

FEMA Publishes More Data on New Flood Insurance Rating Methodology

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WASHINGTON -- FEMA is releasing additional data on the agency's new equitable flood insurance rate pricing methods.

Site visitors can view data that compares rate changes from the new rating methodology -- also called [Risk Rating 2.0: Equity in Action](#) -- to the legacy rating system in place since the 1970s. FEMA created Risk Rating 2.0 so flood insurance rates are actuarially sound, equitable, easier to understand and better reflect an individual property's flood risk.

To view the comparison data, visit www.fema.gov/flood-insurance/risk-rating/profiles.

"The comparison data debunks a huge myth held by many critics of the new methodology that under the old system, flood insurance rates were not subject to regular annual increases," said David Maurstad, senior executive of the National Flood Insurance Program. "The truth is rates have gone up every year for all policyholders and would continue to do so if no action is taken."

"The side-by-side comparisons show some policyholders now will experience decreases under year one of Risk Rating 2.0 while a majority of remaining policyholders will see premium increases mostly on par with what they already pay."

The new methodology now considers the cost to rebuild, a foundational aspect that ensures rates are equitable for all policyholders. Under the old system, policyholders with lower to moderate value homes with less flood risk subsidized the premiums of policyholders with higher valued homes and higher risk. Adding the cost to rebuild levels the playing field as all premiums now equitably reflect a single property's unique flood risk.



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Another key change implemented with the new methodology is the fact that once a premium reaches its full risk rate, increases stop. Under the old system, increases would continue indefinitely year after year for all policyholders.

FEMA has taken a phased approach to the implementation of the NFIP's new pricing plan. Phase 1 was initiated on Oct. 1, 2021 with existing policyholders allowed to take advantage of decreases on their policy renewal date and with the selling of new policies.

For phase 2, all remaining policies renewing on April 1 and continuing through March 31, 2023 will be subject to the new rating methodology. ?

To date, the NFIP has sold approximately 75,296 new contracts and policies since Risk Rating 2.0 was implemented on Oct. 1.

Potential and existing policy holders can learn their specific rates with a call to their insurance company or agent.

