

3 Things to Know About Risk Rating 2.0



For Homeowners and Residents | April 2022 | NH Floodplain Management Program

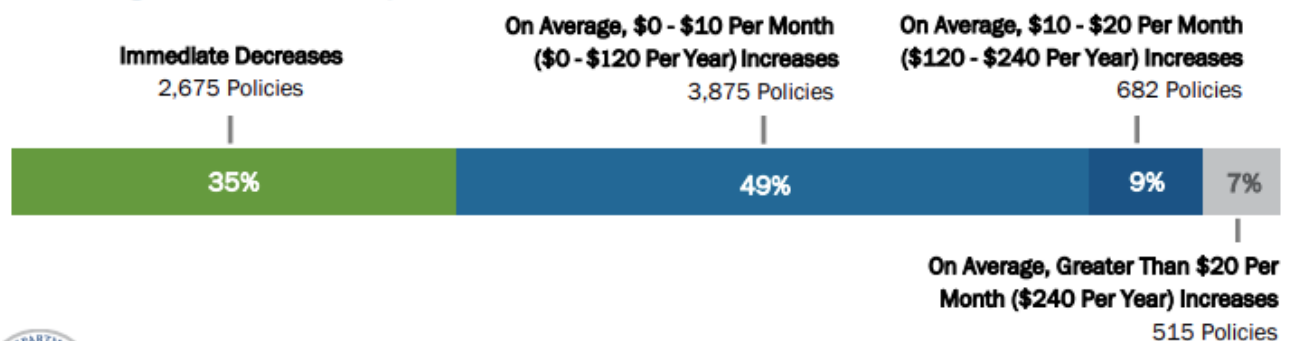
1. Risk Rating 2.0 enables FEMA to set rates that are fairer and ensures rate increases and decreases are both equitable.

Risk Rating 2.0 fundamentally changes the way FEMA prices insurance and determines an individual property's flood risk. Currently, FEMA develops rates based predominantly on Flood Insurance Rate Map zone and base flood elevation. With Risk Rating 2.0, flood risk will be determined using a combination of factors and data sources rather than just FEMA flood maps. These factors include multiple flood types (e.g., heavy rainfall, river overflow, coastal storm surge, etc.) and frequencies, distance to a water source, and property characteristics such as first floor elevation, construction and foundation type, and home value.

2. 93% of current policyholders' premiums will either decrease or increase by \$20 or less per month under Risk Rating 2.0.

All NFIP policyholders have been subject to premium increases every year. However, under Risk Rating 2.0, rate increases will not continue indefinitely. FEMA recognizes that under the new pricing plan each policyholder will be affected differently based on their property's individual flood risk. Some premiums will go up, some will go down, and some will stay about the same. Under Risk Rating 2.0, roughly two-thirds of policyholders with older pre-Flood Insurance Rate Map (FIRM) homes will see their premiums decrease. For policyholders whose premiums will be going up, their policies will be transitioned using the existing statutory limits on increases imposed by Congress. In general, that means that the annual increases will be capped at 18%, only increasing until the full risk rate has been reached. Additionally, FEMA will allow existing policyholders to transfer their current discount with the sale of their property.

Risk Rating 2.0 in New Hampshire



*Expected changes to policy premiums with Risk Rating 2.0 in New Hampshire
NH State Profile Fact Sheet, FEMA, March 2021*

3. Risk Rating 2.0 is being implemented in phases.

New policies beginning Oct. 1, 2021, will be subject to the new rating methodology. Also beginning Oct. 1, existing policyholders eligible for renewal will be able to take advantage of immediate decreases in their premiums. All remaining policies renewing on or after April 1, 2022, will be subject to the new rating methodology.

Learn more about [Risk Rating 2.0 in New Hampshire](#).