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Flood Policy Changes That Will Impact the Affordable Housing Industry

FEMA has introduced the largest reform to the National Flood Insurance Program (NFIP) rating system since its inception in 1968. The NFIP program premium will now be determined by the risk assessment at individual property levels versus the current more standardized, one-size-fits-all approach.

Factors that Determine the Updated Insurance Premium

Factors that will determine the updated insurance premium are:

- Property's elevations within a flood zone
- Foundation type
- Height of the lowest floor of the structure in relation to the base flood elevation
- Property's distance from sources of flooding (rivers or coastal areas)
- Types of flooding that could impact property (flash flooding and riverine)
- Replacement cost value of structures

Limits on annual rate increases is another factor carrying over from the legacy rating system. Most properties' first year increases will be capped at an annual rate of 18%. For existing policy holders, an estimated 77% can expect increases in their premiums while the remaining 23% will see a reduction or no change at all to their premiums. The new rate schedule took effect October 1, 2021 for any new policy holders and will take effect April 1, 2022 for renewals of existing policies.

How to Mitigate Costs

- Before renewal, prepare for the new flood rating system by talking with your flood expert about your current policy and have them check for solutions that could mitigate costs.

For more information, view our recent webinar on this topic [Here](#)

Scott Insurance is proud to present this information in partnership with [National Flood Experts](#).

Written by Nathan Kerr

Nathan is Vice President and Branch Leader of Scott Insurance's Roanoke, Virginia office. He began his career with Scott in 2000 and started their Knoxville, Tennessee office in 2001 as a Commercial Risk Advisor. In 2011, Nathan became the Branch Leader of the Roanoke, VA office and leads the Affordable Housing Practice Group for Scott Insurance. As a property and casualty risk advisor, he works as an advocate, advisor, and broker to middle market companies with their risk management needs.

Call Nathan at **540-224-1774** if you have any questions or need any additional assistance.

