

Here's the scoop on FEMA's Risk Rating 2.0

With hurricane season well underway, now is the time to consider getting flood insurance - especially when an inch of water in your home is enough to cause over \$25,000 worth of damage. However, it's even more crucial as the Federal Emergency Management Agency (FEMA) prepares to launch a new method of rating the flood risk of a property, called Risk Rating 2.0 (RR2.0), which will have a direct impact on your flood insurance premiums.

What is Risk Rating 2.0?

The intent of the RR2.0 is to achieve the following:

- RR2.0 is designed to establish equitable flood insurance premiums across the country.
- With RR2.0, FEMA will establish a new risk-informed rating plan to reflect individual property's flood risk (rather than national averages).
- With the new pricing methodology, FEMA will better inform individuals and communities about flood risk, and promote actions to mitigate against the risk of every individual property.

What should residents know about Risk Rating 2.0?

- Risk Rating 2.0 will go into effect on October 1, 2021, for new flood insurance policyholders, and April 1, 2022, for renewal of existing policies.
- Depending on your property's flood risk, many of you will see an increase in your flood insurance premium as a result of RR2.0.
- Existing policyholders will be grandfathered into how fast your flood insurance premium can increase (It is federally mandated that a flood insurance premium cannot increase by more than 18% per year).
- FEMA has not disclosed all data, methods, models, and assumptions used to formulate this new approach to determine your full risk premium and how many years your premium will increase by 18% per year to reach the full risk premium.

What can you do in regards to Risk Rating 2.0?

Communicate with FEMA Headquarters and US Congressional representatives to request:

- A fair share of insurance premiums based on actual risk
- A delay of implementation until FEMA has publicly disclosed all data, methods, models, and assumptions used to formulate this new approach.

Takeaways

If you don't have it already, it's important to contact your insurance provider to get flood insurance as soon as possible to take advantage of being grandfathered into how fast your premium can increase. Remember, flood insurance policies take 30 days to go into effect, so you must purchase your policy by September 1, 2021, for your policy to become effective prior to the effective date of Risk Rating 2.0 on October 1. If you do have flood insurance, you should maintain your policy to remain grandfathered into the changes in rates.

For more information on Risk Rating 2.0, visit <https://www.fema.gov/flood-insurance/risk-rating>