

Why Do I Have Higher Fees in My NFIP Flood Insurance Policy?

The 2014 HFIAA Added and Increased Fees to All Policies



The Homeowner Flood Insurance Affordability Act of 2014 (HFIAA) imposes several changes that result in increases to National Flood Insurance Program (NFIP) residential flood insurance policy premiums, including:

1. Annual double-digit rate increases for most policies (see our separate factsheet);
2. An increase to the Reserve Fund Assessment fee (to 15% for virtually all policies);
3. An increase to the Federal Policy Fee; and
4. **A surcharge that varies based on primary residency**, which began in April 2015.

How to Document a Single-Family Primary Residence to Avoid the Higher Surcharge

- Under the HFIAA, any NFIP policy that covers a primary residence can only include a \$25 “HFIAA Surcharge fee.” This includes renters with contents-only policies and policies for individual condo units. For any other policy, including a single-family home that is not the policyholder’s primary residence or any multi-family residence, the fee is 10 times higher (\$250).
- For the initial purchase or with the first post-HFIAA renewal (this already occurred), you must certify that the insured property is your primary residence. If you do not respond or so certify, the \$250 fee will apply until you do certify (in other words, fees stay the same until your information is updated). A policy can be changed later (endorsed) for that policy year.
- *For this fee*, a primary residence is one that is lived in by the insured and/or the insured spouse for 50% or more of the previous policy year (see [this FEMA memo](#)). This is different than the 80% residency requirement for single-family homeowners for obtaining replacement cost value (RCV) coverage (see our factsheet on NFIP premium calculation factors).
- Renewal notices are sent 45 days before the policy expiration date. The verification form is sent separately and before the notice. A policyholder must respond within 30 days to obtain the \$25 fee.
- Proof of primary residency can include: a driver license, vehicle registration or proof of insurance, voter registration, school registration documentation, or a recent Homestead Tax Credit form.

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