

SUMMER 2011 NEWSLETTER

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FEMA Bulletin: Flood in Progress

With the extensive flooding occurring in the Missouri and Mississippi River Basins this year, there are a few important facts to know:

- There is no moratorium on flood policy purchases
- Policy coverage will be effective 30 days from policy purchase date unless the policy is purchased in conjunction with a loan closing or a lender requirement
- The NFIP does not insure a loss that is already in progress when the policy becomes effective
- Claim amounts paid will be based on the coverage in place when the flooding begins; increases in coverage made after the start of flooding will not be considered when calculating the claim amount
- Coverage must have been in effect PRIOR to any upstream spillway being opened, levee being breached or purposely blown up, or water being released from a dam – even if the resulting flood does not reach the policyholder’s property until after the policy effective date
- FEMA does not interpret the exclusion for flood in progress as being triggered only when floodwaters physically touch the insured building – any of the listed events, which is not an all inclusive list, may qualify as a flood in progress
- Individual losses downstream from any of the listed events will be evaluated on an individual basis

For more information on exclusions for a flood in progress, go to:
<http://www.nfipiservice.com/stakeholder/pdf/bulletin/w-11030.pdf>

For information specifically regarding the Garrison Dam Flood of 2011 in North Dakota, go to:
<http://www.nfipiservice.com/stakeholder/pdf/bulletin/w-11034.pdf>





Musselshell River floods Harlowtown, MT | May 2011

Only flood insurance
covers floods.

Are Your Clients Flood Ready?

In recent months we have all seen the flood damage caused by heavy rains and quick snow melt. Flood disasters disrupt hundreds of thousands of lives every year.

Each disaster has lasting effects on people and property; however, there are some things people can do before a flood to minimize the potential property loss and ensure their family's safety.

The first step is to purchase flood insurance. Flood insurance is designed to provide an alternative to disaster assistance and reduce the costs of repairing damage to building and contents caused by floods. Agents can reduce the risk of Errors and Omissions (E & O) exposure and assist their clients by offering flood coverage to all clients; and when applicable, offer excess flood coverage as well. If clients refuse flood coverage, the agent should have them sign an Agent Responsibility Waiver. If you'd like a sample waiver, please email Paula.Keith@NFS.StoneRiver.com.

Besides insuring their property, consider sharing these tips to help your clients minimize potential damage:

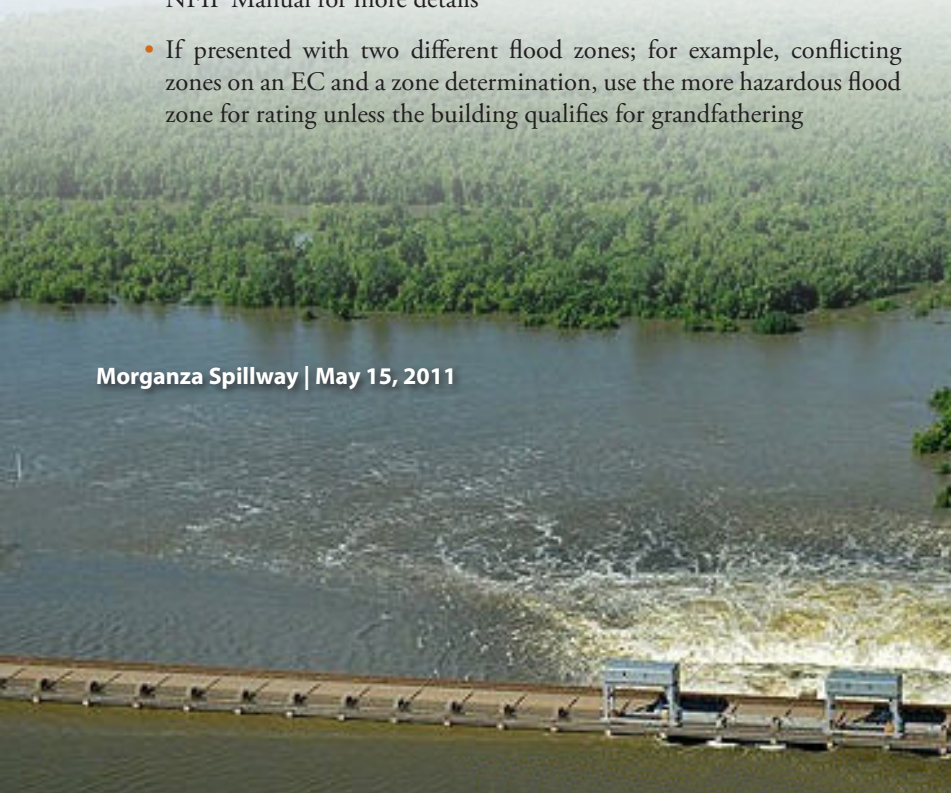
- Take photos or videos of all their possessions. If flood damage occurs, these documents will help determine the full amount of claim payment your client may be entitled to
- Store important documents and irreplaceable personal objects (such as photographs) where they won't be damaged. If major flooding is expected, consider placing them in a secure storage facility
- Buy and install sump pumps with backup power
- Install "backflow valves" to prevent floodwaters from entering a building through drains, toilets, or other sewer connections
- Place the furnace and water heater on masonry blocks or concrete at least 12" above the projected flood elevation
- Anchor fuel tanks so they cannot be torn free by flood waters causing a broken supply line which could cause a fire or contaminate the home
- Assemble a [disaster supplies kit](#) and have an evacuation plan. Plan to be self-sufficient for at least three days



Notice to Agents for Flood Quotes

When completing a quote for a new business flood insurance application, there are a few things to remember to ensure the accuracy of the quote.

- The zone and Base Flood Elevation (BFE) used must be from the Flood Insurance Rate Map (FIRM) in effect on the application date. This means if an older Elevation Certificate (EC) is being used, the map panel, BFE and datum of the BFE must be verified to ensure they are the most current. This may be done using a zone determination or a FIRMette from the FEMA Map Service Center. If the zone determination or map show a more recent panel than what is on the EC, the more recent panel, zone and BFE should be used to complete the quote
- The most current panel will NOT be used for rating if the policy is being grandfathered. In those cases, the panel in effect when the building was constructed (for built in compliance) or the panel in effect when coverage was first obtained (for continuous coverage) should be used
- Buildings located in more than one flood zone and/or BFE must be rated using the more hazardous zone and/or BFE. This condition applies even though the portion of the building located in the more hazardous zone may not be covered under the Standard Flood Insurance Policy (SFIP), such as a deck attached to a building. See General Rules, page 14, of the NFIP Manual for more details
- If presented with two different flood zones; for example, conflicting zones on an EC and a zone determination, use the more hazardous flood zone for rating unless the building qualifies for grandfathering



Agent Reminders

There are a few things you as an agent can do to expedite processing of your new business applications and endorsements.

For New Business:

- Remember to include a legible copy of the elevation certificate (signed, dated and sealed by a licensed engineer, architect or surveyor) and dated (month/day/year) photos taken within the last 90 days when submitting an elevation rated application. Photos may have a date stamp on them or be accompanied by an agent statement as to the date taken. For photos received on the elevation certificate form, we will use the certificate date as the photo date
- Address on the application must match the address on the elevation certificate *exactly* (including RD, DR, AVE, etc.) or property address verification will be required
- When writing a Residential Condominium Building Association Policy (RCBAP), remember to include proof of replacement cost – this can be a recent inspection report, copy of other insurance (not flood) declaration page, appraisal, costimator or public appraiser's website signed by the agent. The information submitted *must* include the property address of the structure to be insured and indicate it does represent Replacement Cost Value. Documentation should also include the cost of the foundation – if it does not indicate that the foundation is included, an agent signed statement that the foundation is included in the Replacement Cost Value will be accepted
- The *current* expiring declarations page or renewal notice must be submitted for rollover to hold effective dates. Document must also show property address

For Endorsements:

- All endorsements must be signed by the agent. Email is considered an electronic signature and is acceptable. The *only* exceptions are mailing address, mortgage, principal residence or payor changes
- Requests to decrease coverage must be signed by the agent and the policyholder
- Any requests to increase coverage must be accompanied by the premium needed for the increase

2011 Hurricane Season Outlook

Meteorologists are predicting an active season for 2011 with more impact on the U.S. coastline than last year.

In a normal year, there are 10 tropical storms, six of which become hurricanes and two of which become major hurricanes, attaining winds of more than 110 mph. The 2010 hurricane season saw a total of 19 named storms, the third most active season on record, but there was little impact on the United States coastline.

Predictions for 2011 are 15 tropical storms, 8 of which will become hurricanes and 4 of which will become major hurricanes. Meteorologists look at past years with similar weather patterns to project the number of storms and impact for the coming season.

Factors for this season include:

- The position of the Azores high pressure area in the Atlantic
 - The Azores high is one of the bigger influences on the movement of tropical cyclones. High pressure systems alter the direction of a storm
- Water temperatures in the Atlantic are much cooler than last year which may weaken the high pressure system and allow more of a storm track closer to Florida and up the East Coast

- The frequency and amount of dust that accompanies disturbances moving off the African coast
 - The presence of dust indicates dry air, which can hinder tropical development in the eastern Atlantic
- A current warm phase in the sea surface temperature in the northern Atlantic
 - Warm water is “hurricane fuel” because it supports the development of tropical storms

This season’s areas for concern are:

- Early season threat area will be the western Gulf of Mexico and the southern portion of the Caribbean. This will include high concern for landfalls along the Texas and Louisiana coastlines
- Mid to late season the eastern Gulf and Caribbean will be the focus. High concern areas during this time will be the Florida Peninsula to the Carolinas as well as for landfalls in northern New England

Hurricane season officially began on June 1, 2011 and ends November 30, 2011.



Tropical Cyclone Names

Ever wonder how hurricanes get their names? Since 1953, Atlantic tropical storms have been named from lists originated by the National Hurricane Center. They are now maintained and updated by an international committee of the World Meteorological Organization (WMO).

Experience shows that using short distinctive names in written and spoken communication is quicker and less subject to error than the previous system of identifying hurricanes by their latitude and longitude. This is especially important when exchanging detailed storm information between widely scattered stations, coastal areas and ships at sea.

The original lists featured only women's names. In 1979, men's names were introduced and now alternate with the women's names.

Six lists are used in rotation; so for instance, the list used in 2011 will be used again in 2017.

The only time there is a change in the list is if a storm is extremely deadly or costly. In those instances, the storm name will be retired out of respect for the lives lost and property damaged. If this occurs, a new name will be selected at the annual meeting of the WMO committee.

If more than 21 named tropical storms occur in the Atlantic basin in a single season, additional storms will take names from the Greek alphabet: Alpha, Beta, Gamma, etc.

Atlantic Tropical Cyclone Names

<http://www.nhc.noaa.gov/aboutnames.shtml>

2007	2008	2009	2010	2011	2012
Andrea	Arthur	Ana	Alex	Arlene	Alberto
Barry	Bertha	Bill	Bonnie	Bret	Beryl
Chantal	Cristobal	Claudette	Colin	Cindy	Chris
Dean	Dolly	Danny	Danielle	Don	Debby
Erin	Edouard	Erika	Earl	Emily	Ernesto
Felix	Fay	Fred	Fiona	Franklin	Florence
Gabrielle	Gustav	Grace	Gaston	Gert	Gordon
Humberto	Hanna	Henri	Hermine	Harvey	Helene
Ingrid	Ike	Ida	Igor	Irene	Isaac
Jerry	Josephine	Joaquin	Julia	Jose	Joyce
Karen	Kyle	Kate	Karl	Katia	Kirk
Lorenzo	Laura	Larry	Lisa	Lee	Leslie
Melissa	Marco	Mindy	Matthew	Maria	Michael
Noel	Nana	Nicholas	Nicole	Nate	Nadine
Olga	Omar	Odette	Otto	Ophelia	Oscar
Pablo	Paloma	Peter	Paula	Philippe	Patty
Rebekah	Rene	Rose	Richard	Rina	Rafael
Sebastien	Sally	Sam	Shary	Sean	Sandy
Tanya	Teddy	Teresa	Tomas	Tammy	Tony
Van	Vicky	Victor	Virginie	Vince	Valerie
Wendy	Wilfred	Wanda	Walter	Whitney	William

Website Resources

(click address below to load site)

<http://www.fema.gov/business/nfip> - The NFIP's home page-

Here you'll find links for the Flood Manual, free flyers, brochures and stuffers, along with other resources to meet your flood needs

<http://www.fema.gov/business/nfip/qanda.shtm> - NFIP's "Answers to Questions" booklet

<http://agents.floodsmart.gov> - NFIP's marketing & advertising partner in the flood program

<http://www.nfipiservice.com/watermark/index.html> - eWatermark quartely NFIP newsletter

<http://www.fema.gov/business/nfip/wshops.shtm> - NFIP's agent training schedule