

# Community Rating System

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Between 2000 and 2024, floods have cost approximately \$107.7 billion in damage throughout the United States.

Standard homeowners and commercial property insurance policies do not cover flood losses. To meet the need for vital flood insurance coverage, FEMA administers the National Flood Insurance Program (NFIP), which offers flood insurance coverage for buildings and/or contents in communities that comply with the NFIP's minimum standards for floodplain management. To be covered by an NFIP flood insurance policy, a property must be in a community that participates in the NFIP.

To qualify to participate in the NFIP, a community adopts and enforces local floodplain management standards which regulate development in the Special Flood Hazard Area (SFHA). Today, over 22,600 communities in the United States participate in the NFIP.

In 1990, FEMA implemented the Community Rating System (CRS) as a voluntary program for recognizing and encouraging community activities exceeding the NFIP's minimum standards for floodplain management. Communities will earn CRS program credits (often referred to as "points/credits") for those activities exceeding the minimum floodplain management requirements of the NFIP which are approved by FEMA.

In CRS participating communities, credits lead to flood insurance premium discounts to reflect the reduced flood risk resulting in higher floodplain management standards or programs. As of October 2023, approximately 1,500 communities participate in the CRS program nationwide. This represents about 7% of NFIP participating communities, which represent nearly 3.6 million (more than 70%) of all flood insurance policies. CRS program discounts on flood insurance premiums range from 5-45% based on the level of CRS program credits awarded to communities.

FEMA is exploring improvements to the program through a programmatic review and improvement effort (called "CRS Redesign"). With the continuous learning around flood, flood risk management, and flood risk reduction techniques, FEMA now has more information about and understanding of multi-frequency analysis, pluvial flooding, climate change, and the extent of flood risk outside of a Special Flood Hazard Area. This new understanding has led FEMA to take a holistic look at the CRS program to determine how the program can best meet FEMA and NFIP consumer needs through the CRS Redesign.

FEMA places a strong emphasis on utilizing a data-driven, evidence-based approach for the redesign of the CRS program. The agency recognizes that data-driven insights are crucial for ongoing program improvements beyond the initial redesign. FEMA is exploring the future of the Community Rating System with a focus on ways the agency can improve the program to:

- Incentivize communities to take measurable actions and make sustained progress that reduces current and future flood risk



# FEMA

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- Embed equity as a foundation of the Community Rating System program
- Incentivize communities to promote property owners to purchase flood insurance to reduce their financial exposure to flood risk
- Deliver a community participant-centered and modernized program

## **Request for Information**

The full notice and questions FEMA is asking for comment can be viewed on the [Federal Register](#) or by viewing Docket ID FEMA-2024-0022 on [Regulations.gov](#). The public comment period is open from July 11 – Sept. 9, 2024.