
April 2015 NFIP Changes

Email Alert

Email Alert #1 - December 5, 2014

HFIAA Surcharge & Phase I of Policyholder Communications

Due to the Homeowner Flood Insurance Affordability Act of 2014 (HFIAA), significant changes to the calculation of NFIP premiums will be effective April 1, 2015. Many policyholders will experience premium increases. To keep you up-to-date on what we are doing to prepare for the extensive National Flood Insurance Program (NFIP) changes effective on April 1, 2015, we will send you updates throughout the next several months.

Alert #1 focuses on the HFIAA Surcharge and phase 1 of policyholder communications.

HFIAA Surcharge: This surcharge is a flat fee of \$25 for primary residence policies and \$250 for all other policies. This surcharge is not associated with the flood zone or construction date of the building. For qualifying policyholders, proof of primary residency is required for the \$25 surcharge.

- **Click here for the Primary Residence Verification letter for subsidized, pre-FIRM policies.** This letter will go out prior to the first renewal bill.
- **Click here for the Primary Residence Verification letter for non-subsidized policies.** This letter will go out prior to the first renewal bill.
- **Click here** for the insert that will accompany our policyholder's renewal bill.
 - This insert is a simplified overview of all the April 2015 NFIP changes.
 - We provide policyholders another opportunity to send us documentation for primary residency to reduce their surcharge from \$250 to \$25 with a **link** to download the Verification of Primary Residence Status form.

As more details come available, along with training opportunities, we will send you additional alerts. It's our objective to keep you knowledgeable about the changes and what we are doing to implement these mandatory changes.

Flood Insurance Premiums

IMPORTANT NOTICE

Policies Effective April 1, 2015

Your flood insurance policy is underwritten by the National Flood Insurance Program (NFIP); thus, your flood insurance premiums are subject to laws passed by Congress. Most recently, the Homeowner Flood Insurance Affordability Act of 2014 (HFIAA) made significant changes to the calculation of NFIP premiums.

Below is a high level overview of these changes; and will hopefully help to answer your questions as to why your flood insurance premiums may have changed.

- **Rates, fees, surcharges, and assessments that make up your premium are established by the NFIP.**

- Premiums are increasing for many flood insurance policyholders whose policies are effective April 1, 2015 and later.
 - HFIAA legislation caps premium increases, but did *not* eliminate increases.

- Many increases are a result of the following:
 - Rate increases
 - Reserve Fund Assessment increases as required by the Biggert-Waters Flood Insurance Reform Act of 2012
 - HFIAA Surcharge
 - This surcharge is a flat fee of \$25 for primary residence policies and \$250 for all other policies. This surcharge is not associated with the flood zone or construction date of the building.
 - **For more information about the HFIAA surcharge, please go to: www2.FloodResource.com/HFIAAsurcharge**
 - Increases to the Federal Policy Fee
 - Please note, the surcharges and Federal Policy Fees are not subject to the premium rate increase limitations set forth by HFIAA.

Please go to the link listed below for more resources and information.
<http://www.fema.gov/national-flood-insurance-program/flood-insurance-reform>

New Deductible Options
OPTIONAL INCREASED DEDUCTIBLES
MAY BE USED TO HELP REDUCE PREMIUMS
Policies Effective April 1, 2015

- If your policy is effective April 1, 2015 or after, a new \$10,000 deductible is now available for all residential properties, except Preferred Risk Policies (PRPs).
- **IMPORTANT: In the event of a flood loss, you will be responsible for the out-of-pocket amount based on the deductible selected.**
- Mortgage companies may have certain deductible requirements and may not allow a borrower to increase deductibles over a certain amount.
 - Please check with your mortgage company for any limitations.

**Please Contact Your Insurance Representative
to Discuss Deductible Options**