



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. These activities can provide discounts on flood insurance premiums. Any community in full compliance with the minimum NFIP floodplain management requirements may apply to join the CRS.

Why Join the CRS?

The objective of the CRS program is to:

- Reduce and avoid flood damage to insurable property
- Protect public health and safety
- Prevent increases in flood damage from new construction
- Reduce the risk of flood-related erosion
- Protect natural and beneficial floodplain functions
- Strengthen and support the insurance aspects of the NFIP
- Foster comprehensive floodplain management
- Increase awareness of flood insurance.

CRS flood insurance policy premium discounts range from 5% to 45% depending on the community and the 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.

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:

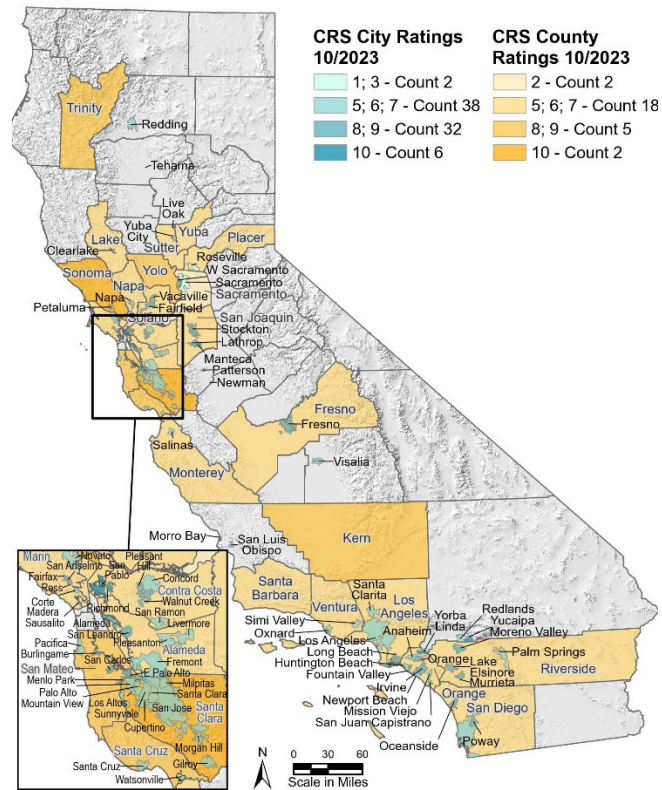
- Public Information
- Mapping and Regulation
- Flood Damage Reduction
- Warning and Response

To participate in the CRS, an NFIP 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 the Department of Water Resources’ (DWR) California Flood Preparedness Week, DWR’s annual Flood Risk Notification mailer, and DWR’s Dam Safety Programs. The California law that requires flood hazard information to be provided before owning or occupying a piece of property located in a Special Flood Hazard Area (SFHA) also provides points towards community ratings.

CRS Participation in California

Currently, California has nearly 100 communities participating in CRS, which is approximately 18% of the communities that participate in the NFIP. These communities account for 54% of the NFIP policy base statewide, representing most flood problem areas in the state. The CRS benefits more than 100,000 policyholders and saves property owners and businesses more than \$10 million each year. Nationwide, nearly 4.7 million policyholders in 1,500 communities participate in the CRS, which means 69% of all flood insurance policies are written in CRS communities.



CRS in California

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

California’s 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’s Strategy:

- **Encourage Participation:** DWR explains the benefits of the CRS Program to local officials to promote the program and help communities join.
- **Facilitate Credits:** DWR and other State agencies help communities receive credit for State programs.
- **Improve Local Programs:** DWR provides training, templates, models, and activity examples to help communities improve their floodplain management activities and receive CRS credit.
- **Track Progress:** DWR can see where the community’s improvements are made, help them make any necessary adjustments, and measure the value of the community’s efforts.

NFIP’s Pricing Approach

As of April 1, 2023, FEMA has implemented the NFIP’s current pricing approach. The approach leverages industry best practices and cutting-edge technology to enable FEMA to deliver rates that are actuarially sound, equitable, easier to understand, and reflective of a property’s flood risk.

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

- 23% of policyholders have seen a decrease of \$86 per month
- 66% have seen a \$0-\$10 per month increase (\$0-\$120 per year)
- 7% have seen an increase of \$10-\$20 a month
- 4% have seen a greater than \$20 per month increase.

Most policyholders have seen a decrease or will see a gradual increase until they reach their actuarial rate. 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 an SFHA (i.e., Class 1 will provide a 45% discount for all flood insurance policies).

With the current pricing approach, flood hazard zones, rating tables, and base-flood elevations are no longer being used to calculate a property’s flood insurance premium. Instead, FEMA incorporates a broader range of flood frequencies and flooding sources, and it factors in 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, construction type, and first floor height). More information on the NFIP’s pricing approach can be found at [NFIP’s Pricing Approach | FEMA.gov](https://www.fema.gov/nfip-pricing-approach).

With 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 DWR to assist with this process.

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[Community Rating System \(ca.gov\)](https://www.ca.gov)