Foreword

The National Flood Insurance Program (NFIP) provides an important means for property owners to protect themselves financially from damages caused by flooding. Since the NFIP’s inception, Congress updates legislation to help strengthen the program, ensure its fiscal soundness and inform its mapping and insurance rate-setting through expert consultation, reports and studies.

Considering the major flooding events that have struck our nation, NFIP reauthorization, and ongoing flood map changes, we understand that navigating flood insurance can be complex. Our NFIP eBook series is designed for our WYO carrier partners and insurance agents to help you make sense of recent changes so you can help your clients make informed decisions.

Be sure to refer to WYO Memorandum #18021a and the NFIP Flood Insurance Manual for official policy information and guidelines.

It is our goal that by helping you gain a better understanding of the NFIP program you can continue to make a difference in your clients’ lives as they protect what matters most.

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## Changes Effective January 1, 2020

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Properties Newly Mapped into the Special Flood Hazard Area (SFHA)

Newly Mapped policies are charged PRP premiums during the first year following the effective date of the map change.

Preferred Risk Policies (PRPs)

A99 and AR Zone Policies eligible for the PRP

Properties Newly Mapped into the Special Flood Hazard Area (SFHA)

Newly Mapped policies are charged PRP premiums during the first year following the effective date of the map change.
Annual increases to these policies result from the use of a “multiplier” which varies by the year of the map change. This multiplier is applied to the base premium before adding the Increased Cost of Compliance (ICC) premiums. The Reserve Fund Assessment (RFA) is added after the ICC premium, and this subtotal is the amount subject to the annual premium rate increase cap.

The Homeowner Flood Insurance Affordability Act of 2014 (HFIAA) surcharge, probation surcharge (if applicable), and the Federal Policy Fee (FPF) is added to the premium; they are not subject to the cap on annual premium rate increases.
Increases break down by flood zone:

**Pre-FIRM Subsidized Policies - SFHA Zones**  

- **Primary Residences** +7.3%
- Non-Primary Residences +24%
- **Substantially Improved** +24%
- Non-Residential Business +24%

**Other Subsidized Policies**

- A99 and AR +5%

**Post-FIRM V Zones**

- V Zones +6%

**Post-FIRM A Zones**

- A1-30 AE +4%
- AH, AHB, AO, AOB — **No change**
- Unnumbered A +4%

**Standard Rated X Zone**

- X Zone +1%

**Reminder:**

A building is either Pre-FIRM or Post-FIRM depending on when it was constructed or whether it had substantial improvements. Post-FIRM buildings are those that were constructed or had substantial improvement after December 31, 1974, or on or after the effective date of the communities’ initial Flood Insurance Rate Map (FIRM), whichever is later.

**Note:**

This year’s Post-FIRM V Zone rate increases are a result of the Heinz Center’s Erosion Zone Study, which clearly indicates that current rates significantly underestimate the increasing hazard from steadily eroding coastlines.

Click on underlined text for definitions
Increased Cost of Compliance (ICC) Increases

ICC premiums — Overall increase 3%

PRP/Newly Mapped — $8 (up to $230,000 on 1-4 family building; up to $480,000 on Other Residential and Non-Residential building); $6 ($230,001 to $250,000 on 1-4 Family building; $480,001 to $500,000 on Other Residential and Non-Residential building)

Provisional — $8
(up to $230,000 building); $6 ($230,001 to $250,000 building)
No Rate Changes

- Tentative/Provisional
- Mortgage Portfolio Protection Program (MPPP)
- Reserve Fund Assessment
- Homeowner Flood Insurance Affordability Act (HFIAA) Surcharge
- Deductible Factors
- Probation Surcharge
- Federal Policy Fee

Changes Effective April 1, 2019
Primary Residence Guidance

- 2-4-family dwellings are eligible for Primary Residence Homeowner Flood Insurance Affordability Act (HFIAA) surcharge
  - Currently, the $25 HFIAA fee applies only to those structures that are single family, primary residence
  - Effective 4/1/19, the $25 HFIAA fee will apply to 2-4 family primary residence dwellings (in lieu of the $250 fee prior to 4/1/19 effective date)

- Policyholder must provide Primary Residence documentation that demonstrates building is primary residence

Examples of acceptable documentation to prove Primary Residence:

- Signed and dated Proof of Residency request letter
- Driver's license including Temporary License
- State-issued identification cards
- Driving record information
- Automobile registration
- Proof of insurance for a vehicle
  - Temporary ID cards for a vehicle
  - Memorandum of Insurance for a vehicle
  - Binders of Insurance for a vehicle
- Voter's registration

Agent Alert
FEMA & NFIP will not issue retroactive refunds for past years for 2-4 family primary residence dwellings.

Click on underlined text for definitions
Severe Repetitive Loss (SRL)

FEMA is introducing an additional premium charge for SRLs – 5% of the annual subtotal before ICC premium.

**Reminder - SRL applies to any building that:**

1. Is covered under a Standard Flood Insurance Policy made available under this title
2. Has incurred flood damage for which:
   a. Four or more separate claim payments have been made under a Standard Flood Insurance Policy (SFIP) issued pursuant to this title, with the amount of each such claim exceeding $5,000, and with the cumulative amount of such claims payments exceeding $20,000; or
   b. At least two separate claims payments have been made under a Standard Flood Insurance Policy, with the cumulative amount of such claim payments exceeding the fair market value of the insured building on the day before each loss.
As a result of increases to the multiplier effective January 1, 2020, premiums for Newly Mapped policies will increase 15%.

Changes Effective January 1, 2020

- Preferred Risk Policies (PRPs): Premiums will increase 5%
- A99 and AR Zone Policies eligible for the PRP: Premiums will increase 5%
- Properties Newly Mapped to the SFHA: Newly Mapped policies are initially charged PRP premiums during the first year following the effective date of the map change.

Annual increases to these policies result from the use of a multiplier which varies by the year of the map change. This multiplier is applied to the base premium before adding the ICC premium. The RFA is added after the ICC premium; this subtotal is the amount subject to the annual premium rate increase cap.

The HFIAA surcharge, probation surcharge (if applicable) and the Federal Policy Fee (FPF) will be added to the premium: they are not subject to the cap on annual premium rate increases.

Looking Forward to 2020
A leader in the flood industry for more than three decades, National Flood Services provides a broad range of flood insurance options and private flood solutions designed to meet the evolving needs of property owners in today’s complex regulatory environment.

Making a difference in people’s lives by helping protect what is important is the core value behind our efforts in helping to rebuild lives after flooding events. As we continue fostering partnerships with WYO carriers, educating insurance agents on flood risk and providing value-added policyholder services, our ultimate goal at NFS is to truly make a difference with each and every person we serve.