

Can I Change My NFIP Policy to Make It More Affordable?



As discussed in our “Why Are My NFIP Flood Insurance Rates Increasing?” factsheet, new Flood Insurance Rate Maps (FIRMs) and recent federal legislative changes are driving large premium increases. Beyond structurally mitigating or rebuilding your home (see our factsheet), changing your policy may help you afford it. Below are some issues to consider.

Lower (But Compliant) Coverage and Increased Deductibles Can Help

Decreasing a home’s coverage or increasing the deductible can create affordable rates. Table 8B in the Rating chapter of the current [Flood Insurance Manual](#) shows deductible options. The highest deductible, \$10,000 each for structure and personal property, would lower the rate (*before* fees, not the total premium) by 40 percent; whenever feasible, this money ideally would be used to create or add to an emergency fund, until at least the deductible is saved. Like coverage reductions, you can increase a deductible at renewal, but only in very limited situations during a policy year. The General Change Endorsement chapter of the *Manual* at § II(A) and (E) outlines this.

You can also reduce coverage. However, it is important to have in mind:

- What, given a home’s arrangement and the best available FIRM Base Flood Elevation data, insurance claim proceed and [other disaster recovery needs](#) are likely to be (this is hard and will underestimate costs; consult a contractor on repairs, and note [disaster prices can be higher](#));
- That mandatory purchase rules must still be followed (see our separate factsheet); and
- That NFIP can pay owners of 1-family homes using them as primary residences the replacement cost value of a loss, but only if the coverage limit or coverage of at least 80 percent of the structure’s pre-loss market value is in place (see § VII(V)(1)(a) of your SFIP policy).

Always Seek Advice or ‘Second Opinions’ on Your Home’s NFIP Insurance Rating

One recurring issue we see is misrated homes. Compared to other property insurance, NFIP insurance underwriting is unusual and frequently complex; it is not uncommon to get 3 different quotes from 3 brokers, as New York City found during its ‘mystery shopping.’ Especially if your bank bought (force-placed) your policy, it can be valuable to check the rating. Issues can include:

- **Mischaracterizing the building** (having a basement, how many floors, etc.);
- **Losing track of grandfathering eligibility;**
- **Losing track of, or not properly rating for, subsidies** such as the [Newly Mapped rating](#) option;
- **Incorrectly using an Elevation Certificate (EC)**, or not charging the lower rate if pre- and post-FIRM rating is available (see our EC factsheet).

NYLAG’s Storm Response Unit is available to assist homeowners. Contact us at (212) 381-0701 or StormHelp@nylag.org