



# Understanding The Difference Between Flood Insurance Requirements vs. Rating

Recently, the National Flood Insurance Program's (NFIP) new pricing methodology called Risk Rating 2.0 has caused confusion for many homeowners, buyers, sellers and real estate agents alike. Everyone can benefit from understanding the difference between flood insurance requirements and flood insurance rates, with RR2.0 only impacting the latter.

## Flood Insurance REQUIREMENTS

- ✓ Flood insurance is required by law (for any federally backed loan) whenever a habitable *structure* touches a Special Flood Hazard Area (SFHA).
- ✓ Lenders have the prerogative to require flood insurance regardless of federal mandates if deemed necessary.
- ✓ SFHA's are the zones beginning with A or V, as mapped by FEMA. FEMA Flood Zones and Base Flood Elevation (BFE) will continue to be the basis for mandatory purchase requirements and floodplain management.



Confirm your flood status with a MyFloodStatus structure-based, certified and insured Flood Zone Determination Report.

## Flood Insurance RATING

- ✓ If a structure is confirmed to be in an SFHA, requiring flood insurance, Risk Rating 2.0 is the pricing methodology used to determine policy rates.
- ✓ New variables - like distance to water, flood frequency, flood types and property characteristics such as elevation - will now be used to determine rate.
- ✓ FEMA Flood Zones and Base Flood Elevation will no longer be used to rate a policy.



Consult with your insurance company for a flood insurance policy rating, calculated using Risk Rating 2.0.

[www.myfloodstatus.com](http://www.myfloodstatus.com)