

National Flood Insurance Program Risk Rating 2.0 Fact Sheet – Virginia

Overview

The National Flood Insurance Program's Risk Rating 2.0 is a massive overhaul of the outdated methodology of rating flood insurance premiums. The big takeaway: rates will no longer be set using an elevation & zone on Flood Insurance Rate Maps (FIRMS). Rates will now include multiple risk variables. This new approach will also bring equity into the NFIP rating structure, meaning less expensive structures will pay proportionally less than more expensive structures. The regulatory arm of the NFIP has not changed – all minimum standards for regulating within flood zones remain in place.

Impacts to VA Policy Holders

Immediate Decreases – 46,812 Policies

\$10–\$120/Year Avg. Increases – 50,931 Policies

\$120–\$240/Year Avg. Increases – 5,093 Policies

\$240+/Year Avg. Increases – 1,949 Policies

New Rating Approach

FEMA's new rating approach uses new data & science, including catastrophe models, private sector data sets, & actuarial science. The gist: more/better technology & data = a risk informed rating plan.

Old Methodology

Flood Insurance Rate Map Zone
Base Flood Elevation
1% Annual Chance of Flooding

New Methodology

Distance to Ocean/River
Full Cost to Rebuild
Broader Range of Flood Frequencies

Full Risk Rates

The new rates are still subject to Congressional caps:

- 18% annual increase cap for primary residents
- 25% annual increase for commercial, investment, severe repetitive loss, & substantial improvement properties

When will policies reach full risk rates?

25% in year 1

50% by year 5

90% by year 10

Policies in Force by Rate Class in VA

