

# INFORMATION REGARDING NFIP PROGRAM CHANGES

EFFECTIVE APRIL 1, 2016

The following is a summary of changes to the NFIP program that took effect April, 1, 2016. Many of the changes are a continuation of the implementation of the Homeowner Flood Insurance Affordability Act of 2014 and the Biggert-Waters Flood Insurance Reform Act of 2012. See the full bulletin from the NFIP at <http://www.nfipiservice.com/Stakeholder/FEMA7/W-15046.html>.

WHAT ARE THE CHANGES?	WHAT YOU NEED TO KNOW
<b>Fee Increases</b>	<ul style="list-style-type: none"> <li>• Reserve Fund Assessment (RFA)                             <ul style="list-style-type: none"> <li>○ Preferred Risk Policies: increase from 10% to 15%</li> <li>○ Will remain 15% for all other policies</li> </ul> </li> <li>• Federal Policy Fee increases                             <ul style="list-style-type: none"> <li>○ Preferred Risk Policies: increase from \$22 to \$25</li> <li>○ Standard-rated policies: increase from \$45 to \$50</li> <li>○ Condominium (RCBAP): varies depending on the number of units</li> </ul> </li> </ul>
<b>Newly Mapped Procedure</b>	<ul style="list-style-type: none"> <li>• Properties not covered under the NFIP as of March 31, 2016, and that were newly mapped into the SFHA by a map revision that occurred between October 1, 2008, and April 1, 2015 are no longer eligible for the Newly Mapped Procedure rating.</li> <li>• FEMA is introducing a multiplier to be used to correctly apply the annual increase to the base premium of a Newly Mapped Procedure policy.</li> <li>• Post-FIRM properties newly mapped into the SFHA between October 1, 2008, and April 1, 2015, and not covered under the NFIP as of March 31, 2016, may qualify for “built-in-compliance” grandfathering.</li> <li>• Pre-FIRM properties newly mapped into the SFHA between October 1, 2008, and April 1, 2015, and not covered under the NFIP as of March 31, 2016, may qualify for Pre-FIRM subsidized rates.</li> </ul>
<b>Pre-FIRM Subsidized</b>	<ul style="list-style-type: none"> <li>• The subsidized rate for any Pre-FIRM will be eliminated if the policy lapses and is reinstated by means of a payment received more than 90 days after expiration of cancellation of the policy.</li> <li>• The insurers must use full-risk rating procedures if a property is ineligible for the Pre-FIRM subsidized rates.</li> </ul>
<b>Premium Increases</b>	<ul style="list-style-type: none"> <li>• The following premium increases comply with the HFIAA and include the building and contents premium, the Increased Cost of Compliance and the Reserve Fund Assessment:                             <ul style="list-style-type: none"> <li>○ Pre-FIRM subsidized policies for non-primary residential properties, non-residential business properties, SRL properties and SISD properties will increase 25% annually until they reach full-risk rates;</li> <li>○ The average annual premium for all other risk classes are limited to 15% while the individual premium rate increase for any individual policy is simultaneously limited to 18%; and</li> <li>○ The average annual premium rate increase for Pre-FIRM subsidized policies must be at least 5%.</li> </ul> </li> <li>• See the full bulletin from the NFIP for detailed rate changes by flood zone.</li> </ul>