

The Biggert-Waters Flood Insurance Reform Act of 2012: A Flowchart to Help Property Owners Understand Possible Rate Increases

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The flowchart on the back helps those insured by the National Flood Insurance Program (NFIP) understand if and when their flood insurance premiums might increase due to the Biggert-Waters Flood Insurance Reform Act of 2012 (**BW12**). In all cases, property owners should consult their insurance agent for final determination of BW12 impacts on their insurance.

This flowchart only includes **BW12 changes to subsidies** for insured properties and does not include other rate changes. All properties, even those that maintain their subsidies for now under BW12, will see premium increases. FEMA estimates rate increases of 16-17% for next year.

Will you be affected?

The first step for insured property owners is to determine if your property has a subsidized rate. If not, then changes to subsidies will not impact your premiums.

Your premium **may** be subsidized if:

- ◆ Your structure was built prior to 1975 or the first Flood Insurance Rate Map (FIRM) for your community, or
- ◆ Your structure was built after your community's first FIRM, but updated FIRMs have been adopted since you built.

The only way to know for certain if your premium is subsidized is to talk to your insurance agent.



If you determine that your rates are likely to change under BW12 and you are

in a special flood hazard area, you will need an **elevation certificate** to determine your structure's bottom floor elevation relative to the area's base flood elevation (BFE). Elevation is a significant factor determining flood risk and thus premiums for flood insurance. If you have a subsidized rate changed to reflect real risk under BW12, you will need an elevation certificate before your real risk premium can be determined. Without it, you will may be charged a higher premium.

Notes to the Flowchart

† "Severe repetitive loss" is a property of 1-4 residential units that has had cumulative claims that equal or exceed the value of the property or a property with four or more claims where each claim was over \$5,000.

* As each property's subsidized premium and real risk premium vary, some properties may reach the real risk premium after a year or two whereas others may take several years to do so.

§ "Primary residence" means the insured lives in the house 80% of the year or more.

For more information: <http://www.fema.gov/flood-insurance-reform-act-2012> and <https://www.flseagrant.org/climatechange/coastalplanning/insurance-issues-coast/>

Supplemental Factsheet: Changes to the National Flood Insurance Program: A Guide for Homeowners

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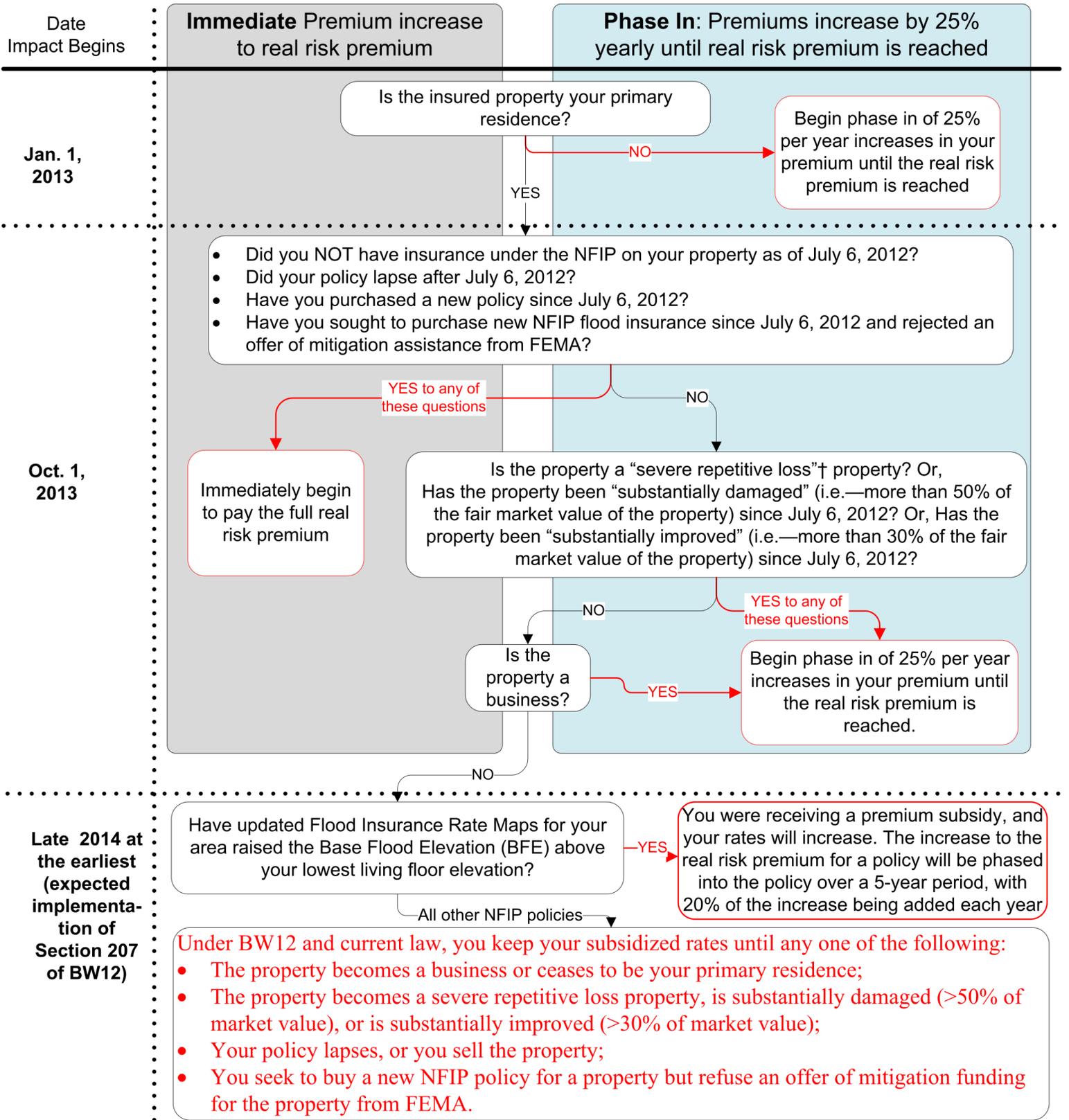
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Will My Flood Insurance Premiums Increase Due to the Biggert–Waters Flood Insurance Reform Act of 2012?



Even if you keep your currently subsidized rates, this DOES NOT mean that your NFIP policy premiums may not immediately increase. The NFIP has the responsibility to adjust its rates to risk, and BW12 also allows charges to develop a new reserve fund for the NFIP. As a result of these changes, even policies retaining current subsidies are expected to increase by 16-17% over the next year. Rates for unsubsidized policies can expect increases as well.