

Flood Insurance Installment Plan FAQs

Release Date: Nov 8, 2024

FEMA's National Flood Insurance Program is introducing a new payment plan for policyholders. The flood insurance payment process plans to offer the option to pay monthly in addition to the annual lump-sum payment. Below are some frequently asked questions about this new payment plan for policyholders.

What is the installment plan?

The installment plan allows policyholders to divide one large annual payment into a series of smaller, monthly payments. For more than 55 years, FEMA has required that flood insurance premium be paid in full at the time of application or renewal. FEMA is in the process of updating systems to handle monthly installments. This does not change the policy term, just the payment terms. Policyholders will have the option to pay their entire premium in one annual payment or 12 monthly payments. Once initiated, the policyholder cannot change the selected payment schedule during the policy term.

Who is eligible for the installment plan?

New customers at the time of application and existing customers at the time of renewal can select the installment plan. This plan will be available for policyholders who pay their bills directly, not through escrow. To participate in the monthly installment payment plan, policyholders will need to authorize automatic, electronic payments (e.g., using a credit card or bank account) through their insurer.

Will there be payment fees if I select the installment plan?

No. There are standard fees, surcharges and assessments required by federal law for flood insurance that will be included but no additional fee will be charged for the payment plan. However, whether paying annually or monthly, these fees will



be collected upfront with the first payment. For example, in the first month, policyholders choosing the monthly plan pay the first monthly payment -- plus all annual fees, surcharges and assessments -- at the start of the policy term. The remaining monthly payments will be for the policy term only.

When will the installment plan go into effect?

FEMA is working with all flood insurance insurers to set up the payment plan as soon as possible. FEMA published its final rule, "**National Flood Insurance Program Installment Payment Plan**," to the Federal Register on **Friday, Nov. 1**. This rule removes the regulatory barriers to offering the installment payment option. While that barrier is being removed, FEMA is coordinating with its flood insurance insurers to update systems with the necessary changes to activate the installment plan. FEMA and insurance providers offering coverage under the flood insurance will provide additional information on this new payment option as it becomes available.

How can I begin the installment plan?

Once FEMA is certain that all systems are in place to provide policyholders a safe, secure and seamless process to pay monthly installments, agents and flood insurance insurers will offer the installment plan to new policyholders at the time of application. Existing policyholders will be offered the installment plan at the time of renewal. To reduce the administrative burden and additional costs to policyholders, monthly installment plan communications and payments will be entirely electronic.

