

Why Are My NFIP Flood Insurance Rates Increasing?

The 2014 HFIAA Increased Most Rate Types

In 2014, Congress passed the Homeowner Flood Insurance Affordability Act (HFIAA). The most significant change the HFIAA creates is rate hikes. The National Flood Insurance Program (NFIP) is billions of dollars in debt; one primary reason why this has happened is that the NFIP has historically reduced, or subsidized, many types of rates. The HFIAA will gradually end these subsidies, through set annual increases.



How Do I Know If I Have a Subsidized Rate? How Much Will My Rates Change?

Subsidized rates include the following types of policies:

- Pre-FIRM rates, which for New York City and Long Island means rates for buildings for which construction or substantial improvement was started (these terms have very specific meanings) before the later of the effective date of the first Flood Insurance Rate Map (FIRM; check FEMA's NY Community Status Book Report), or December 31, 1974.
- Post-FIRM buildings in Zones A99, AR, and in V Zones if built or substantially improved between 1975 and 1981 (these buildings are very rare in this area) are subsidized.
- Preferred Risk Policy, grandfathered and Newly Mapped rates (see our subsidies factsheet).
- Note in addition that if your policy has lapsed for a reason other than insurance not being required, or the annual premium payment is late but less than 30 days late, etc., you should speak to an insurance professional.

Rate increases will now occur in the following two ways, until the full-risk rate is reached:

1. Residential properties in these categories will experience **25% annual increases**, either until they reach the full-risk rate or until the average policy rate equals the average rate of the 18% group below (then rates will go up 5%, and potentially more in NFIP's discretion):
 - A. Any residential property which is **not the policyholder's primary residence**;
 - B. Any **severe repetitive loss** (SRL) property;
 - C. Any property that has **had NFIP claim payments equaling or exceeding the property's fair market value**; and
 - D. Any property that **sustained substantial damage or underwent substantial improvement** (equal to at least half of the building's market value) after July 6, 2012.
2. **For all other residences with subsidized rates there will be annual increases of not more than 18%, as long as all properties with the same rating group increase 15% or less.**

NYLAG's Storm Response Unit is available to assist homeowners. Contact us at (212) 584-3365 or StormHelp@nylag.org