

# Risk Rating 2.0

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## *Top Myths & Facts*

IAFSM CONFERENCE  
MARCH 2023

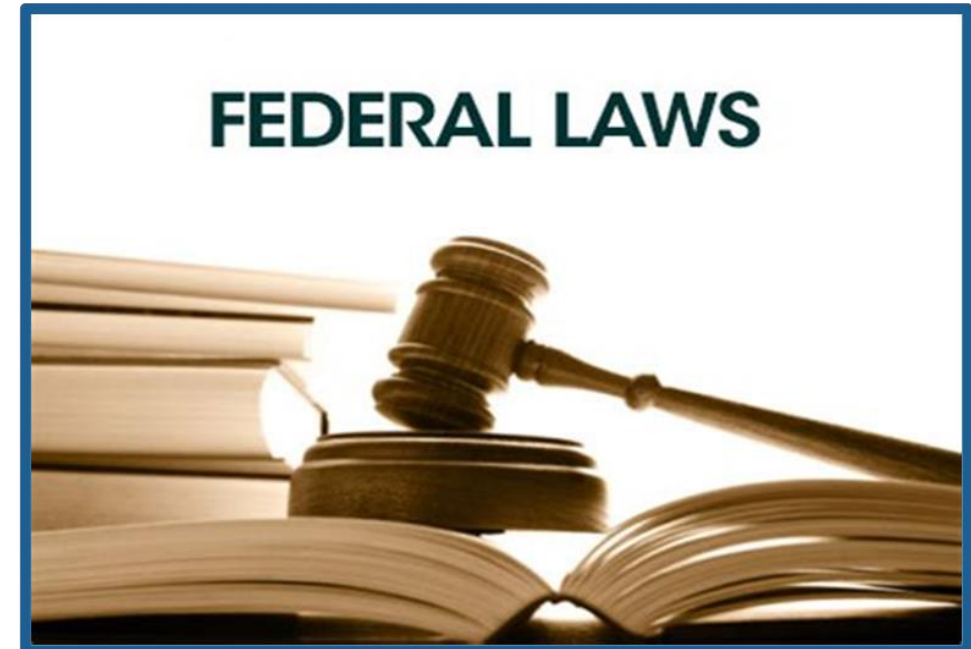
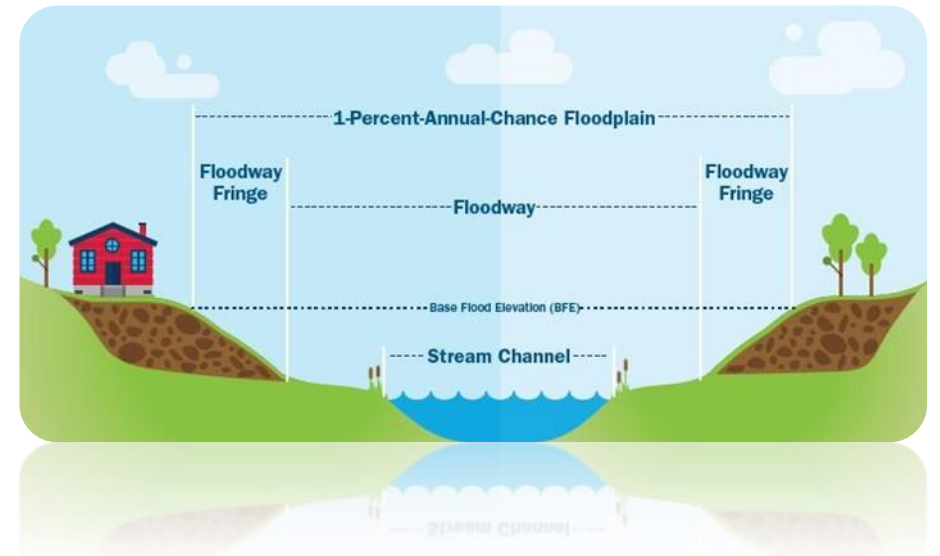
Bruce A. Bender, CFM  
ASFPM Flood Insurance Committee Co-Chair  
Bender Consulting Services, Inc.



# True or False?

Q1. FEMA no longer uses flood zones and Base Flood Elevations for rating, so flood maps are no longer needed.

**A1. False**



# True or False?

**Q2. An Elevation Certificate is not necessary or needed because FEMA will determine the First Floor Height.**

**A2. False**

## ELEVATION CERTIFICATE

OMB No. 1660-0008  
Expiration Date: November 30, 2022

**IMPORTANT: In these spaces, copy the corresponding information from Section A.**

Building Street Address (including Apt., Unit, Suite, and/or Bldg. No.) or P.O. Route and Box No.			FOR INSURANCE COMPANY USE Policy Number:
City	State	ZIP Code	Company NAIC Number

### SECTION E – BUILDING ELEVATION INFORMATION (SURVEY NOT REQUIRED) FOR ZONE AO AND ZONE A (WITHOUT BFE)

For Zones AO and A (without BFE), complete Items E1–E5. If the Certificate is intended to support a LOMA or LOMR-F request, complete Sections A, B, and C. For Items E1–E4, use natural grade, if available. Check the measurement used. In Puerto Rico only, enter meters.

E1. Provide elevation information for the following and check the appropriate boxes to show whether the elevation is above or below the highest adjacent grade (HAG) and the lowest adjacent grade (LAG).

a) Top of bottom floor (including basement, crawlspace, or enclosure) is \_\_\_\_\_  feet  meters  above or  below the HAG.

b) Top of bottom floor (including basement, crawlspace, or enclosure) is \_\_\_\_\_  feet  meters  above or  below the LAG.

E2. For Building Diagrams 6–9 with permanent flood openings provided in Section A Items 8 and/or 9 (see pages 1–2 of Instructions), the next higher floor (elevation C2.b in the diagrams) of the building is \_\_\_\_\_  feet  meters  above or  below the HAG.

E3. Attached garage (top of slab) is \_\_\_\_\_  feet  meters  above or  below the HAG.

E4. Top of platform of machinery and/or equipment servicing the building is \_\_\_\_\_  feet  meters  above or  below the HAG.

E5. Zone AO only: If no flood depth number is available, is the top of the bottom floor elevated in accordance with the community's floodplain management ordinance?  Yes  No  Unknown. The local official must certify this information in Section G.

### SECTION F – PROPERTY OWNER (OR OWNER'S REPRESENTATIVE) CERTIFICATION

The property owner or owner's authorized representative who completes Sections A, B, and E for Zone A (without a FEMA-issued or community-issued BFE) or Zone AO must sign here. The statements in Sections A, B, and E are correct to the best of my knowledge.

Property Owner or Owner's Authorized Representative's Name \_\_\_\_\_

Address \_\_\_\_\_ City \_\_\_\_\_ State \_\_\_\_\_ ZIP Code \_\_\_\_\_

Signature \_\_\_\_\_ Date \_\_\_\_\_ Telephone \_\_\_\_\_

Comments \_\_\_\_\_

Check here if attachments.

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# True or False?

**Q3. All accredited and non-accredited levees are reflected in RR 2.0.**

**A3. Well....**



## Levees in Risk Rating 2.0

February 2022



FEMA

# True or False?

Q4. The Replacement Cost Value (RCV) of your home influences your RR 2.0 premium.

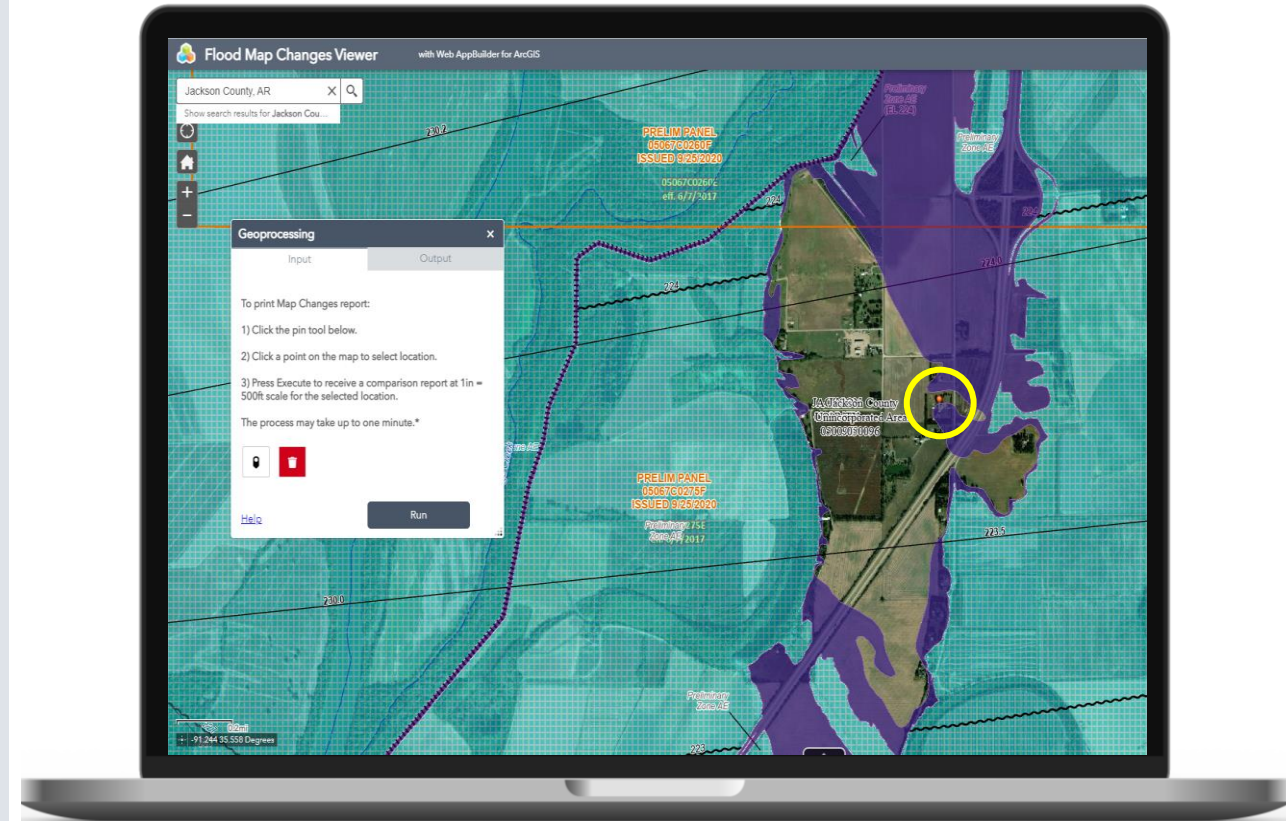
A4. True



# True or False?

**Q5. In RR 2.0, FEMA eliminated all rating options related to map changes, including grandfathering.**

**A5. False**



# True or False?

Q6. Policies in a CRS community now receive the same discount no matter what flood zone. The full discount is shown on the policy dec page.

**A6. True....and false.**



OMB No. 1660-0022  
Expires: March 31, 2020

National Flood Insurance Program  
Community Rating System

## Coordinator's Manual

*FIA-15/2017*



**FEMA**

# Applying the CRS Discount

CRS discounts may not appear to be fully applied because:

1. CRS discount does not apply directly to B+C+ICC premium shown on the dec page (must subtract Loss and Expense Constant and M&E/mitigation discount, if applicable);
2. It may be on a glidepath and not reached full-risk premium;
3. Class improvement not shown because policy is on a glidepath; it will be shown when it reaches full-risk premium (minus the CRS discount);
  - a. Class retrogrades (loss of discount) will be charged at next renewal
4. Policy premium exceeded maximum *premium* of \$12,125 (or below minimum of ~\$360); or
5. Policy *rate* exceeded maximum rate.

CRS CLASS	PREMIUM REDUCTION*
1	45%
2	40%
3	35%
4	30%
5	25%
6	20%
7	15%
8	10%
9	5%



# True or False?

**Q7. Floodplain managers and other local officials no longer can estimate cost savings for mitigating a building (e.g., elevating), like in RR 1.0.**

**A7. True...but**

## RR 1.0 Rate Table

### Appendix J: Rate Tables

#### RATE TABLE 3B. REGULAR PROGRAM – POST-ANNUAL RATES PER \$100 OF COVERAGE

#### FIRM ZONES AE, A1–A30 — BU

ELEVATION OF LOWEST FLOOR ABOVE OR BELOW THE BFE <sup>2,4</sup>	1 FLOOR No Basement/Enclosure/ Crawlspace <sup>5, 6</sup>		MORE THAN 1 FLOOR No Basement/Enclosure/ Crawlspace <sup>5, 6</sup>	
	1-4 Family	Other Residential, Non-Residential Business, Other Non-Residential <sup>7</sup>	1-4 Family	Other Residential, Non-Residential Business, Other Non-Residential <sup>7</sup>
+4	.31 / .09	.28 / .13	.27 / .08	.22 / .08
+3	.35 / .09	.32 / .15	.31 / .08	.25 / .08
+2	.51 / .11	.46 / .20	.44 / .08	.36 / .08
+1	.96 / .17	.84 / .31	.80 / .08	.66 / .09
0	2.25 / .27	1.92 / .50	1.79 / .08	1.44 / .14
-1	5.47 / .36	4.58 / .69	4.40 / .08	3.54 / .15

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# True or False?

**Q8. When a community completes a mitigation project to lower an area's flood risk, it will be incorporated into the RR 2.0 rating engine.**

**A8. Maybe...maybe not...and not right away.**



# RESOURCES

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# FEMA Resources

## Risk Rating 2.0: Equity in Action

FEMA is updating the [National Flood Insurance Program's](#) (NFIP) risk rating with a new pricing methodology called **Risk Rating 2.0**. The methodology leverages technology to enable FEMA to deliver rates that are actuarially sound, equitable and reflect a property's flood risk.



Read the press release: [FEMA Updates Its Flood Insurance Rates with Equitable Pricing](#)

FEMA is conscious of the far-reaching economic impacts COVID-19 has had on the economy and is taking a phased approach to rolling out the new rates.

Current National Flood Insurance Program policyholders can contact their insurance agent to learn more about what Risk Rating 2.0-Equity in Action means to them.

### PHASE I

**Beginning Oct. 1, 2021, new policies** were subject to the new rating methodology. Policyholders eligible for renewal were able to begin taking advantage of it.

### PHASE II

All remaining policies **renewing on or after April 1, 2022**, are subject to the new methodology.

FEMA continues to engage with Congress, its industry partners and state, local and tribal officials to gain a clear understanding of these changes.

## Insurance Agent Training Courses

The National Flood Insurance Program (NFIP) offers in-person and online training courses for licensed property and casualty insurance agents. To address the spread of COVID-19 and following CDC guidance, courses are offered as a webinar instead of in-person training.

## Two-part Key Fundamentals of Flood Insurance Webinar

This webinar is a two-part course on FEMA's National Flood Insurance Program. It includes the topics listed in the Federal Register notice on training and education requirements related to Section 207 of the Flood Insurance Reform Act of 2004, otherwise known as FIRA 2004.

It brings participants the latest information on the NFIP, including information on the NFIP's pricing methodology - Risk Rating 2.0: Equity in Action. Two parts of this webinar were newly filed for continuing education credits in all states and the District of Columbia in September 2021.

The course discusses many of the federal flood program's general rules and covers some more advanced topics. For more information, visit our [Key Fundamentals of Flood Insurance 2.0 overview](#).

Attendees **must complete both sessions** in order to cover all topics required by the Flood Insurance Reform Act (FIRA) of 2004.

- August 2, 2022 10 a.m. - 12 p.m. CT (Part 1) [REGISTER](#)
- August 3, 2022 10 a.m. - 12 p.m. CT (Part 2) [REGISTER](#)
- August 3, 2022 2 p.m. - 4 p.m. CT (Part 1) [REGISTER](#)
- August 4, 2022 2 p.m. - 4 p.m. CT (Part 2) [REGISTER](#)

## Risk Rating 2.0: Equity in Action

**NFIP has changed the way it determines flood risk and prices flood insurance.**

Rates are easier to understand and better reflect a property's flood risk. This makes it easier for you to write and sell flood insurance.

## Risk Rating 2.0 - Equity in Action: Rating Variables (Part 1)

This video discusses a building's rating variables related to where it's built and begins to talk about the impact of how it's built.



## Resources

The resources on this page provide additional information about Risk Rating 2.0: Equity in Action that will benefit you and your clients. Please use and share these resources to help your clients protect the lives they've built.



### Overview and FAQs

#### [Agent Overview](#)

This document outlines the Risk Rating 2.0 case for change for insurance agents.

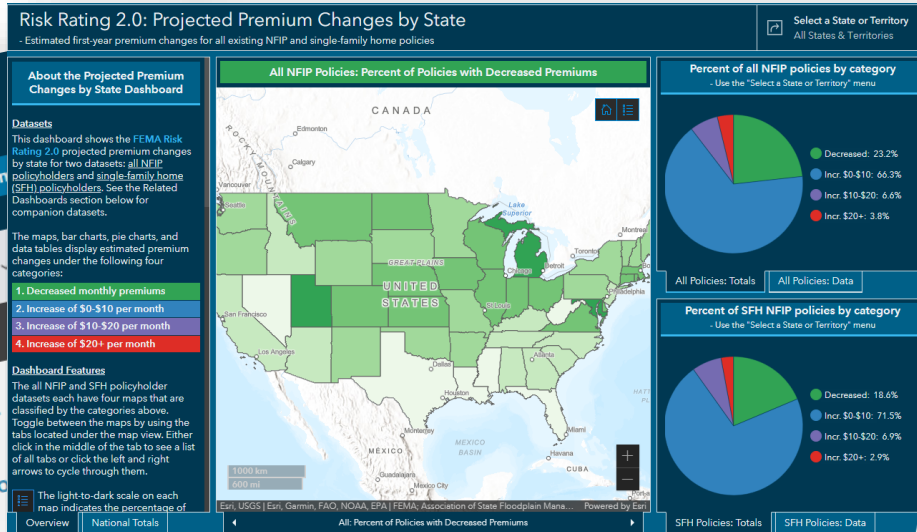
#### [Fact Sheet](#)

This two-page document provides an in-depth summary of how Risk Rating 2.0 is implemented. For more information, see the [Flood Insurance Manual](#).

#### [FAQs](#)

This document provides comprehensive answers to commonly asked questions. For more information, see the [Flood Insurance Manual](#).

# ASFPM Flood Insurance Committee Webpage



## Risk Rating 2.0 and Elevation Certificates – Using Section C or E for First Floor Height

Elevation is still the most in methodology (RR 1.0), elevation (LFE) and the Base Flood Elevation (BFE) are now three T

- **Elevation related** – The most precise determining variable, except in specific situations like Zone V or residential condominiums. Under the new Risk Rating 2.0 pricing methodology (RR 2.0), there are now three T
- **Local Relative LAG to the higher or lower First Floor** – Why replacement being equal with buildings will less repair after a flood example is I whose floor is the same as a home with a value (RCV) of \$100,000 next to a home next to a CoreLogic FFH to It will first use a p CoreLogic FFH to determine the FFH using conservat based on the FFH However, if an rating engine previously de use the high CoreLogic FFH than th rating).
- **Elevation FFH, which insurance** – What if the pr changed. How impacting the FF higher coverage the RCV will not

## Replacement Cost Value: A New Rating Variable for Risk Rating 2.0

For those familiar with the legacy rating system (RR 1.0), Replacement Cost Value (RCV) was not used as a rating variable, except in specific situations like Zone V or residential condominiums. Under the new Risk Rating 2.0 pricing methodology (RR 2.0), it is one of the key variables—and is another way FEMA is trying to make the new ra

Basicall, with es being equal, less repairs will ty less expensive b I whose floor is the same as a home with a value (RCV) of \$100,000 next to a home next to a CoreLogic FFH to It will first use a p CoreLogic FFH to determine the FFH using conservat based on the FFH However, if an rating engine previously de use the high CoreLogic FFH than th rating).

## Effects of Map Changes on Flood Insurance in a Risk Rating 2.0 World

When a community receives a new flood map, many property owners will find that their mapped flood risk hasn't changed; however, others will find that the updated, more accurate maps show they have a higher risk (e.g., Zone A to a Zone A to V, increase in Base Flood Elevation, or BFE) or lower risk (Zone A to X, Zone V to insurance, e.g., do /use to buy flood insurance now? Co / still need flood insurance? How much more expensive is it if you do? Let's look at these more closely.

**Newly Identified as High-Risk from Moderate-Low Risk**  
 For property owners and renters that are newly identified as being in a high-risk flood area from the moderate- to low-risk flood area, the National Flood Insurance Program (NFIP) offers a one-time cost-saving option called the Newly Mapped Discount.

If there is a federally backed loan on the property, the result, most lenders will require flood insurance. As a property owner and newly identified to be in a Special Flood Hazard Area (or AE or AH zone), and whose policy is selective within 12 months of the effective date of the new map, may be eligible for a one-time Newly Mapped Discount.

Upon renewal, policy rates will then increase on a 15% annual glide path until they reach their full-risk rate. If the property is sold, the discounted policy can be transferred to the new owners. Property owners must maintain continuous coverage to keep their Newly Mapped discount.

**Other Increases in Flood Risk**  
 Some property owners and renters may be in an area where the BFE increases or the high-risk flood zone full-risk rate (except those that are statutorily on a 25% glidepath, like pre-FIRM secondary homes and businesses). For other existing policies, since flood zones and BFEs are no longer a rating variable under RR 2.0, this means there would be no change in their RR 2.0 premium when the map changes.

Changes Since Last FIRM (CSL-FIRM) example from FEMA's CSE Update

Association of State Floodplain Managers ASFPM

## Risk Rating 2.0: What Floodplain Managers Need to Know

November 17, 2021

- Membership & Communities
- CFM® Certification Program
- Conferences & Events
- Training & Knowledge
- ASFPM
- ASSOCIATION OF STATE FLOODPLAIN MANAGERS
- NFIP Transformation and Risk Rating 2.0
- Effects of Map Changes in a RR 2.0 World – ASFPM Fact Sheet
- Replacement Cost Value Fact Sheet: A New Rating Variable for Risk Rating 2.0
- RR 2.0 and Elevation Certificates – ASFPM Fact Sheet
- Flood Smart | Risk Rating 2.0 Resource Page
- Risk Rating 2.0: Discount Explanation Guide
- ASFPM Recorded Webinar – Risk Rating 2.0: What Floodplain Managers Need to Know
- Risk Rating 2.0 – Equity in Action: FEMA's New Rating System
- A Collection of NFIP Publications
- Risk Rating 2.0 – Outreach Talking Points
- Risk Rating 2.0 – Equity in Action



**Any Questions?**

**Yes. Why are we standing here?**

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