

# How Does NFIP Calculate Individual Policy Rates & Premiums?

## NFIP Regular Program Rates Are Based on Eight Factors

National Flood Insurance Program (NFIP) rates are reviewed, set, and published annually, and rate calculation is relatively transparent. Individual policy rates are based on these 8 factors for non-subsidized homes in Special Flood Hazard Areas (informal subsidies and non-SFHA homes do not have all of these factors, and can have different factors (e.g., the home's loss history):

1. The residency status of the building (1-family, 2-4-family, other residential, non-residential);
2. In what flood zone the building is located, as set by the current Flood Insurance Rate Map (FIRM). Individuals can see the FIRM at FEMA's Map Service Center or [floodhelpny.org](http://floodhelpny.org);
3. Whether the building was built or substantially improved before the effective date of the first FIRM that includes the building (in New York City, this is November 16, 1983), and currently, if a pre-FIRM building has had substantial improvement since April 1, 2015;
4. How many floors the building has (including whether the building is a split-level home or a manufactured home on a foundation), and whether the building has a basement or any enclosed area ("enclosure") beneath it, if the building is elevated;
5. The difference in height between the home's FIRM Base Flood Elevation and "lowest floor";
6. The deductible the policyholder chooses, which can decrease the rate up to 40%; and
7. The amount of building repair (up to \$250,000) and personal property (or "contents") (up to \$100,000) coverage the policyholder chooses.

**Keep in mind when choosing coverage that single-family homeowners can receive the actual cost of repair for home repairs – replacement cost value (RCV) – ONLY IF the building is insured to the \$250,000 maximum or 80% or more of its replacement cost at the time of the loss.** This is only available when the insured uses it as a primary residence 80% of the year.

## NFIP Total Policy Premiums Also Include:

1. An Increased Cost of Compliance (ICC) fee;
2. A Reserve Fund Assessment fee;
3. An HFIAA Surcharge, based on primary residency;
4. A Federal Policy Fee; and
5. A Community Rating System discount (available only through local community/municipality)

**More information is available from the NFIP in its [Flood Insurance Manual](#)**, which explains subsidized rate program eligibility, rates for calculating premiums, and other issues. **Many issues, such as whether or not a building is elevated, which floor is the "lowest floor" for rating, and when a property qualifies for a subsidized rate, require expert assistance.**

**NYLAG's Storm Response Unit is available to assist homeowners.  
Contact us at (212) 381-0701 or [StormHelp@nylag.org](mailto:StormHelp@nylag.org).**

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