



IOWA DEPARTMENT OF NATURAL RESOURCES

LEADING IOWANS IN CARING FOR OUR NATURAL RESOURCES

Risk Rating 2.0

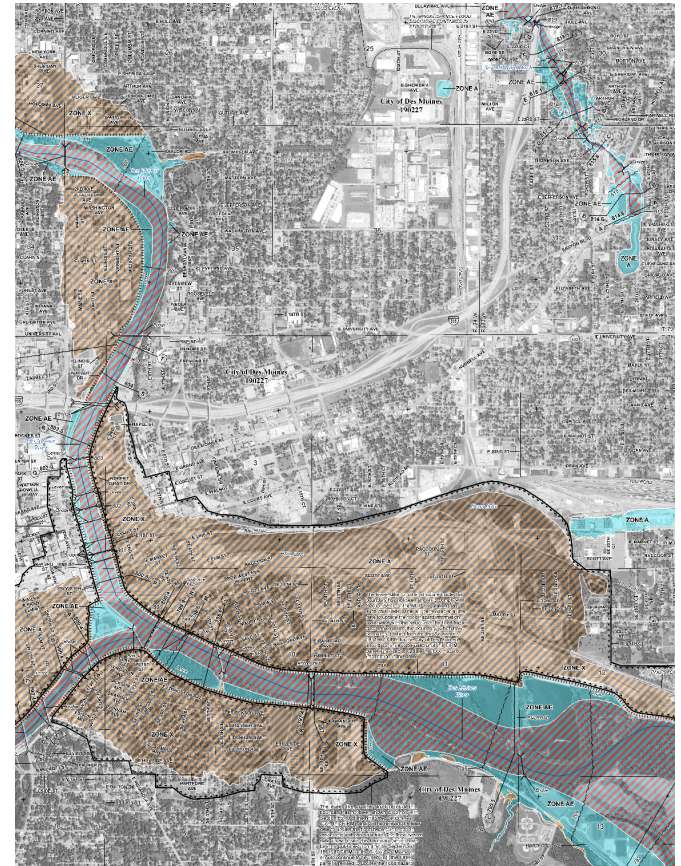
Flood Insurance Rate Changes



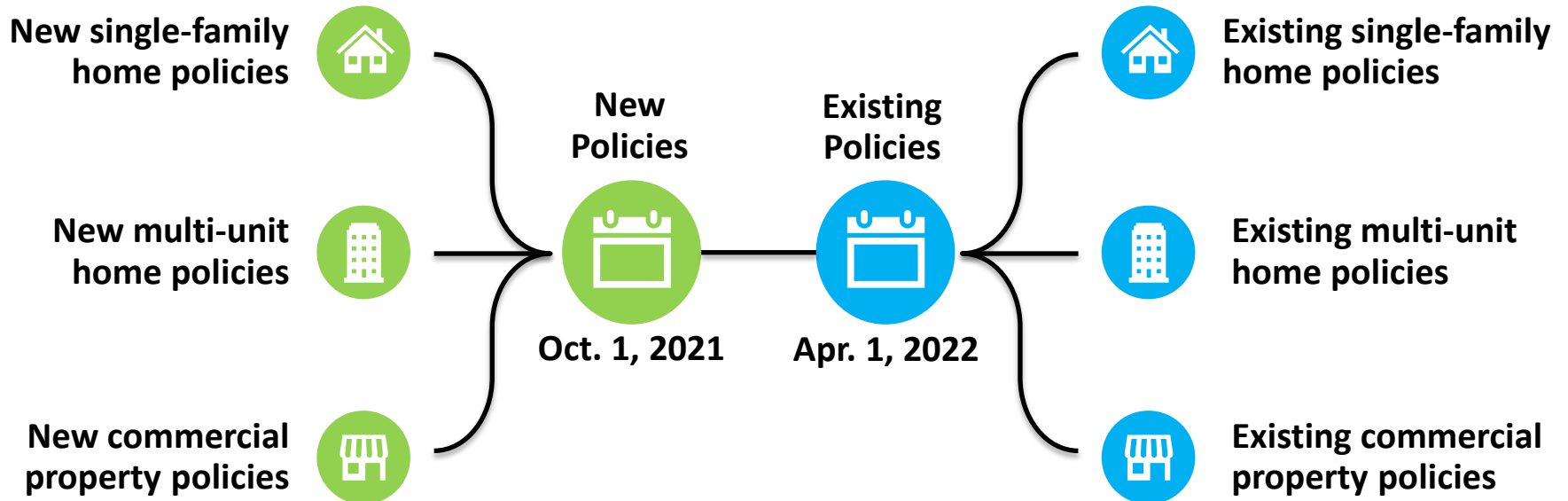
Risk Rating 2.0

Why the Change

- Flood insurance rates static since the 1970s.
 - Dependent upon:
 - Flood Zone
 - Base (100-yr) Flood Elevation, if applicable
- Modern insurance technologies
 - Catastrophic models
 - Actuarial science
- National Flood Insurance Program:
 - 22,500 participating communities
 - 5 million policyholders
 - \$1.3 trillion in coverage



Phased Approach



What is Changing?

FEMA is reducing complexity in the Program by:



Simplifying Quote Process through Risk Rating Engine



Eliminating Elevation Certificate Requirement for Rating

FEMA is increasing investment in Mitigation by:



Expanding Mitigation Discounts



Expanding Community Rating System (CRS) Discounts

- No longer differentiated based on inside/outside of SFHA

What is Not Changing?

FEMA is continuing to uphold statutory requirements by:



Limiting Annual Premium Increases

- No more than 18% per year



Using FIRMs for Regulatory Compliance

- But BFE and flood zones will not be used for policy rating
- LOMCs not going away
- Elevation Certificates for compliance
- Mandatory Purchase Requirement

FEMA is maintaining certain program features to ease the transition by:



Offering Premium Discounts to Eligible Policyholders (i.e. Newly Mapped, Pre-FIRM, etc.)



Allowing the Transfer of Policy Discounts to New Homeowners

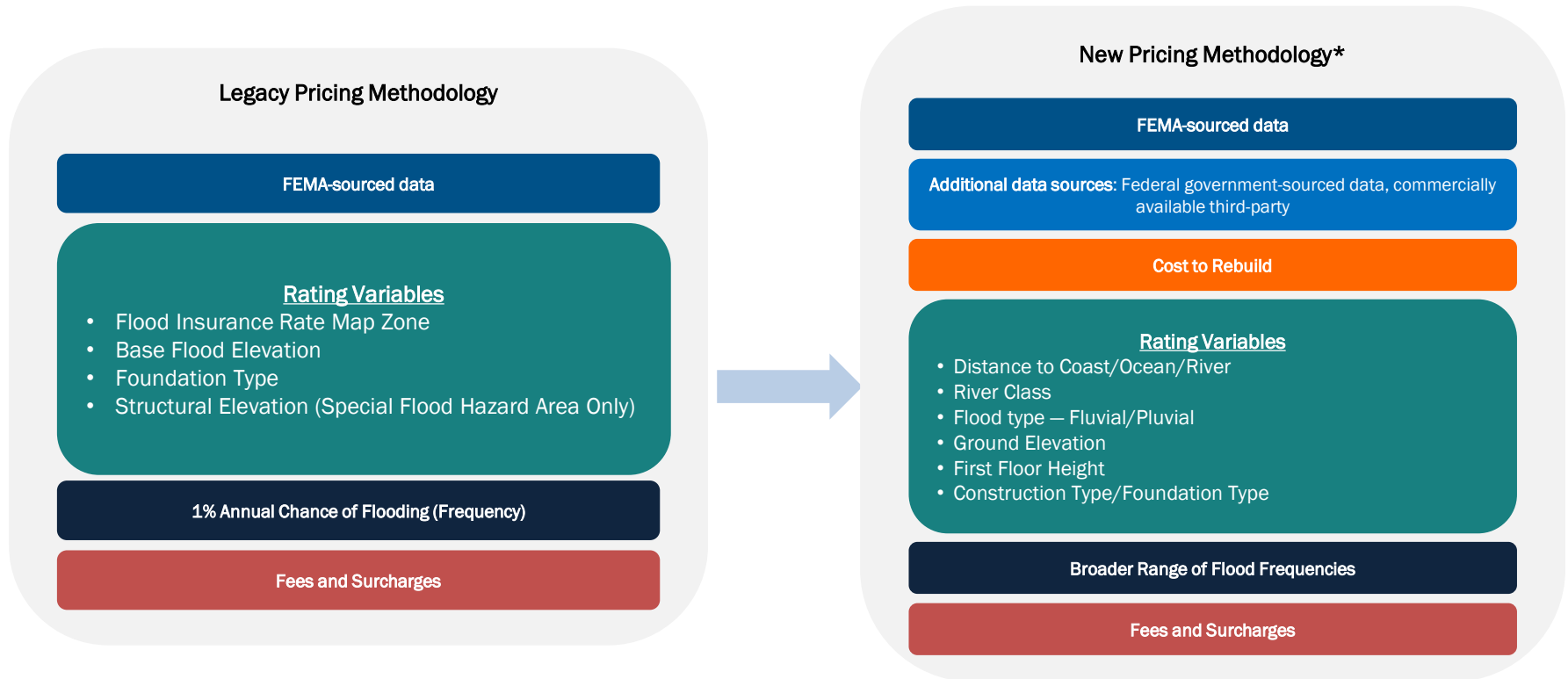


Offering Premium Discounts for Community Rating System (CRS) Participation



Maintaining Group Flood Insurance Policies (GFIP)

Premiums will reflect a property's unique flood risk



*Additional variables are not shown here

Resource Investments

FEMA Data Sources

- Mapping Data
- Great Lakes Analysis



FEMA Data

Other Datasets

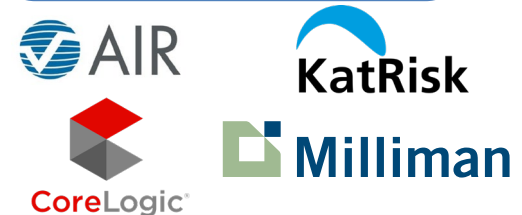
- NOAA Coastal Dataset
- USACE Levee Dataset
- USGS Elevation Data



Government Models,
Best Available Data, and Collaborations

Third-Party Data Sources

- Catastrophe Models
- Geolocation Tool
- First Floor Height Tool
- RCV Tool



Private Sector Rate Setting Methods
and Private Sector Catastrophe Models

Premium Calculation Variables

Geographic Variables (Building's Location)

- Distance to Flooding Source(s), e.g., River, Coast, Ocean, or Great Lakes
- Local Relative Elevation
- Elevation Relative to Flooding Source(s)
- Territory (MSA)
- HUC-12
- Drainage Area
- River Class

Values not displayed to insurer or policyholder at time of rating

Building Variables (Physical Building Characteristics)

- RCV
- Construction Type
- First Floor Height
- Foundation Type
- Number of Floors
- Mitigation Discounts
 - Elevation of Machinery & Equipment (M&E)
 - Flood Openings
 - Elevation on Posts, Piles, or Piers

Values displayed to insurer/policyholder at time of rating

Other Variables

- Type of Use, e.g., Single-Family Home, Non-Residential, etc.
- Primary or Non-Primary Residence
- Statutory Discounts
- CRS Discount
- Pre-FIRM status
- Prior NFIP Claims
- Coverages
- Deductibles
- Fees, Surcharges, and Assessments

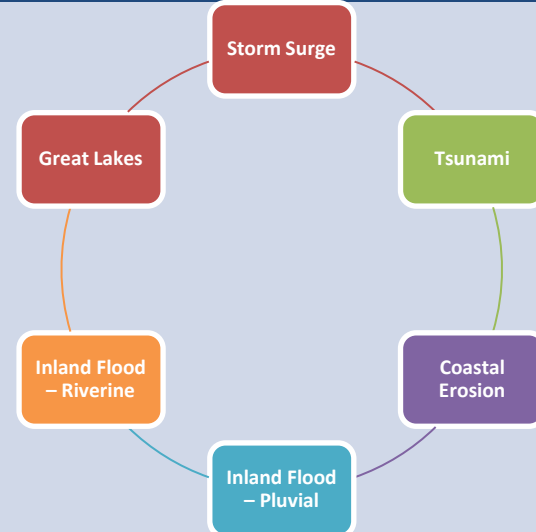
Under the New Pricing Methodology a Building Can be Subject to Multiple Perils

Legacy Pricing Methodology Perils

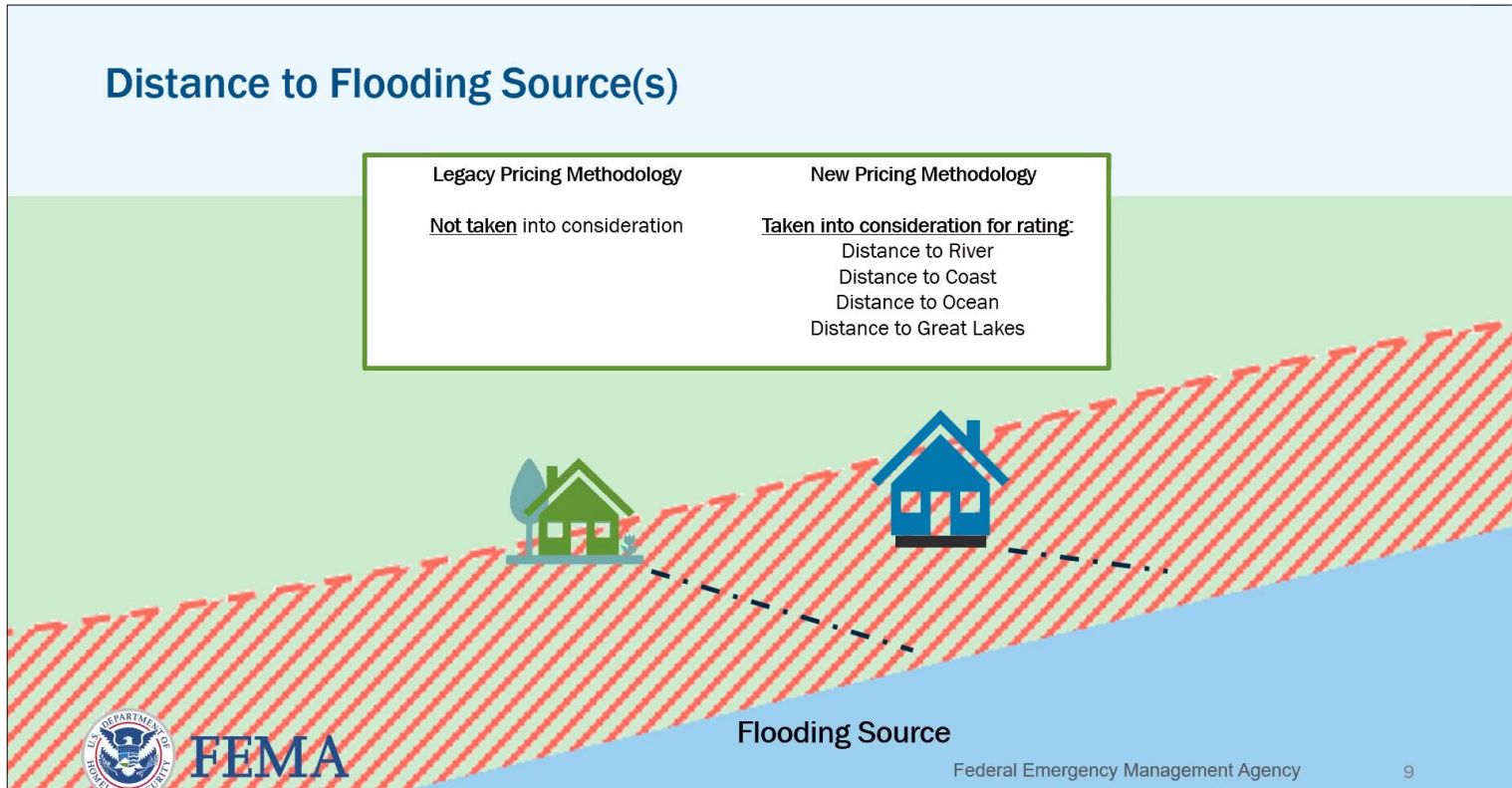
Takes into consideration
predominantly two perils:

Riverine
or
Coastal

New Pricing Methodology Perils



Distance to Flooding Source

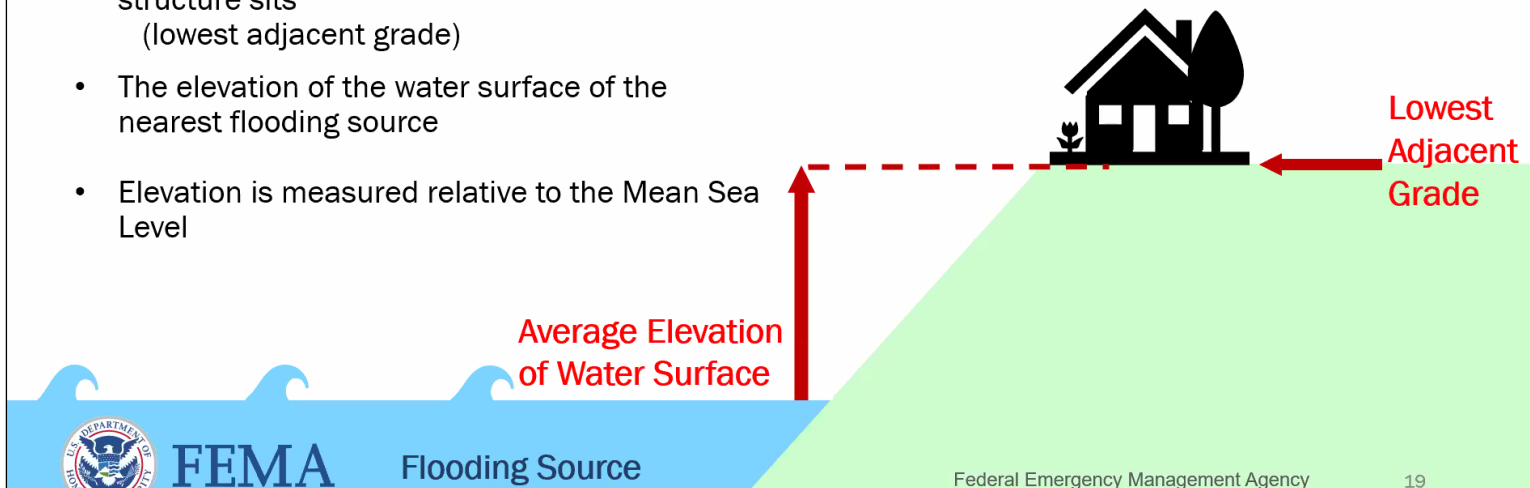


Structure Elevation Relative to Flooding Sources

Elevation Relative to Flooding Source

Elevation Relative to Flooding Source: Elevation difference between

- The elevation of the ground on which the structure sits (lowest adjacent grade)
- The elevation of the water surface of the nearest flooding source
- Elevation is measured relative to the Mean Sea Level



Ground Elevation

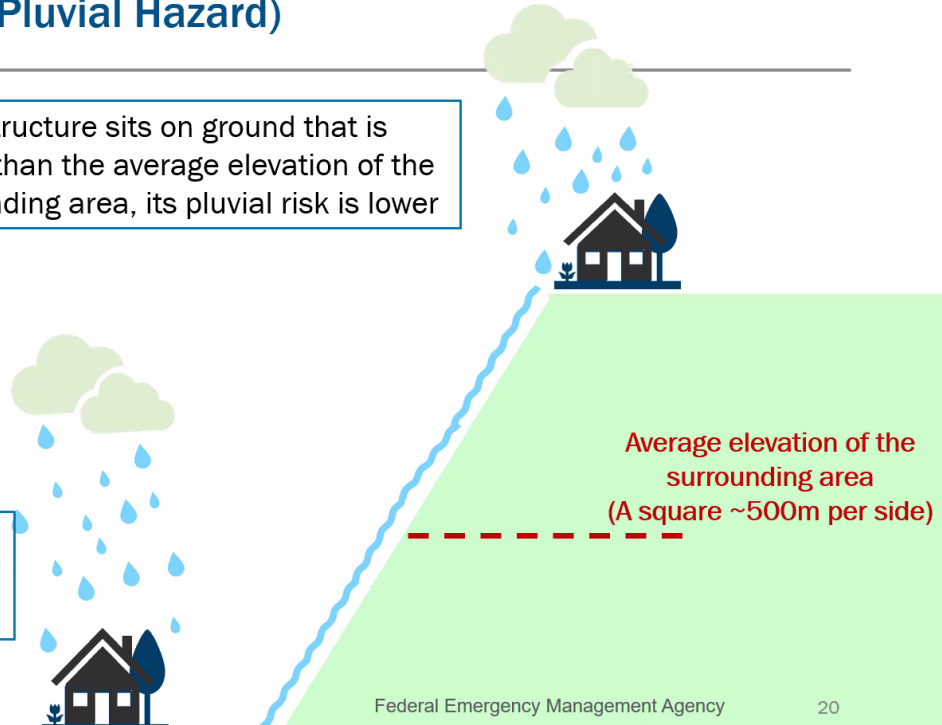
Local Relative Elevation (Pluvial Hazard)

If the structure sits on ground that is *higher* than the average elevation of the surrounding area, its pluvial risk is lower

If the structure sits on ground that is *lower* than the average elevation of the surrounding area, its pluvial risk is higher



FEMA



Federal Emergency Management Agency

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Replacement Cost Value (RCV)

Why is RCV Important?

Partial losses impact lower-valued and higher-valued homes differently



To address a disparity in the current rating approach, the New Pricing Methodology considers loss differences between higher-valued and lower-valued homes by using RCV



FEMA

Federal Emergency Management Agency

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Policyholders Can Update *Some* FEMA-sourced Data

FEMA is providing values for:

- Geographic variables (based on provided address or lat/long)
- First Floor Height
- RCV (single-family occupancy only)
- Prior NFIP claims

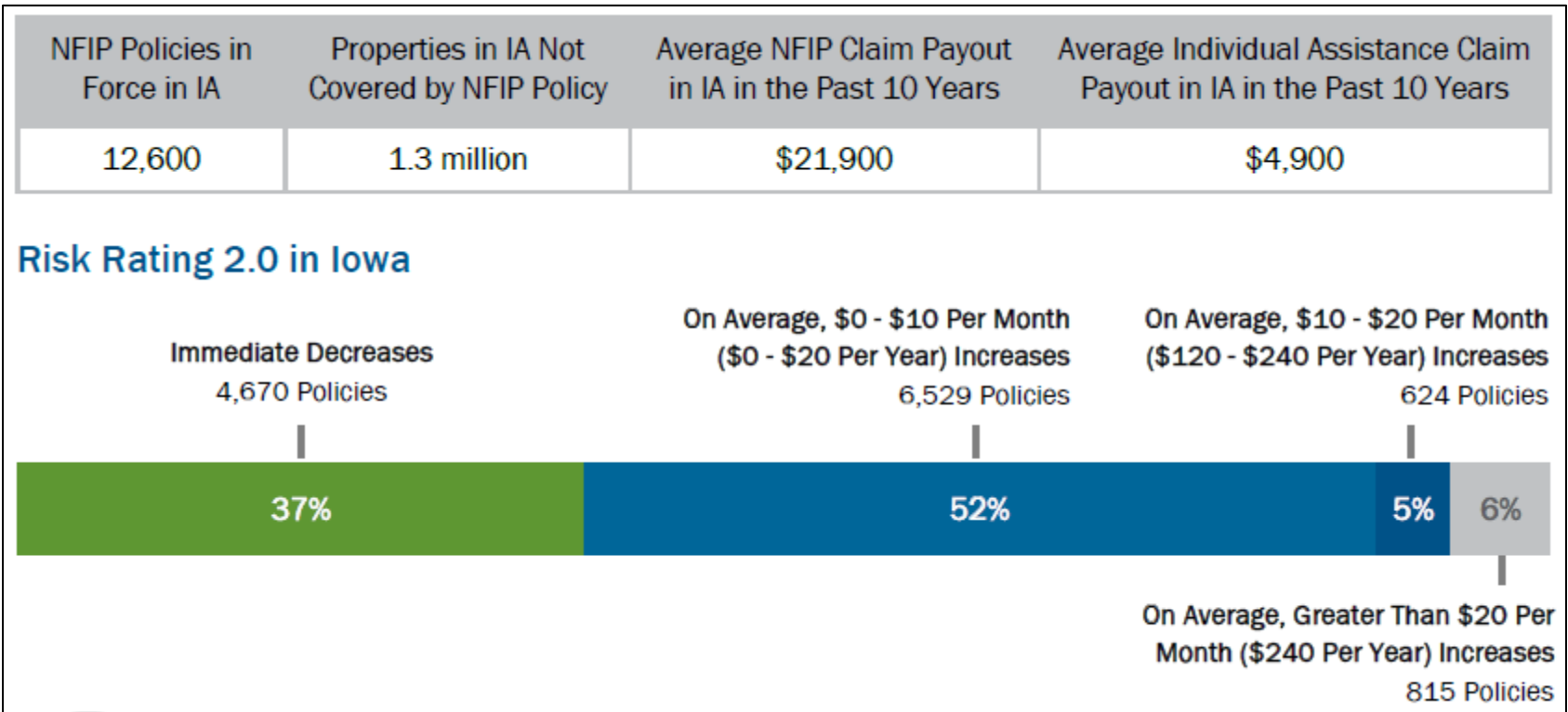
Policyholders/agents can provide additional information for:

- Ground Elevation*
- First Floor Height**
- RCV
- Prior NFIP claims

*Using Elevation Certificate or Certified Survey Data

** Using Elevation Certificate

Impacts of Risk Rating 2.0 In Iowa



Impacts of Risk Rating 2.0

State Profiles

Risk Rating 2.0: Projected Premium Changes by Zip Code - All NFIP Policies

- Estimated first-year premium changes for all existing National Flood Insurance Program policies

Filter by State or Territory
Iowa

correspond to the percentage of policies changed.

Note that the pie chart and data table only show data from the zip code areas currently displayed in the map view.

Click the "Help" tab below for further instructions.

Related Dashboards

- Single-Family Home Premium Changes by Zip Code
- Projected Premium Changes by State

Disclaimer

The data in this dashboard are FEMA's analysis of NFIP policyholder data. The analysis considers only the differences between May 2020 premiums (based on the old rating system) and October 2021 premiums (Risk Rating 2.0); the analysis does not consider typical premium increases that might have occurred without Risk Rating 2.0.

The maps generated **do not reflect the total amount of premium changes or the overall cost of premiums paid.** Needs to be...

All NFIP Policies: Percent of Policies with Decreased Premiums

Decreased

Increased \$0-\$10

Increased \$10-\$20

Increased \$20+

Percent of all NFIP policies by category

- All zip codes in the current map view including filter*

*The 'Zip Codes with Fewer than 5 Policies' and 'Unknown Zip Codes' data are not included in this dashboard. When filtering, small discrepancies may exist when compared to the Risk Rating 2.0 Premium Changes by State dashboard.

Data table of zip codes in current map view

- Including filter, up to 25 listed, sorted by most policies

Zip: 51501, IA		669 Policies	
	Policies Decreased:	246	36.8%
	Policies Incr. \$0-\$10:	403	60.2%
	Policies Incr. \$10-\$20:	8	1.2%
	Policies Incr. \$20+:	12	1.8%

Zip: 52404, IA		490 Policies	
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Impacts of Risk Rating 2.0

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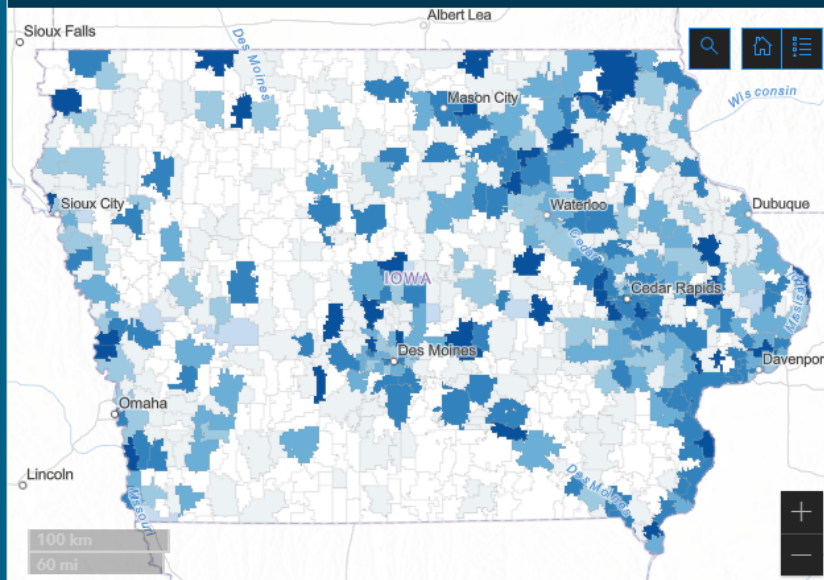
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All NFIP Policies: Percent of Policies w/ Premium Increase \$0-\$10/month

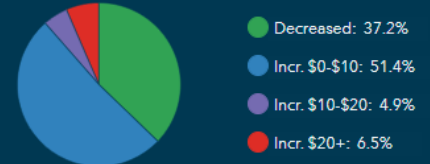


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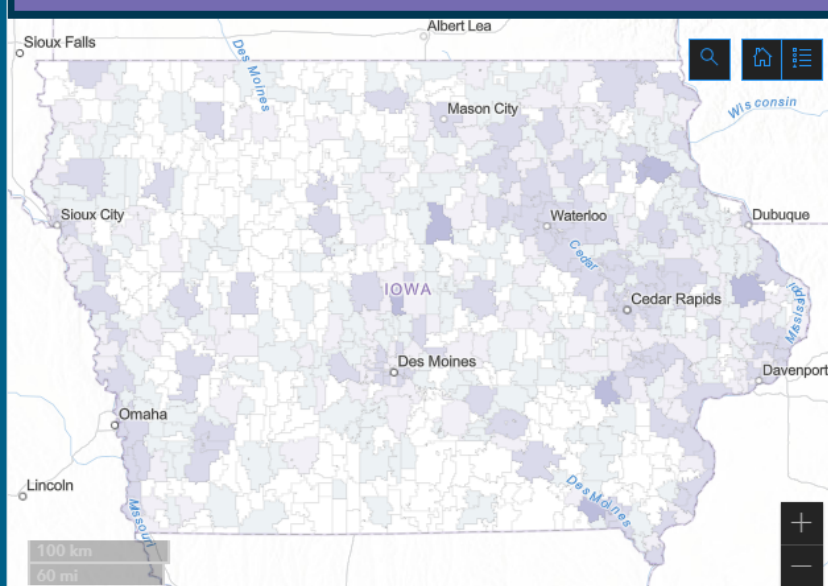
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Overview Help

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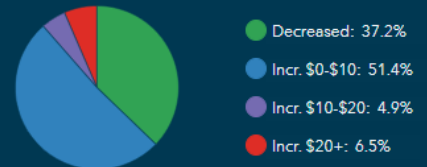
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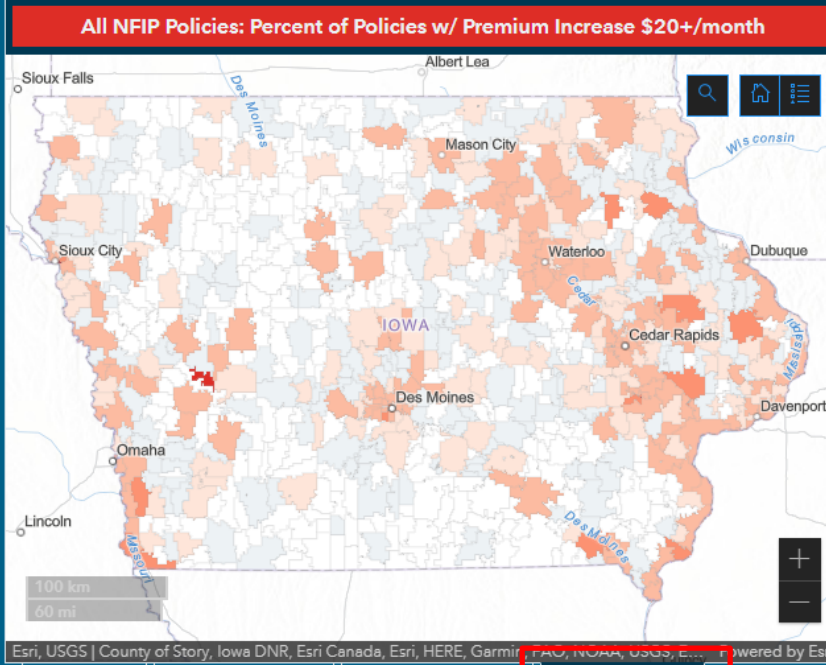
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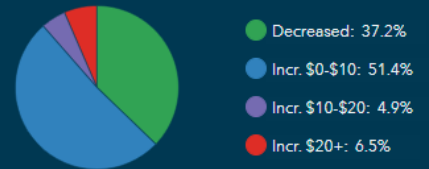
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Risk Rating 2.0

Flood Insurance Rate Changes

- Equity In Action
 - Cost to rebuild
 - Unique flood risk of property
- Individualized rate for each structure
 - Rates dependent on several variables
 - More complete picture of flood risk

Iowa DNR

Local Floodplain Program

Jason Conn, CFM

NFIP State Coordinator

515-725-8333

Jason.Conn@dnr.iowa.gov