increase following a major wildfire.

- Mountains normally absorb most rainfall, but the effects of wildfires on vegetation and soils can cause substantial increases in runoff, significantly increasing flood hazards in fire-affected watersheds.
- Wildfires expose the earth to the damaging effects of rain, wind, and other elements of nature. As rains pummel the unprotected earth, soils on steep slopes can become unstable. Loosened by the rains, the heavily saturated earth can liquefy and flow down a hillside into a home or businesses.
- Fire debris, mud and silt wash into streambeds, choking them and magnifying the flood damage further.
- Houses and business are often destroyed when this dangerous cycle begins.

About the National Flood Insurance Program

The National Flood Insurance Program (NFIP), administered by FEMA, offers flood insurance policies for purchase in communities affected or damaged by the recent southern California wildfires. Homeowners, renters and business owners can purchase flood policies through local insurance agents. For additional information on flood insurance, call your agent or call the **NFIP at 1-800-427-4661**.

What Flood Insurance Covers

Flood insurance covers damage caused by both rising floodwaters and mudflows. (Mudflows are a flooding condition where a river of liquid and flowing mud moves on the surface of normally dry land areas. They are different from mudslides, in which a dry or wet mass of earth or rock moves downhill. Though a flood may trigger a landslide, damage is caused by the falling mass of rock or earth, not the water.)

Coverage is available for residential and commercial buildings and contents, and can also be purchased by renters. You can obtain coverage for up to \$250,000 for residential buildings and \$100,000 for contents, up to \$500,000 for non-residential buildings, including small businesses, and up to \$500,000 for non-residential contents.

TRAINING VIDEO TRANSCRIPT INCREASED FLOOD RISK FOR CALIFORNIA

What should agents tell their customers about the increased flood risk in California this year?

- These are people that just went through a major disaster and now we are talking about another disaster. Agents should explain to their existing and prospective clients that after the fire, the short-term flood risk in and surrounding the burn areas has dramatically increased.
- In some areas, the ground cover that used to absorb the rain and prevent run-off is gone, and it may take 3 to 5 years before the area returns to its pre-wildfire state.
- Properties most at risk are those that were directly affected by the fire and those located below or downstream from the fire areas.
- California is facing its typical rainy season, which will run from December through March or April.
- As rains pummel unprotected earth, soils on steep slopes can become unstable. The result can be devastating mudflows.
- Loosened by the rains, the heavily saturated earth can liquefy and flow down a hillside into a home.
- Fire debris, mud, and silt wash into streambeds, choking them, and greatly magnify flood damage.
- In areas where soil conditions are normally subject to mudflows, those risks will also increase following a major wildfire.
- You need to make sure that the property owners understand that their homeowner's insurance does not cover losses due to flooding--but a flood insurance policy from the NFIP will. There is a 30-day waiting period for new policies to become effective. You need to discuss with your clients now about getting a flood insurance policy in place to provide the needed coverage as the rainy season approaches.

How should agents correlate the hazard advisory maps issued by FEMA and the State of California with the FIRMs? Where can they be found?

- In response to this increased flood risk, FEMA and the State of California published hazard advisory maps that identify those areas that they believe now are at an increased risk for flooding.
- These maps do not replace the Flood Insurance Rate Maps (FIRMs) published by FEMA that are used to identify the flood zone and to rate a policy.
- These hazard advisory maps can be viewed on-line at <http://www.capostfirefloods.net>.
- Let's take a look at one of them. Those areas outlined in red indicate the areas that FEMA feels are at a higher risk for flooding as a result of the

- wildfires. Some of these areas may already be high-risk flood zones during normal conditions. These major wildfires have now greatly increased the risk of flooding, which would put property owners in these areas at an even higher potential for sustaining a flood loss.
- These hazard maps are a great tool to help you sell flood insurance and can be used to help your clients more fully understand their increased exposure to flood damage and the potential loss of property and possessions.
 - Even though a customer's home or business may not be in the "red" zone, they still could be at a higher risk due to all of the debris, ash, etc., that may clog or alter the drainage patterns above and around them.
 - You can help your clients identify possible increased flood risk exposures by reviewing the maps with them.

How does the increased risk affect current flood insurance zones and rates? Will premiums go up?

- FEMA's FIRMs and the current flood zone designations have not changed at this time. For example, if a property has been located in an "X" zone previous to the fires but now is inside the "red" zone on the hazard advisory maps, the property will still be located in an X on the FIRM. So again, the current FIRM for the community will not change as a result of the publishing of these hazard advisory maps.
- The rates for flood insurance per \$100 worth of insurance are the ones in effect October 1, 2003, and will not change as a result of your client's property being located inside one of the increased flood advisory areas.
- The five counties impacted by the wildfires are all participating communities in the National Flood Insurance Program.
- In fact, several of the communities within the counties are also Community Rating System communities, and policyholders in these communities would be eligible for premium discounts for your policyholders.

Are most of the affected areas in low-to-moderate risk B, C, and X zones? Can people still qualify for the PRP if they are in these 'red' zones?

- Many of the properties located in the wildfire-impacted areas contain all flood hazard zones, including A, B, C, D, & X.
- The low-cost Preferred Risk Policies are available only in Zones B, C and X. The benefits of a Preferred Risk Policy are that it provides a package of coverage for both the building and the contents at a very reasonable price.
- Under normal circumstances the nature of flooding changes relatively slowly, often due to development in the watershed. These are not normal

circumstances. The massive wildfires have made a sudden drastic change and there is now a substantially increased risk of flooding in and below those burned areas.

- If your clients or potential clients' properties are located in a B, C, or X Zone, emphasize the benefits of purchasing a Preferred Risk Policy--to provide peace of mind that they will be able to recover from a flood loss more quickly.
- Also, remind them that 25-30% of all flood claims occur in these low-to-moderate risk zones and that now there may be even a greater risk for flooding due to the stripping of vegetation due to the wildfires.

What about the D Zones? What is the premium rate for people there?

- D Zones are areas where the flood hazard is undetermined and is generally sparsely populated. But, many of the fire-impacted areas were Zoned D.
- Flood zone determinations can be accomplished by using a Flood Insurance Rate Maps (FIRMs) that can be gotten from the FEMA Map Service Center. For more information about ordering maps, access the Map Service Center on-line at www.fema.gov. The maps may also be viewed online at: www.msc.fema.gov for no cost.
- The premium rates in D Zones can vary from 76 cents per \$100 worth of insurance to \$1.62 per \$100 worth of insurance. For example, \$250,000 of building coverage on a single-family home with no basement would cost approximately \$1,030.

What about the A Zones? What is the premium rate for people there?

- Flood zones beginning with the letter A and V are considered Special Flood Hazard Areas, or areas that have been determined to be at high risk for flooding and where flood insurance would be mandatory if you have a loan from a federally-regulated lender.
- This isn't an area that will flood every 100 years; but an area that has a 1% chance of flooding in any given year or a 26% chance of sustaining flood damage during the life of a 30-year mortgage. Many of your clients already carry flood insurance. However, because of the increased risk, insurance agents should make sure that their policy for flood insurance is adequate to fully replace the building in the event of a total loss, even if additional amounts are not required by the lender. And that those policyholders without a mortgage are still covered.
- Insurance agents should always offer their clients contents coverage.
- With the additional hazard of thousands of acres of land being denuded by the wildfires, your clients need to prepare for the worst and not just for this year only.

What should agents do to expedite premium payment and start the 30-day clock running?

- We strongly encourage insurance agents to take this opportunity to look at the flood advisory maps on the FEMA website and check the locations against your existing homeowner's and commercial books of business.
- If any of your current clients do not have flood insurance coverage, make a personal call to them to set up an appointment to discuss these increased flood threat issues.
- Check your current book of business to see if you might want to recommend that your flood insurance policyholders increase their amount of coverage. If they do not currently have contents coverage, recommend that they add it. And of course, those without flood insurance, offer them flood insurance as well, no matter what flood zone they are in.
- Under the National Flood Insurance Program, there is a 30-day waiting period for a policy to become effective. We need you to act now.
- To protect their E & O exposure and to provide the best service possible to their clients and community, agents should be offering flood insurance to EVERY client under normal circumstances. With the added risk of the wildfires, they want to make a special effort to discuss the need and benefits of purchase flood insurance coverage.
- It would be wise of agents to not only ensure that they offer flood coverage to their clients, but to also be sure that the amounts of coverage are adequate for existing policies.

Whom else should agents contact in their territory to make sure they, too, are aware of the increased flood risk so they can recommend flood insurance to their customers?

- The NFIP's many stakeholders play an important role in public advisory and providing current information to a community's property owners. For example, you probably already have established a good working relationship with many local lenders, real estate professionals, associations you belong to. They could be your family or neighbors. Giving them a call or dropping them an e-mail to tell them about the location of the on-line flood advisory maps will help support this public advisory effort.
- You are the subject matter expert when it comes to the NFIP. They might have some questions regarding coverage/premium, and this contact could turn out to be an excellent marketing opportunity for you to increase your book of flood business and possibly other lines as well.

What flood insurance marketing materials are available to agents to make the public aware that they offer flood insurance?

- FEMA offers numerous free public awareness brochures and booklets. They are available at the FEMA Distribution Center at 1-800-480-2520. You may also obtain a fire/flood brochure, titled “Wildfire and Flood Risks,” specifically addressing the wildfires <http://www.caostfirefloods.net>.

Where can agents get additional educational support and help?

- FEMA and The National Flood Insurance Program have excellent websites well worth visiting at: www.fema.gov and www.fema.gov/nfip. The NFIP website offers a series of tutorials and other valuable information. Agents can also view the flood insurance agent manual online at this site. If agents are interested in attending a workshop on the National Flood Insurance Program they may obtain a list of dates and locations at www.fema.gov/nfip.

Are mudslides covered?

- Only the type known as mudflows are covered. Mudflows are a particular type of flooding.
- Covered mudflows always occur from these conditions:
 - A hillside or slope loses its natural ground coverage and then becomes inundated by heavy rains or runoff that results in covered mudflows.
 - The policy defines a mudflow as “ a river of liquid and flowing mud on the surface of normally dry land areas, as when earth is carried by a current of water.” The flooding must be a general, meaning wide spread, and temporary condition of partial or complete inundation, meaning covered by water, of two or more acres of normally dry land area or of two or more properties, one of which must be yours.