

SECTION 18: COMMUNITY RATING SYSTEM

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Note: The Community Rating System or CRS is the ultimate correlation between flood-plain management and flood insurance. It provides a national recognition of how well the community's program exceeds the minimum requirements of the NFIP and it reduces the flood insurance premiums paid by the residents.

18.1. INTRODUCTION

The NFIP has been successful in requiring new buildings to be protected from damage by a 100-year flood. However, flood damage still results from floods greater than the 100-year flood and from flooding in unmapped areas. Under the Community Rating System (CRS), there is an incentive for communities to do more than just regulate construction of new buildings to minimum national standards.

Under the CRS, flood insurance premiums are adjusted to reflect community activities that reduce flood damage to existing buildings, manage development in areas not mapped by the NFIP, protect new buildings beyond the minimum NFIP protection level, help insurance agents obtain flood data, and help people obtain flood insurance.

18.1.1. Objective

The objective of the CRS is to reward communities that are doing more than meeting the minimum NFIP requirements to help their citizens prevent or reduce flood losses. The CRS also provides an incentive for communities to initiate new flood protection activities. The goal of the CRS is to encourage, by the use of flood insurance premium adjustments, community and State activities beyond those required by the National Flood Insurance Program to:

- ◆ Reduce flood losses (i.e. protect public health and safety, reduce damage to buildings and contents, prevent increases in flood damage from new construction, reduce the risk of erosion damage, and protect natural and beneficial floodplain functions),
- ◆ Facilitate accurate insurance rating, and
- ◆ Promote the awareness of flood insurance.

18.1.2. Prerequisite

Before it can apply to the CRS, a community must be in full compliance with the minimum requirements of the NFIP. This is determined by a Community Assistance Visit (CAV) to the community by FEMA or IDNR. This visit must have been completed no more than one year before the application to the CRS is submitted. A community interested in applying should contact FEMA or IDNR about the visit as soon as possible. See Section 3.8.1. for additional information on CAVs.

18.1.3. Operation

To be recognized in the insurance rating system, community floodplain management activities must be described, measured, and evaluated. The basic tool for this is the CRS Coordinator's Manual, which sets forth the application procedures, creditable activities, and the credit points assigned to each activity.

A community receives a CRS classification based upon the total score for its activities. The Coordinator's Manual explains the scoring and gives examples of activities and how their credit is calculated.

There are 10 CRS classes: Class 1 requires the most credit points and gives the greatest premium reduction; Class 10 receives no premium reduction. A community that does not apply for the CRS, or does not obtain the minimum number of credit points, is a Class 10 community.

Community participation in the CRS is voluntary. Any community in full compliance with the rules and regulations of the NFIP may apply for a CRS classification better than Class 10.

The applicant community submits the CRS Application along with documentation which shows that it is implementing the activities for which credit is requested. All CRS credit is verified according to the detailed discussion of the activities in the Coordinator's Manual. The application process is discussed in more detail in the CRS Application.

The Coordinator's Manual identifies 18 creditable activities, organized under four categories labeled Sections 300 through 600: Public Information, Mapping and Regulations, Flood Damage Reduction, and Flood Preparedness. The Coordinator's Manual assigns credit points based upon the extent to which an activity advances the three goals of the CRS. Communities are invited to propose alternative approaches to these activities in their applications.

Some CRS activities may be implemented by a county, State, or regional agency rather than at the community level. For example, Illinois administers a dam safety program that provides 59 points to every community in Illinois.

18.1.4. Application and verification

An application for a CRS classification may be submitted at any time. A community applies by sending a completed *CRS Application* with appropriate documentation to its ISO/CRS Specialist. Copies of all or parts of the application are sent to the FEMA Regional Office and to IDNR.

The Insurance Services Office, Inc. (ISO) is subscribed to by more than 1,300 insurance companies. Among other services, ISO develops and provides advisory fire insurance classifications for community fire protection programs. It also administers the Building Code Effectiveness Grading Schedule, which probably reviewed most community's building department.

ISO administers the CRS for FEMA. ISO staff review CRS applications, verify the communities' credit points, and perform program improvement tasks.

The community's activities and performance are reviewed during a verification visit by an ISO/CRS Specialist. FEMA sets the credit to be granted and notifies the community, the State, insurance companies, and other appropriate parties. The classification is effective on either May 1 or October 1, whichever comes first after the community's program is verified.

Each year the community must recertify or reverify that it is continuing to perform the activities that are being credited by the CRS. Recertification is an annual activity that includes progress reports for certain activities. The reverification takes place every five years for Class 6-9 communities and every three years for Class 1-5 communities. It is conducted in the form of another verification visit to the community.

If a community is not properly or fully implementing the credited activities, its credit points, and possibly its CRS classification, will be revised. A community may add credited activities each year in order to improve its CRS classification.

Credit criteria will change over time as experience is gained in implementing, observing, and measuring the activities and as new concepts in floodplain management come into common practice. As innovations arise, they will be considered for recognition under the CRS.

Communities are encouraged to call on their ISO/CRS Specialist for assistance at any time. A week-long CRS course for local officials is offered free at FEMA's Emergency Management Institute. The ISO/CRS Specialist, IDNR, and FEMA Regional Office have more information on this course, State workshops, and other CRS training opportunities.

18.1.5. Community responsibilities

Once it has submitted its CRS Application, a community must continue to implement its credited activities to keep its classification. Specifically, a community is responsible for:

- ◆ Cooperating with the ISO/CRS Specialist and the verification procedures.
- ◆ Recertifying each year that it is continuing to implement its activities.
- ◆ Submitting the appropriate documents with its recertification.
- ◆ Advising FEMA and its ISO/CRS Specialist of modifications in its activities.
- ◆ Maintaining complete and accurate elevation certificates, other permit records, and old Flood Insurance Rate Maps (FIRMs) forever.
- ◆ Maintaining other records of its activities for five years, or until the next verification visit, whichever comes sooner.
- ◆ Participating in the cycle reverification process.

Communities will receive periodic updates to the CRS Coordinator's Manual and other CRS materials. They are encouraged to order the background publications, attend CRS workshops, and ask their ISO/CRS Specialists for help understanding the CRS credit criteria for their current and planned activities.

18.1.6. Costs and benefits

Communities should prepare and implement those activities which best deal with their local problems, whether or not they are creditable under the CRS. Few, if any, of the CRS activities will produce premium reductions equal to or in excess of their implementation costs. In considering whether to undertake a new floodplain management activity, a community must consider all of the benefits the activity will provide (not just insurance premium reductions) in order to determine whether it is worth implementing.

Costs: No fee is charged for a community to apply for participation in the CRS. The only costs the community incurs are those of implementing creditable floodplain management activities and the staff time needed to prepare the CRS Application.

Benefits: It is important to note that reduced flood insurance rates are only one of the rewards a community receives from participating in the CRS. There are several other benefits including:

1. The CRS floodplain management activities provide enhanced public safety, a reduction in damage to property and public infrastructure, avoidance of economic disruption and losses, reduction of human suffering, and protection of the environment.
2. A community can evaluate the effectiveness of its flood program against a nationally recognized benchmark.
3. Technical assistance in designing and implementing some activities is available at no charge.
4. A CRS community's flood program benefits from having an added incentive to maintain its flood programs over the years. The fact that the community's CRS status could be affected by the elimination of a flood-related activity or a weakening of the regulatory requirements for new development, should be taken into account by the governing board when considering such actions. A similar system used in fire insurance rating has had a strong impact on the level of support local governments give to their fire protection programs.
5. Implementing some CRS activities, such as floodplain management planning, can help a community qualify for certain Federal assistance programs.

CRS Resources Center
More information, including sample activities, public information materials, and local examples can be found on FEMA's CRS Resource Center website at:
<http://training.fema.gov/EMIWeb/CRS/>.

18.2. CRS ACTIVITIES

The CRS Coordinator's Manual describes the 18 floodplain management activities credited by the CRS and the documentation required to receive credit for each activity. The credits and formulae used to calculate credit are also included. The 18 activities are itemized in the next section. They activities are divided into the following four categories:

Public Information (Series 300): This series credits programs that advise people about the flood hazard, flood insurance, and ways to reduce flood damage. These activities also provide data needed by insurance agents for accurate flood insurance rating. They generally serve all members of the community and work toward all three goals of the CRS.

Mapping and Regulations (Series 400): This series credits programs that provide increased protection to new development. These activities include mapping areas not shown on the FIRM, preserving open space, enforcing higher regulatory standards, and managing stormwater. The credit is increased for growing communities. These activities work toward the first and second goals of the CRS, damage reduction and accurate insurance rating.

Flood Damage Reduction (Series 500): This series credits programs for areas in which existing development is at risk. Credit is provided for a comprehensive floodplain management plan, relocating or retrofitting floodprone structures, and maintaining drainage systems. These activities work toward the first goal of the CRS, damage reduction.

Flood Preparedness (Series 600): This series credits flood warning, levee safety, and dam safety programs. These activities work toward the first and third goals of the CRS, damage reduction and hazard awareness.

With the exception of 320 Map Information, all the activities have more than one part for which credit may be provided. Every CRS community must maintain Elevation Certificates from the date of its application to the CRS. With that exception, a community can choose which activities and parts it wants to implement and which it wants credit for.

The CRS activities are not design standards for local floodplain management. The Coordinator's Manual is an insurance tool that describes methods of calculating credit points for various community activities. The fact that the CRS does not provide a direct credit for some activities does not mean that they should not be implemented by communities that need them.

Some activities and elements are not directly recognized by the CRS for one of three reasons:

1. They do not directly impact buildings that can be insured under the National Flood Insurance Program (NFIP) (e.g., uninsurable items such as streets and land values);
2. They are recognized by other aspects of the flood insurance rating program (e.g., flood control projects reduce the size of floodplains, thereby reducing the flood insurance premiums in protected areas); or
3. The impact of an activity cannot be measured for CRS credit (e.g., preserving floodplains for aesthetic reasons).

Uniform Minimum Credit: Many communities can qualify for "uniform minimum credit" whereby a county or regional agency can apply for a CRS activity that it is implementing on behalf of its communities. If the community has its own program that deserves more credit points, it may apply for more than the uniform minimum credit points. This approach saves time and money for everyone involved.

For example, CRS credit is provided for legal requirements that a property's flood hazard be disclosed to potential purchasers or renters (Activity 340). Under uniform minimum credit, Illinois communities can receive credit for two legal requirements due to State law (subdivision plats must show the floodplain and real estate transactions must include a notice from the seller if the property has flooded).

18.3. CREDIT POINTS

18.3.1. Application for credit

A community should apply only for those activities it is actively undertaking and those it knows it can implement in accordance with the CRS Coordinator's Manual. A community should not be

overly ambitious and overestimate its first year credit points at the risk of losing credit later for activities it is unable to implement. For example, no credit is provided for draft ordinances. Communities can only receive credit for regulations that have been enacted and enforced.

The Community Rating System provides for 10 classes, with Class 1 having the most premium credit and communities in Class 10 receiving none. A community's CRS class is based on the number of credit points calculated for the activities that are undertaken to reduce flood losses, facilitate accurate insurance rating, and promote the awareness of flood insurance.

A community is automatically a Class 10 community unless it applies for a CRS classification and shows that the activities it is implementing warrant a better classification. A community may apply for CRS credit by submitting a CRS Application with appropriate documentation to its ISO/CRS Specialist.

A community uses the CRS Application for its initial application for CRS classification. The community must have at least 500 points using the CRS Application to apply for CRS Classification. The final score will be calculated by the ISO/CRS Specialist after a review of the documentation and the community's implementation of its activities at the verification visit.

18.3.2. Activity credit points

The activities and their maximum credit points are shown in Figure 18-1. The third column shows the average credit points received by previous years' applicants for each activity. The averages are based upon the number of applicants for each activity, not the total number of applicants for the CRS. The fourth column shows the percentage of all applicants that received credit for each activity as of May 1, 2005. Therefore, the average of 90 points for Activity 330 is the estimated average under the 2002 manual for the 86% of the communities that received credit under Activity 330 as of May 1, 2005.

Communities should note the average credits for these activities. They provide a better indication of what an applicant can expect for an activity than do the maximum points available.

For example, in order to receive 3,200 points for Activity 520 (Acquisition and Relocation), a community must have removed 100% of the structures from the Special Flood Hazard Areas (SFHAs) shown on its FIRM. The 13% of all communities that applied for credit under Activity 520 averaged 213 points received for their acquisition and relocation work. At least one community has received 2,084 points for Activity 520.

ACTIVITY	MAXIMUM POSSIBLE POINTS ¹	AVERAGE POINTS EARNED ²	MAXIMUM POINTS EARNED ³	PERCENTAGE OF COMMUNITIES CREDITED ⁴
300 Public Information Activities				
310 Elevation Certificates	162	69	142	100%
320 Map Information	140	138	140	95%
330 Outreach Projects	380	90	290	86%
340 Hazard Disclosure	81	19	81	61%
350 Flood Protection Information	102	24	66	87%
360 Flood Protection Assistance	71	53	71	48%
400 Mapping & Regulatory Activities				
410 Additional Flood Data	1,346	86	521	29%
420 Open Space Preservation	900	191	734	83%
430 Higher Regulatory Standards	2,740	166	1,041	85%
440 Flood Data Maintenance	239	79	218	68%
450 Stormwater Management	670	98	490	74%
500 Flood Damage Reduction Activities				
510 Floodplain Management Plan	359	115	270	20%
520 Acquisition and Relocation	3,200	213	2,084	13%
530 Flood Protection	2,800	93	813	6%
540 Drainage System Maintenance	330	232	330	69%
600 Flood Preparedness Activities				
610 Flood Warning Program	255	93	200	30%
620 Levee Safety	900	198	198	1%
630 Dam Safety	175	66	87	81%
<p>¹ The maximum possible points are based on the 2005 CRS Coordinator's Manual.</p> <p>² The average points earned are based on communities' scores as of May 1, 2005, and do not include growth adjustments or the new credits provided in the 2005 CRS Coordinator's Manual.</p> <p>³ The maximum points earned are the highest scores attained by a community as of May 1, 2005 and do not include growth adjustments. In some cases many communities have attained the maximum points listed.</p> <p>⁴ The percentage of communities credited is as of May 1, 2005.</p>				

Figure 18-1: Credit points awarded for CRS activities.

18.3.3. Quick check of potential CRS credit

Purpose: A minimum of 500 points is needed to receive a CRS classification of Class 9, which will reduce premium rates. This quick check provides some basic information for local officials to determine if their communities will have enough points to attain Class 9.

If a community does not qualify for at least 500 points, it may want to initiate some new activities in order to attain Class 9. For example, some of the public information activities can be implemented for a very low start-up cost. The quick check can identify where points can be earned for new activities.

Quick check instructions: The section numbering system is used throughout all CRS publications. Sections 300 through 600 describe the 18 creditable activities. Activity 310 (Elevation Certificates) is required of all CRS communities and Activity 510 (Floodplain Management Planning) is required of designated repetitive loss communities. The rest of the activities are optional. Only the elements most frequently applied for are listed.

If the activity is applicable, the average community score (which is in parentheses) should be entered in the blank to the left to provide a rough estimate of the community's initial credit points.

Minimum requirements: The following requirements are mandatory in order to participate in the CRS:

Section 211 (Prerequisites) - The community must be in the Regular Phase of the NFIP and be in full compliance with the minimum requirements of the NFIP. The application must include a letter from the FEMA Regional Office confirming that the community is meeting all of the latest NFIP requirements.

Activity 310 (Elevation Certificates) - All CRS communities must maintain FEMA's elevation certificates for all new and substantially improved construction in the floodplain after the date of application for CRS classification.

Sections 501–503 (Repetitive Loss Areas) - A community with properties that have received repeated flood insurance claim payments must map the areas affected. Communities with 10 or more such properties must prepare, adopt, and implement a plan to reduce damage in repetitive loss areas. The ISO/CRS Specialist and the FEMA Regional Office can tell whether this applies to any given community.

Other activities: If the activity is applicable, the average community score (which is in parentheses) should be entered in the blank at left to provide a rough estimate of the community's initial credit points.

MO = All communities using the IDNR model ordinance receive some credit
NE = Northeastern Illinois communities receive some credit

Quick Check of Potential CRS Credit	
Public Information Activities (Series 300)	
<u> </u> MO <u> </u> (69)	310 (Elevation Certificates). Maintain FEMA elevation certificates for all new construction. Maintaining them after the date of CRS application is a minimum requirement for any CRS credit
<u> </u> (138)	320 (Map Information). Respond to inquiries to identify a property's flood zone and publicize this service.
<u> </u> (90)	330 (Outreach Projects). Send information about the flood hazard, flood insurance, and flood protection measures to floodprone residents or all residents of the community.
<u> </u> MO <u> </u> (19)	340 (Hazard Disclosure). Real estate agents advise potential purchasers of floodprone property about the flood hazard; or regulations require a notice of the flood hazard.
<u> </u> (24)	350 (Flood Protection Information). Public libraries and local web sites maintain references on flood insurance and flood protection.
<u> </u> (53)	360 (Flood Protection Assistance). Provide inquiring property owners with technical advice on how to protect their buildings from flooding and publicize this service.
Mapping and Regulatory Activities (Series 400)	
MO/NE (86)	410 (Additional Flood Data). Develop new flood elevations or floodway delineations for areas not mapped in detail by FEMA.
<u> </u> NE <u> </u> (191)	420 (Open Space Preservation). Guarantee that a portion of currently vacant floodplain will be kept free from development.
<u> </u> MO <u> </u> (166)	430 (Higher Regulatory Standards). Require freeboard; require soil test or engineered foundations; require compensatory storage; zone the floodplain for minimum lot sizes of one acre or larger; or have regulations tailored to protect critical facilities or areas subject to special flood hazards (e.g., ice jams).
<u> </u>	TOTAL FIRST PAGE

Figure 18-2: Quick Check form, page 1

_____ (79) 440 (Flood Data Maintenance). Keep flood and property data on computer records (e.g., GIS); use better base maps; or maintain elevation reference marks.

NE (98) 450 (Stormwater Management). Regulate new development throughout the watershed to ensure that post-development runoff is no worse than pre-development runoff.

Flood Damage Reduction Activities (Series 500)

_____ (115) 510 (Floodplain Management Planning). Prepare, adopt, implement, and update a comprehensive plan using a standard planning process.

_____ (213) 520 (Acquisition and Relocation). Acquire and/or relocate floodprone buildings so that they are out of the floodplain.

_____ (93) 530 (Flood Protection). Document that buildings are protected by elevation, floodproofing, or structural flood control projects.

_____ (232) 540 (Drainage System Maintenance). Conduct periodic inspections and maintenance of all channels and retention basins.

Flood Preparedness Activities (Series 600)

_____ (93) 610 (Flood Warning Program). Provide early flood warnings to the public and have a detailed flood response plan keyed to flood crest predictions.

_____ (198) 620 (Levee Safety). Maintain levees that are not credited with providing 100-year flood protection.

MO (59) 630 (Dam Safety). All communities in Illinois receive 59 points.

_____ TOTAL SECOND PAGE

_____ TOTAL FIRST PAGE

_____ TOTAL ESTIMATED POINTS FOR THE COMMUNITY

If this quick check shows that the community could receive at least 500 points, it may want to check its status in the NFIP with the FEMA Regional Office and apply for a CRS classification using the *CRS Application*.

Figure 18-3: Quick Check form, page 2

18.4. PUBLICATIONS

Except as noted, the following documents are available at no cost. They can be ordered by calling 317-848-2898, e-mailing NFIPCRS@iso.com, or downloading from the CRS page on FEMA's CRS website.

18.4.1. General references on the Community Rating System (CRS)

CRS Coordinator's Manual. 300+ pages. The *CRS Coordinator's Manual* is the primary document used by communities for the Community Rating System. It includes detailed discussion of credits provided for various floodplain management activities and instructions on the calculation of credit. The *CRS Coordinator's Manual* is used to verify CRS credit and for modifications of a community's CRS credit for a better classification.

CRS Application. Instructions and worksheets for a community to apply for an initial CRS classification. The activities are summarized and the activity descriptions are combined with checklists which are submitted for application.

The National Flood Insurance Program's Community Rating System. These color brochures give a brief summary description of the CRS for distribution to elected officials, residents, and others who want an overview of the program.

"Computerized Calculations for the Community Rating System." A stand-alone program for IBM-compatible personal computers (on a compact disk) that guides data entry and calculates credit points. A copy of the user's guide is included. This software prints worksheets that may be used for submitting modifications as an alternative to the paper Activity Worksheets.

CRS Record-Keeping Guidance. Guidance on keeping track of records and annual actions such as outreach projects for CRS credit. The guide includes sample forms.

18.4.2. References on specific activities

"Computerized Format for FEMA Elevation Certificates." A program for entering and retrieving data from FEMA elevation certificates. Meets the requirements for credit for elevation certificates in computerized format under Activity 310 of the CRS. Requires an IBM-compatible PC and a compact disk drive.

CRS Credit for Drainage System Maintenance. A discussion of the credit under Activity 540 (Drainage System Maintenance) in the *CRS Coordinator's Manual*, with examples.

CRS Credit for Flood Warning Programs. A discussion of the credit under Activity 610 (Flood Warning Program) in the *CRS Coordinator's Manual*, with examples.

CRS Credit for Outreach Projects. A discussion of the credit under Activity 330 (Outreach Projects) in the *CRS Coordinator's Manual*, with examples.

CRS Credit for Higher Regulatory Standards. A discussion of the credit under Activity 430 (Higher Regulatory Standards) in the *CRS Coordinator's Manual*, with examples.

CRS Credit for Stormwater Management. A discussion of the credit under Activity 450 (Stormwater Management) in the *CRS Coordinator's Manual*, with examples.

Example Plans. A discussion of credit for Floodplain Management Planning (Section 510) in the *CRS Coordinator's Manual*, with examples.

18.4.3. References on special flood-related hazards

The following references cover the special flood-related hazards. They must be used by communities wishing to apply for CRS credit for management of the nine special hazard areas. They include worksheets needed for special hazards credit.

CRS Credit for Management of Coastal Hazards

CRS Credit for Mitigation of Tsunami Hazards

Special Hazards Supplement to the CRS Coordinator's Manual

Additional information, reference materials, and examples can be found at the CRS Resource Center at <http://training.fema.gov/EMIWEB/CRS/>.