

# What You Need to Know About Risk Rating 2.0 Equity in Action



FEMA has updated the National Flood Insurance Program's risk rating methodology through the implementation of a new pricing methodology called Risk Rating 2.0: Equity in Action.

## What's Changing?

Using new data, flood models, and technology, Risk Rating 2.0: Equity in Action will rate each building individually rather than by flood zone using many property-specific factors including: frequency of flooding, multiple flood types (river overflow, storm surge, coastal erosion and heavy rainfall), proximity to flood sources and building characteristics, such as first floor height and the cost to rebuild.

## Why?

Prior to Risk Rating 2.0: Equity in Action, the rating methodology primarily considered flood zones and elevations and the rating methodology itself had not been updated in 50 years. This caused disparities that resulted in many individuals paying more than their fair share in flood insurance premiums. Risk Rating 2.0: Equity in Action ensures rates accurately reflect individual flood risk, improves community resilience and helps disaster survivors recover faster after floods—America's number one natural disaster—which are projected to worsen across the country due to climate change.

## What Does this Mean for my NFIP Rate – Will it go Up or Down?

Most policyholders (96%) will see decreases or increases of no more than \$20 per month. Policyholders who have premium decreases will transition to the lower rates when their policies renew. Policyholders who have premium increases will see their rates transition gradually, with most annual increases statutorily capped at 18%. Premiums will increase until the full-risk rate is reached.

## What's Not Changing Under Risk Rating 2.0: Equity in Action?

Policy limits remain at \$250,000 for single-family structures and \$100,000 for contents, with many policy forms remaining unchanged. FEMA has upheld statutory rate caps set by Congress, as well as premium discounts for Pre-Flood Insurance Rate Map Subsidized and Newly Mapped properties. Policyholders will still be able to transfer discounts by assigning their flood insurance policies when property ownership changes. Additionally, policyholders in communities participating in the Community Rating System will continue to earn rate discounts of 5 to 45% based on their classification, regardless of whether a structure is inside the Special Flood Hazard Area.

## What if I Have Questions About a Specific Rate Quote?

Your insurance agent can help you to understand your premium, coverage and any options. It is important that policyholders ensure that the agent's property information is correct and complete information to ensure an accurate premium. For any unresolved concerns or unanswered questions, please contact the Office of the Flood Insurance Advocate at [Insurance-Advocate@fema.dhs.gov](mailto:Insurance-Advocate@fema.dhs.gov). Further details and resources about Risk Rating 2.0: Equity in Action are available at [FEMA.gov/flood-insurance/risk-rating](https://www.fema.gov/flood-insurance/risk-rating).



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