



COMMUNITY RATING SYSTEM PROGRAM



The Federal Emergency Management Agency’s (FEMA) National Flood Insurance Program (NFIP) Community Rating System (CRS) was implemented in 1990 as a voluntary incentive program for recognizing and encouraging community floodplain management activities exceeding the minimum NFIP standards. Any community in full compliance with the minimum NFIP floodplain management requirements may apply to join the CRS.

Why CRS?

The objective of the CRS program is to:

- Reduce and avoid flood damage to insurable property,
- Strengthen and support the insurance aspects of the NFIP, and
- Foster comprehensive floodplain management.

CRS flood insurance policy premium discounts range from 5% to 45% depending on the community and state’s floodplain management measures and activities. FEMA assigns the appropriate CRS classification based on credit points earned for various activities. A community’s classification may change depending on the level of continued floodplain management efforts. Classifications range from 1 to 10 and determine the premium discount for eligible flood insurance policies. All community assignments begin at Class 10 with no premium discount.

Table 1. Breakdown of Points and Discounts for CRS Classes

Credit Points	Class	Discount
4,500+	1	45%
4,000 – 4,499	2	40%
3,500 – 3,999	3	35%
3,000 – 3,499	4	30%
2,500 – 2,999	5	25%
2,000 – 2,499	6	20%
1,500 – 1,999	7	15%
1,000 – 1,499	8	10%
500 – 999	9	5%
0 – 499	10	0%

The CRS recognizes measures for flood protection and flood loss reduction. There are 19 creditable activities that are organized in four main categories:

- Public Information
- Mapping and Regulation
- Flood Damage Reduction
- Warning and Response

To participate in the CRS, a community must apply to FEMA. Subsequently, FEMA reviews the community’s floodplain management efforts and assigns them a CRS class.

The State of California already provides points for local communities for programs such as Department of Water Resources’ (DWR) Division of Flood Management’s (DFM) California Flood Preparedness Week, DWR DFM’s annual Flood Risk Notification, California Office of Emergency Services (Cal OES) and DWR Division of Safety of Dams’ (DSOD) Dam Safety Programs, and California law that requires flood hazard information to be provided before owning or occupying a piece of property.

CRS Participation in California

Currently, California has 96 communities participating in CRS, which is only 18% of the California communities who participate in the NFIP. Although, this accounts for 66% of the NFIP policy base statewide, representing most flood problem areas in the state. The CRS benefits more than 130,000 policyholders and saves property owners and businesses over \$13.3 million each year. Nationwide, nearly 3.6 million policyholders in 1,520 communities participate in the CRS, which means 69% of all flood insurance policies are written in CRS communities.

Top California CRS Communities

- Class 1:** City of Roseville
- Class 2:** Sacramento County
- Class 3:** City of Sacramento
- Class 5:** Contra Costa County
Monterey County
Placer County
City of Tehama
City of Simi Valley
Ventura County

CRS Resources

- [Coordinator’s Manual, 2017 Edition](#)
- [2021 Addendum to the Coordinator’s Manual, 2017 Edition](#)

NFIP's New Risk Rating 2.0

FEMA implemented a new pricing methodology for NFIP flood insurance called Risk Rating 2.0, which is designed to be more equitable and easier to understand than the current flood insurance rating system. It will rate each property with its true risk.

As of October 1, 2021, all **new** NFIP flood insurance policies will be subject to the Risk Rating 2.0. All existing policies started being converted on April 1, 2022.

In California, under the new pricing methodology, on average:

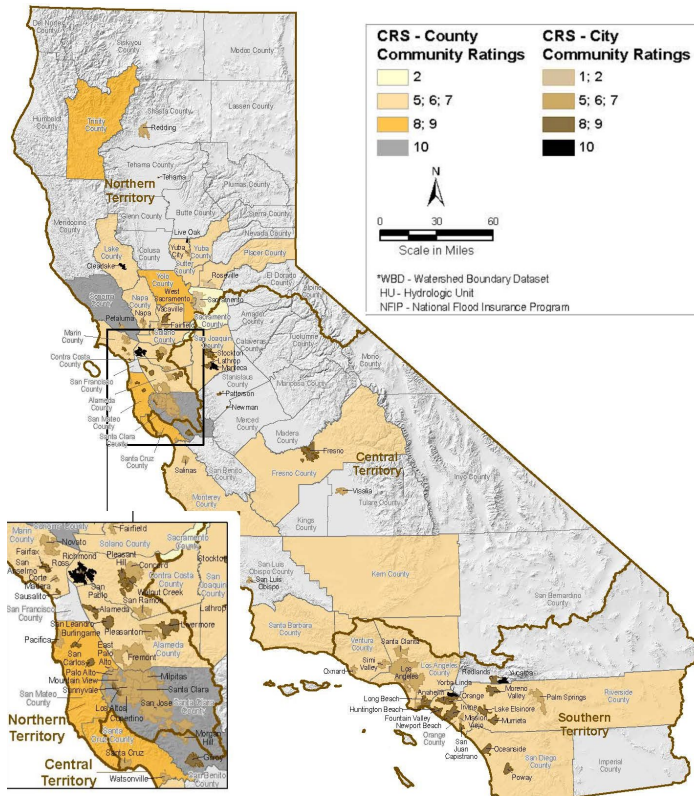
- 23% of policy holders will see an immediate decrease of \$86 per month,
- 66% will see a \$0-\$10 per month increase (\$0-\$120 per year),
- 7% will see an increase of \$10-\$20 a month, and
- 4% will have greater than \$20 per month increases.

Most policyholders will see a gradual increase or an immediate decrease until they reach their actuarial rate.

With Risk Rating 2.0, flood hazard zones, rating tables, and elevations will no longer be the only factors used in calculating a property's flood insurance premium. Instead, FEMA will incorporate a broader range of flood frequencies and flooding sources, and it will factor additional geographical variables, such as distance to water, type and size of nearest bodies of water, elevation of the property relative to the flooding source, and building specifics (e.g., replacement cost).

Once the flood insurance policy reaches the actuarial rate, the CRS discount will be uniformly applied to all policies throughout a community, regardless of whether the structure is in a 100-year floodplain (i.e., Class 1 will provide a 45% discount for all flood insurance policies).

With many of subsidized flood insurance rates being phased out with this new program, it is important for local communities to participate or improve class ratings in the CRS program, and for CA DWR to assist with this process.



What is New?

In 2020, CA DWR hired a State CRS Coordinator to bring more communities into the CRS program and to improve the standing of communities in the program already. Below are the CRS strategies and elements of the program.

California CRS Program Strategy:

- Increase the number of communities participating in the program.
- Improve communities' rating in the program.
- Provide resources and serve as a resource for California communities.

Four Main Elements of the CRS Program Strategy:

- **Encourage Participation:** DWR explains the benefits of the CRS Program to local officials to promote the program and help communities join the program.
- **Facilitate Credits:** DWR and other state agencies help receive credit for state programs.
- **Improve Local Programs:** Training, templates, models, and examples help communities improve their floodplain management activities and receive CRS credit.
- **Track Progress:** DWR can see where improvements are made, make adjustments, and measure the worth of its efforts.

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