

FIMA 2017 Year in Review

Top Line FIMA Highlights for 2017

1. In 2017, the National Flood Insurance Program embarked on a multi-year effort to double the number of properties insured against flood loss and to quadruple the investment in mitigation. Through campaigns to increase policy base in both the National Flood Insurance Program, and through private flood insurance growth, the NFIP is reaching for the moon by declaring that 10 million properties will be insured against flood losses and the investment in mitigation will quadruple by 2023. The NFIP is building value and trust by streamlining systems and procedures; developing a more robust product suite; focusing on customers throughout the many journeys policyholders go through during purchase, renewals and claims; and focusing all outward-facing communications products squarely on existing and new customers by eliminating jargon and legalese, making products available in multiple formats and languages and embracing the use of social media and digital technologies to meet the needs and styles of 21st century consumers. In addition, state, tribal, and local governments continue to engage in mitigation planning as a means to prepare and protect their communities from future hazard events. As of the end of Fiscal Year 2017, FEMA regional mitigation planning staff completed annual mitigation program consultations with all 50 states, DC, and five territories in accordance with Title 44 Code of Federal Regulations Section 201.3(b), FEMA Policy 302-094-2 State Mitigation Plan Review Guide (March 2015), and stated conditions of satisfaction.

2. On, October 26, 2017 the President signed into law, H.R. 2266 the second emergency supplemental bill for \$36.5B. Of the \$36.5 billion, \$16 billion was for forgiveness of the National Flood Insurances debt. This was an unprecedented act of Congress and requested by the Administration. The cancellation in debt is historic and changed the dialogue about the finances for the NFIP. This matters because it is a public acknowledgement of what the NFIP was built for which is to pay for claims for insured survivors in a historical average loss year; and, what the NFIP was not built for, to self-fund catastrophic flooding events. It matters because a sound financial framework for the NFIP is a solid foundation for FIMA and FEMA. It matters because the stronger the Program is, the more people we can cover, and ultimately the more FIMA can help people recover more quickly and more fully after a flood event.

3. For the first time ever in 2017, FEMA announced it will recover \$1.042 billion in reinsurance from the private reinsurance markets to pay insured Hurricane Harvey survivors. Earlier this year, the NFIP transferred \$1.042 billion of the NFIP's financial risk to the private reinsurance markets, marking a key step towards a stronger and more resilient flood insurance program. The 2017 placement of reinsurance covers a portion of NFIP losses above \$4 billion arising from Hurricane Harvey. Under the 2017 Reinsurance Agreement, reinsurers agreed to indemnify FEMA for flood claims on an occurrence basis. It is structured to cover 26 percent of losses between \$4 billion and \$8 billion, up to a maximum of \$1.042 billion. FEMA executed the reinsurance agreement with 25 reinsurance markets representing some of the largest insurance and reinsurance groups around the globe. FEMA paid a total premium of \$150 million for the coverage. In December, FEMA announced that the NFIP's paid losses associated with Hurricane Harvey exceeded the minimum threshold for the NFIP's reinsurance coverage. Reinsurance is an important risk management tool used by insurance companies to protect themselves from large financial losses. FEMA received the authority to secure reinsurance

through the Biggert-Waters Flood Insurance Reform Act of 2012 (BW-12), and the Homeowner Flood Insurance Affordability Act of 2014 (HFIAA). FEMA's 2017 reinsurance placement was a cornerstone for a multi-year strategy that promotes private sector participation in flood-risk management. FEMA is in the process of securing a new reinsurance placement for 2018.

4. FIMA focused on developing its Enterprise Risk Management Program in FY17 to better manage its operations and programs. The program helped shape how FIMA approached prioritizing resources and efforts to manage operations during the disasters with a large portion of staff deployed to support response and recovery efforts. Roy Wright was presented with the Leader of the Year Award by the Association for Federal Enterprise Risk Management for bringing together strategy, performance, and risk management to make a lasting impact on FIMA and contribute to advancing ERM in the federal government.

Customer Experience Office

1. Throughout 2016 and 2017, FIMA underwent a customer experience transformation in order to increase the simplicity, ease, transparency and trust of its programs, processes, and products for policyholders and communities. During the 2017 hurricane season, FIMA's demonstrated its commitment to its customers in the approach it took to managing its disaster operations.

2. Policyholders - For the first time ever, FIMA worked with other FEMA programs and WYO partners to craft a mobile application with flood extent and structure information in order to better service claims and support program innovations that would directly benefit policyholders. FIMA created a catastrophic event package of guidance for NFIP program partners (i.e., simplified claims adjustment via guidance on grouped contents, waived proof of loss, extended the grace period). FIMA encouraged companies to leverage ways to put larger payments in the hands of policyholders quickly via BVLA approach and standard tool. FIMA developed a tiger team to create "one trusted source" of communications materials that anticipated and responded to needs of policyholders and any strategic programmatic risks; and FIMA created a team of programmatic experts and attorneys to go down to the field to speak with non-traditional program partners like land use planners, community officials, and associations about flood insurance and what insured survivors may need to know next so that those groups were better equipped to support survivors with consistent messages.

2. Communities – Early on during Hurricane Harvey, FIMA created interdisciplinary teams specifically for the purpose of supporting local communities with resourcing/navigating buyouts, modeling substantial damage estimations (SDE), and coordination on 404/406 Mitigation issues with other program. FIMA drafted a supplemental funding requests for Congress that included funding for large-scale buyouts for individuals with repeat losses. FIMA leveraged the NFIP flood application, openly available data sets, and local information to create a flooding model and standard process for locals to use that would help them more quickly and efficiently identify SD properties and save them millions of dollars and weeks of staff time related to on-site inspections; and FIMA developed a tiger team to meet communities' information request needs timely for ongoing events.

Fund Management Directorate

1. On, October 26, 2017 the President signed into law, H.R. 2266 the second emergency supplemental bill for \$36.5B. Of the \$36.5 billion, \$16 billion was for forgiveness of the National Flood Insurances debt. This was an unprecedented act of Congress and requested by the

Administration. The cancellation in debt is historic and changed the dialogue about the finances for the NFIP. This matters because it is a public acknowledgement of what the NFIP was built for which is to pay for claims for insured survivors in a historical average loss year; and, what the NFIP was not built for, to self-fund catastrophic flooding events. It matters because a sound financial framework for the NFIP is a solid foundation for FIMA and FEMA. It matters because the stronger the Program is, the more people we can cover, and ultimately the more FIMA can help people recover more quickly and more fully after a flood event.

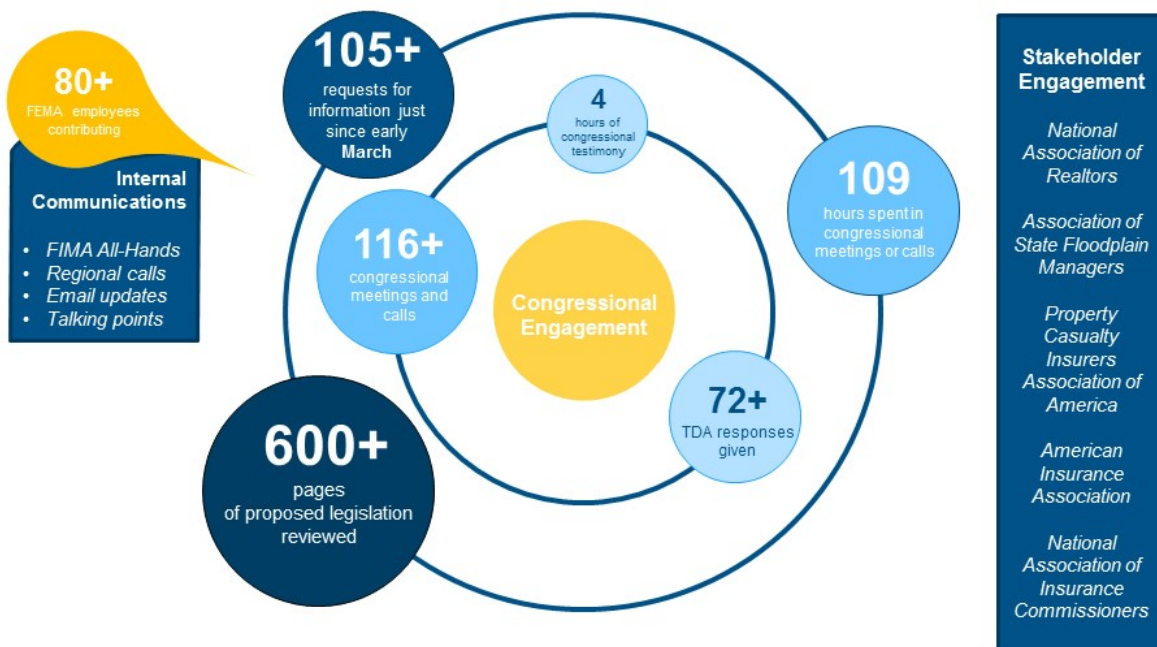
Federal Insurance Directorate

1. In 2017, the National Flood Insurance Program embarked on a multi-year effort to double the number of properties insured against flood loss. Through campaigns to increase policy base in both the National Flood Insurance Program, and through private flood insurance growth, the NFIP is reaching for the moon by declaring that 10 million properties will be insured against flood losses by 2023. The NFIP is building value and trust by streamlining systems and procedures; developing a more robust product suite; focusing on customers throughout the many journeys policyholders go through during purchase, renewals and claims; and focusing all outward-facing communications products squarely on existing and new customers by eliminating jargon and legalese, making products available in multiple formats and languages and embracing the use of social media and digital technologies to meet the needs and styles of 21st century consumers.
2. The National Flood Insurance Program experienced the third-busiest claims year in its history in 2017. Hurricanes Harvey, Irma and Maria, in Texas, along the Gulf Coast, Florida, the Caribbean and the Atlantic Coast, teamed with smaller flood events nationwide, generated more than 124,000 claims (second only to the 2005 and 2012 hurricane seasons). It is estimated that by the end of 2017, the NFIP will have paid nearly \$9 billion in flood insurance claims for the year's events, and payments will continue in 2018.
3. For the first time ever in 2017, FEMA announced it will recover \$1.042 billion in reinsurance from the private reinsurance markets to pay insured Hurricane Harvey survivors. Earlier this year, the NFIP transferred \$1.042 billion of the NFIP's financial risk to the private reinsurance markets, marking a key step towards a stronger and more resilient flood insurance program. The 2017 placement of reinsurance covers a portion of NFIP losses above \$4 billion arising from Hurricane Harvey. Under the 2017 Reinsurance Agreement, reinsurers agreed to indemnify FEMA for flood claims on an occurrence basis. It is structured to cover 26 percent of losses between \$4 billion and \$8 billion, up to a maximum of \$1.042 billion. FEMA executed the reinsurance agreement with 25 reinsurance markets representing some of the largest insurance and reinsurance groups around the globe. FEMA paid a total premium of \$150 million for the coverage. In December, FEMA announced that the NFIP's paid losses associated with Hurricane Harvey exceeded the minimum threshold for the NFIP's reinsurance coverage. Reinsurance is an important risk management tool used by insurance companies to protect themselves from large financial losses. FEMA received the authority to secure reinsurance through the Biggert-Waters Flood Insurance Reform Act of 2012 (BW-12), and the Homeowner Flood Insurance Affordability Act of 2014 (HFIAA). FEMA's 2017 reinsurance placement was a cornerstone for a multi-year strategy that promotes private sector participation in flood-risk management. FEMA is in the process of securing a new reinsurance placement for 2018.

Integration Office

1. FIMA focused on developing its Enterprise Risk Management Program in FY17 to better manage its operations and programs. The program helped shape how FIMA approached prioritizing resources and efforts to manage operations during the disasters with a large portion of staff deployed to support response and recovery efforts. Roy Wright was presented with the Leader of the Year Award by the Association for Federal Enterprise Risk Management for bringing together strategy, performance, and risk management to make a lasting impact on FIMA and contribute to advancing ERM in the federal government.
2. FIMA's focus on Organizational Health in 2017 resulted in the scores for both the Federal Employee Viewpoint Survey and our Organizational Health Index Survey increasing significantly from the past two years indicating that FIMA staff both perceive improvements in the organization and can identify improvements in the way the organization works.
3. This graphic reflects the unprecedented engagement between FEMA and Congress to support substantial and necessary improvements to the NFIP.

Engagement by the Numbers (Oct 2016-Present)



Updated 12/14/2017

Mitigation Directorate

1. FEMA provides Hazard Mitigation Assistance grant funding to states and local communities to reduce disaster costs and to strengthen the nation's resilience. The funding is available both for both pre-disaster as well as for post-disaster recovery. In FY2017, the Hazard Mitigation

Assistance programs awarded 941 subgrants across 54 states, territories, tribes and districts totaling over \$627 million to support projects in property acquisition, elevation, flood control, safe room construction, and infrastructure protection. All of the mitigation grant programs share the common goal of reducing the loss of life and property from natural hazards.

2. In 2017, the Hazard Mitigation Cadre, located within the Insurance and Mitigation Readiness Division of Mitigation, deployed 649 individuals to 48 disasters, including support to Hurricanes Harvey, Irma and Maria. In addition to deployments, the IMRD Cadre Management Branch delivered a total of 13 courses to 353 individuals. Finally, the Cadre Management Branch recruited 133 Reservists and 25 Incident Management (IM) COREs. All contribute to mission readiness, a primary goal of FEMA.

3. The National Flood Insurance Program's (NFIP) Community Rating System (CRS) is a voluntary incentive program that recognizes and encourages community floodplain management activities that exceed the minimum NFIP requirements. In 2017, the program enrolled 62 new communities and assisted 97 communities in increasing their CRS rating. Currently, nearly 3.6 million policyholders in 1,444 communities participate in program.

Office of the Flood Insurance Advocate

1. The Flood Insurance Advocate produced its 2016 Annual Report this year that identified six NFIP trends that customers were finding particularly frustrating, and made recommendations to address the trends to FIMA leadership. The FIMA Programs were given an opportunity to comment on the trends and recommendations. This communication between the OFIA and the Programs gives frustrated and confused NFIP customers a chance to be heard, and helps the Program learn to be more customer centric. FIMA leadership concurred with the issues and recommendations and committed to taking actions to address the trends, thereby improving the NFIP's customer experience.

2. The OFIA handled approximately 540 cases from policyholder and property owners in 2017. About 18% of the cases required assistance from our program partners within FIMA. The remaining 82% were handled independently by the OFIA. The OFIA has matured its data analytics so that major trends are identified and provided to the program offices for consideration.

Office of Environmental Planning & Historic Preservation

1. OEHP finalized the Grants Program Directorate Program Implementation Plan and completed drafts of the Hazard Mitigation, Public Assistance, Individual Assistance and Resource Management Divisions implementation plans as required by FEMA's Directive and Instruction (108-1 and 108-1-1). The Program Implementation Plans ensure more effective integration of FEMA's EHP compliance responsibilities into FEMA's Program and mission delivery.

2. In the 2017 hurricane season, over 100 environmental professionals volunteered from across the Federal agencies to support the environmental mission associated with EHP support for Harvey, Irma and Maria affected areas. This is the first time Environmental Planning and Historic Preservation (EHP) leveraged surge force staff to support the FEMA mission in this way.

3. OEHP launched the Case Management tool in EMIS. This new feature streamlines and organizes environmental and historic data collected across the regions; and quickly display data in response to questions from Programs and leadership on EHP reviews for grant applications. The tool provides Programs and EHP users with greater transparency on information associated with complex projects, the status of EHP reviews, and adherence to laws and regulations.

Risk Management Directorate

1. In response to the 2017 hurricanes, FIMA stood up the **Field Support Hub** (the Hub), which worked to serve Joint Field Office (JFO) needs across disasters through coordination and support of key priorities. Support was particularly focused on issues that were high-risk/urgent, cross-cutting across multiple programs or multiple JFOs/Regions, or facing resource constraints, including 406 Mitigation, available and advisory flood hazard information and communications/messaging. Services the Hub provided included issue resolution and coordination, communications support and messaging development, operational risk management, policy guidance and clarity, best practices capture, interagency and partner coordination, and solution development for staffing and resourcing challenges. Critical lessons learned from the Hub's efforts will help inform improved post-disaster approaches and processes moving forward, such as more accessible 406 mitigation training, improved assessment and communications around advisory data, and more proactive, consistent messaging to serve the needs of survivors and other important audiences.

2. **IMMERSED** is a virtual-reality tool that puts users at the center of a 360-degree flood experience. By putting the user in control and charging them with making mitigation decisions for their personal property and community, the tool increases understanding of the importance of community resilience. Since it launched in April 2017, the IMMERSED experience has had nearly 1,100 users, including 560 local officials. It has been featured at eight Regional and National Conferences, to include Association of State Floodplain Managers, National Association of Regional Councils, New Jersey Association for Floodplain Management, Florida Floodplain Managers Association, National Association of Counties, American Planning Association, National League of Cities and Federal Alliance for Safe Homes. Immersed has also been demoed at the CTP Rendezvous and Risk MAP Meetings. Feedback has been universally positive.

3. On December 5, 2017, FEMA released the **Tribal Mitigation Plan Review Guide** ("Guide", <https://www.fema.gov/media-library/assets/documents/18355>). The new Guide will become effective on December 5, 2018 for all tribal mitigation plans submitted to FEMA for approval in accordance with Title 44 Code of Federal Regulations (CFR) Part 201 Mitigation Planning. This update results in a more streamlined document, includes a new plan review tool, and improves alignment with similar FEMA policies on state and local mitigation planning. It will be an important resource for mitigation planners and tribal governments seeking to develop or update their mitigation plans, especially now that tribes have the option to make direct requests for disaster declarations. Visit FEMA's Tribal Mitigation Planning Resources webpage for more information: <https://www.fema.gov/tribal-mitigation-planning-resources>.