

Member Alert: FEMA sending letters to policyholders to clearly communicate flood risk

Jan. 11, 2017

FEMA has now begun the next phase of implementation of Section 28, *Clear Communication of Risk*, of the [Homeowner Flood Insurance Affordability Act of 2014](#), which requires the agency to clearly communicate full flood risk determinations to individual property owners.

To meet this requirement, the National Flood Insurance Program reviewed the flood risk and underwriting information for every flood insurance policy, and is writing to all NFIP policyholders to explain the current risk level for their property and the relation of the risk to their premium rates.

Starting January 2017, policyholders will begin receiving letters about two months after their policy renews. Policyholders who renewed policies in October 2016 through December 2016 will also receive their first mailing. FEMA will continue to mail the letter at each subsequent renewal.

Because policy information varies from one policy to the next, the letters encourage policyholders to contact their insurance agent to discuss their unique situation, or visit [FEMA.gov/cost-of-flood](#) to learn about their options.

All policyholders will eventually receive a letter upon the renewal of their policy. The NFIP has identified seven categories of policyholders to receive unique information based on their risk and current premium rates. The letters for each policyholder category are as follows:

- ·Letter A: Newly mapped into the Special Flood Hazard Area, or high risk flood zone
- ·Letter B: Standard X Zone (moderate risk), not grandfathered
- ·Letter C: Standard X Zone (moderate risk), grandfathered
- ·Letter D: Pre-FIRM subsidized, primary residences
- ·Letter E: Pre-FIRM subsidized, non-primary residences and businesses
- ·Letter F: Preferred Risk Policy (PRP)
- ·Letter G: Post-FIRM, full risk

Information for insurance agents, copies of each category of letter, details about what each letter means, and tips for how individual policyholders can lower their flood risk (and potentially their flood insurance premiums) can be found at [FEMA.gov/cost-of-flood](#). Here is a [PDF of a list of Frequently Asked Questions](#).

As you are aware, HFIAA requires gradual insurance rate increases for properties currently receiving artificially low (or subsidized) rates, rather than immediate full-risk rate increases. HFIAA requires increases to premiums for most subsidized properties of no less than 5 to 15 percent annually, but no more than 18 percent for an individual policyholder--with limited exceptions--until the premium reaches its full-risk insurance rate.

The information that NFIP policyholders will receive, will help them make the best decisions about their flood risk, including how to better prepare for flooding disasters in their community.

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