



FEMA

Floodplain Management Resources and Updates

National Flood Insurance Risk Rating 2.0

Risk Rating 2.0 is a new pricing methodology from FEMA for flood risk. It is designed to better reflect a property's unique flood risk while also providing rates that are easier for agents and policyholders to understand. Some customers may experience a change in premium as FEMA will look at detailed flood risk variables such as distance to a water source, flood frequency, flood types, and property characteristics like the cost to rebuild and elevation to make changes more equitable. Risk Rating 2.0 will be implemented on October 1, 2021 for new business only. Renewal business is expected to go live on April 1, 2022, unless all program requirements are completed by August 2021. In this case, renewal business may begin to be issued on October 1, 2021, based upon the effective date of the policy.

When will these changes take place?

- Phase I: beginning October 1, 2021, new policies will be subject to the new Risk Rating 2.0 methodology. On this date, existing policyholders can take advantage of decreased premiums if they are eligible for renewal.
- Phase II: All policies renewing on or after April 1, 2022 will be subject to the Risk Rating 2.0 rating methodology.

What does this mean for floodplain administrators?

- Risk Rating 2.0 will not change any regulatory requirements, which means that floodplain administrators can continue to enforce their programs as they have been. However, it is important for floodplain administrators to communicate to folks that these changes will be coming so that they know what to expect with their insurance policies.

More information can be found here: fema.gov

