



Insurance and Risk
Management Services, Inc.™

Your Priorities. Our Focus.®

National Flood Insurance Program Changes Effective April 1, 2016



Beginning April 1, 2016, the National Flood Insurance Program (NFIP) will begin implementing additional flood insurance program changes resulting from reform legislation. These changes may significantly affect what you pay for Flood Insurance. While some property owners may see minimal policy cost increases, others will experience larger premium increases.

Premium Increases And Fee Changes

Premium Increases

- ✓ The average premium increase for all NFIP policies is 9%.
- ✓ The actual premium increase will vary by policy based on variables such as flood zone and other policy specific features (i.e.: coverage limits, elevation difference, CRS Credits, etc.).
- ✓ Thus, the 9% average percentage should **not** be utilized for calculating future premiums.

Non-Residential Business Properties

- ✓ Policies with an Effective Date of April 1, 2016 and later that are rated utilizing Pre-FIRM subsidized rates and identified as Non-Residential Business Properties will be subject to 25% annual premium rate increases.
- ✓ All other Non-Residential Business Property premiums are capped at an 18% annual premium rate increase.
- ✓ A 25% annual premium increase applies currently to Pre-FIRM subsidized rated, severe repetitive loss, non-primary, and substantially improved properties.

Fee Changes

- ✓ The Reserve Fund Assessment (RFA) will be increasing for Preferred Risk Policies (PRP).
- ✓ The Federal Policy Fee (FPF) will be increasing for all policy types.

Other Changes

Pre-FIRM Rated, Newly Mapped Procedure, and Grandfathered Continuous Coverage

- ✓ FEMA has revised the rule requiring that a policy be re-underwritten when there is a lapse in coverage because a renewal payment is received 30 days past the policy expiration, but within 90 days of that expiration date.
- ✓ This will have an impact on policies that are rated Pre-FIRM, with the Newly Mapped rates, or Grandfathered based on continuous coverage.

Clear Communications

- ✓ As part of the Homeowners Flood Insurance Affordability Act (HFIAA), FEMA is required to communicate to the policyholder their true flood risk potential compared to how the policy is rated.
- ✓ Therefore, all New Business applications effective April 1, 2016 and later will require verification (documentation) of the property's current flood zone.

8950 Fontana Del Sol Way, Suite 200, Naples, FL 34109
14440 Metropolis Avenue, Suite 103, Fort Myers, FL 33912
IRMSinc.com · (239) 649-1444



PREMIUM INCREASES AND FEE CHANGES:

PREMIUM INCREASES

- **Overall**

When the RFA, probation surcharge, HFIAA surcharge, and FPF are included, the total amount charged to the policyholder will increase **an average of 9%**. The actual premium percentage increase however, will vary for individual policyholders due to variables such as the flood zone and other policy specific features (i.e.: coverage limits, elevation difference, CRS Credits, etc.). Thus, the 9% average percentage should **not** be utilized for calculating future premiums. Please see the tables below for rate increases specific to zone.

Special Flood Hazard Areas		
Pre-FIRM	Policies rated without an elevation certificate	Average Premium Increase
Primary Residences and Other Nonresidential	V, V1-30, VE, A, A1-30, AE, AO, AH, and Unnumbered A	5%
Non-Primary Residences, Severe Repetitive Loss properties, Substantially Improved properties, and Nonresidential Business	V, V1-30, VE, A, A1-30, AE, AO, AH, and Unnumbered A	24%
Post-FIRM	Policies rated with an elevation certificate	Average Premium Increase
All occupancy types	V, V1-30, & VE	10%
All occupancy types	A1-A30, AE	9%
All occupancy types	AO, AH, AOB, AHB	4%
All occupancy types	Unnumbered A	13%
All occupancy types	A99, AR	4%
	Newly Mapped into the SFHA	
Pre-FIRM/Post-FIRM all occupancy types	Percentage increase impacts Base Premium only	5%
Non Special Flood Hazard Areas		
		Average Premium Increase
Pre-FIRM/Post-FIRM all occupancy types	Preferred Risk Policies (PRP)	5%
Pre-FIRM/Post-FIRM all occupancy types	Standard rated B, C, and X	3%



National Flood Insurance Program (NFIP)
April 1, 2016, Program Changes: A Summary
See: FEMA Bulletin W15046 NFIP Program changes 04/01/2016

FEE CHANGES

Policy Type	Current	As of 4/1/2016
Reserve Fund Assessment		
Preferred Risk Policies	10%	15%
All other Policies	15%	15%
Federal Policy Fee		
Preferred Risk Policies	\$22	\$25
Newly Mapped Procedure Policies	\$45	\$50
RCBAP 1 Unit buildings	\$45	\$50
RCBAP 2-4 Unit buildings	\$135	\$150
RCBAP 5-10 Unit buildings	\$360	\$400
RCBAP 11-20 Unit buildings	\$720	\$800
RCBAP 21+4 Unit buildings	\$1,800	\$2,000
All other policy types	\$45	\$50

©Wright Flood 2016 All rights reserved. Contact flood marketing at 866-373-5663 for additional information.



National Flood Insurance Program (NFIP)
 April 1, 2016, Program Changes: A Summary
 See: FEMA Bulletin W15046 NFIP Program changes 04/01/2016

CHANGES:

• **Pre-FIRM Rated, Newly Mapped Procedure (NM), and Grandfathered Continuous Coverage (GFCC)**

As of April 1, 2016, FEMA has revised the rule requiring reunderwriting a policy when there has been a lapse in coverage. This rule change will have an impact on policies that are rated Pre-FIRM, with the Newly Mapped rates, or GFCC. This rule would only apply if there is a lapse in coverage that occurs April 1, 2016 and later. Please utilize the table below to determine if after a gap in coverage has occurred on and after April 1, 2016, if the policy will require reunderwriting.

Situation	Rate type	Retain current rating¹	Reunderwriting required²
Policy Lapse			
If Renewal payment received within 90 days of policy expiration date (1st time on or after April 1, 2016)	Pre-FIRM	Yes	No
	NM	Yes	No
	GFCC	Yes	No
If Renewal payment received within 90 days of policy expiration date (2nd time on or after April 1, 2016)	Pre-FIRM	No	Yes
	NM	No	Yes
	GFCC	No	Yes
Policy Expired or Cancelled			
Prior NFIP policy expired or cancelled and the named insured was required to maintain flood insurance at the time of cancellation or expiration on or after April 1, 2016	Pre-FIRM	No	Yes
	NM	No	Yes
	GFCC	No	Yes
Prior NFIP policy expired or cancelled due to named insured was not required to maintain flood insurance on or after April 1, 2016	Pre-FIRM	Yes	No
	NM	No	Yes
	GFCC	No	Yes



National Flood Insurance Program (NFIP)
April 1, 2016, Program Changes: A Summary
See: FEMA Bulletin W15046 NFIP Program changes 04/01/2016

Situation	Rate type	Retain current rating ¹	Reunderwriting required ²
Community Suspension/Reinstatement			
Community reinstatement with new application effective within 180 days after reinstatement on or after April 1, 2016	Pre-FIRM	Yes	No
	Newly Mapped	Yes	No
	GFCC	Yes	No
Community reinstatement with new application effective over 180 days after reinstatement. Prior policy in effect had expired on or after April 1, 2016	Pre-FIRM	No	Yes
	Newly Mapped	No	Yes
	GFCC	No	Yes

¹Renewal policy will remain utilizing Pre-FIRM, NM, or GFCC rating

²Application will be underwritten utilizing the most current flood zone and base flood elevation and are no longer eligible for Pre-FIRM rating, the NM procedure, or GFCC. Pre-FIRM would require an elevation certificate or rated with tentative rates. Post-FIRM can be reviewed for Grandfathering based on Built in Compliance (GFBIC). If not eligible for GFBIC, rating based on the current map would apply.

IMPORTANT: A Non-NFIP flood policy purchased on or after April 1, 2016, where the insured was required to maintain flood insurance, is not considered continuous coverage by the NFIP. Therefore, if the insured reapplies for a NFIP flood policy, they would not be eligible for Pre-FIRM rates, NM, or GFCC.



CHANGES:

• Clear Communications

As part of the Homeowners Flood Insurance Affordability Act (HFIAA), FEMA is required to communicate to the policyholder their true flood risk potential compared to how the policy is rated. Therefore, all New Business applications effective April 1, 2016 and later, will require verification (documentation) of the property's current flood zone. Acceptable documentation for the current map information, including the current zone and Base Flood Elevation (BFE), is any one of the following:

- A Letter of Map Amendment (LOMA) or Letter of Map Revision referencing the property;
- A copy of the current FIRM or DFIRM with the property location clearly indicated;
- A letter from a local community official indicating the property address and zone for the property;
- An Elevation Certificate for Flood Insurance referencing the current map; or
- A guaranteed Standard Flood Hazard Determination Form.

New Business submitted with an effective date of April 1, 2016 that does not have a guaranteed standard flood hazard determination form requested will require one of the documents above. If there are documents that conflict with the guaranteed standard flood hazard determination form, the more hazardous zone will be used, unless the conflicting document is a LOMA or LOMR where the property location is referenced.

Additional clarification from the NFIP is pending regarding renewals with effective dates of October 1, 2016.