

# NEWS BRIEF

## New Changes to the NFIP

Changes to the National Flood Insurance Program (NFIP), through which homeowners obtain flood insurance, went into effect on April 1, 2016. The Federal Emergency Management Agency (FEMA) believes that these changes will help homeowners by aligning insurance premiums with their area's flood risk and by making more funds available for reimbursement in the event of flood damage.

The changes to the NFIP primarily include the following:

1. **Increased premiums:** Overall, flood insurance premiums are expected to rise by about 4 to 6 percent, although some homeowners may experience a reduction, depending on their area. The changes also cap premium increases at 15 to 18 percent annually for most risk classes.
2. **Newly mapped flood areas:** Some property owners may see changes to their local flood maps. Homeowners that are newly mapped into a "Special Flood Hazard" area will be required to purchase flood insurance, but they may be eligible for a preferred risk policy at a reduced cost. Also, as a part of FEMA's new mapping methodology, a multiplier will be applied to the insurance premiums of newly mapped areas. This multiplier will begin at 1.000 in 2016, and will then be changed at the beginning of the calendar year based on an area's flood risk.
3. **New regulations regarding grandfathered and subsidized insurance policies:** A new change will limit how grandfathered and subsidized policies

are renewed. Now, if these types of plans are allowed to expire and are not renewed within 90 days, homeowners will not be able to revert back to them.

4. **Communication of risk to policyholders:** FEMA has implemented a program to inform individual policyholders how the changes to the NFIP will impact them. This will include a generic sample of full-risk premiums that accounts for a homeowner's community, local flood map and more.

Although these changes may lead to rate increases for some homeowners, FEMA believes that they will also help the NFIP as a whole by making more funds available for communities that have a higher risk of flooding. For more information on your unique flood insurance needs, contact us today at (845) 454-0800.

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