

# COMMUNITY RATING SYSTEM

## I. GENERAL DESCRIPTION

The Community Rating System (CRS) is a voluntary program for National Flood Insurance Program (NFIP)-participating communities. The goals of the CRS are to reduce flood damages to insurable property, strengthen and support the insurance aspects of the NFIP and encourage a comprehensive approach to floodplain management.

The CRS has been developed to provide incentives in the form of premium discounts for communities to go beyond the minimum floodplain management requirements to develop extra measures to provide protection from flooding.

## II. ELIGIBILITY

For a community to be eligible, the community must be in full compliance with the NFIP and be in the Regular phase of the program.

The following categories are **not** eligible for CRS premium discounts:

- Emergency Program communities
- Preferred Risk Policies
- Mortgage Portfolio Protection Program policies
- Post-FIRM structures located in Special Flood Hazard Area (SFHA) where the lowest floor elevation used for rating is at least 1 foot or more below the Base Flood Elevation (BFE) with the exception of (1) Post-Firm V-Zone buildings with unfinished breakaway wall enclosures and machinery and equipment at or above the BFE, and (2) subgrade crawl spaces with certification from a community official.

## III. CLASSIFICATIONS AND DISCOUNTS

All communities start out with a Class 10 rating (which provides no discount). There are 10 CRS classes. Class 1 requires the most credit points and gives the greatest premium discount. Class 10 identifies a community that does not apply for the CRS, or does not obtain a minimum number of credit points and receives no discount. There are 18 activities recognized as measures for eliminating exposure to floods. Credit points are assigned to each activity. The activities are organized under four main categories: Public Information, Mapping and Regulation, Flood Damage Reduction, and Flood Preparedness. Once a community applies to the appropriate FEMA region for the CRS program and its implementation is verified, FEMA sets the CRS classification based upon the credit points. This classification determines the premium discount for policy holders. Premium discounts ranging from 5 percent to a maximum of 45 percent will be applied to every policy written in a community as recognition of the floodplain management activities instituted. The table below shows premium discounts for CRS Classes 1-10 within different flood zones.

## IV. CRS ACTIVITIES THAT CAN DIRECTLY BENEFIT INSURANCE AGENTS

Certain activities credited under the CRS provide direct benefits to agents writing flood insurance.

All CRS communities must maintain completed FEMA elevator and flood proofing certificates for all new and substantially improve construction in the Special Flood Hazard Area after the date of application for CRS classification. These certificates must be available upon request. Therefore, in writing a policy, an agent should be able to get these certificates from any CRS community. In addition, some CRS communities receive credit for having completed certificates for Post-Firm buildings constructed prior to the CRS application date. If they do receive this credit then these certificates should also be available to agents writing flood insurance. The community may charge a fee for copying certificates.

Many CRS communities receive credit for providing inquiries with information from the community's FIRM. This includes a property's flood risk zone and the Base Flood Elevation. The service must be publicized once a year. If a community is receiving this credit then agents should be able to use the service. A fee may be charged for the service.

### CRS PREMIUM DISCOUNTS

CLASS	DISCOUNT	CLASS	DISCOUNT
1	45%	6	20% (Effective: 10-01-2009)
2	40%	7	15% (Effective: 05-01-2008)
3	35%	8	10%
4	30%	9	5%
5	25% (Goal 10-01-2010)	10	0%

SFMA: Zones A, AE, A1-A30, V, V1-V30, AO, and AH. Discount varies depending on class.

SFHA: Zones A99, AR, AR/A, AR/AE, AR/A1-A30, AR/AH, and AR/AO. 10% discount for Classes 1-6: 5% discount for Classes 7-9.

Non-SFHA: Zones B, C, X, D. 10% discount for Classes 1-6: 5% discount for Classes 7-9.

In determining CRS Premium Discounts, all AR and A99 zones are treated as non-SFHAs.