

National Flood Insurance Program

May 1, 2007, Rate and Rule Changes: A Summary

Premiums will increase an average of 6.0% for policies written or renewed on or after May 1, 2007. This premium increase varies by zone as described below.

V Zones (coastal high-velocity zones)

Larger rate increases are being implemented again this year due to:

1. An increased contingency loading (from 10% to 20%) that more appropriately reflect the volatility in flooding.
 2. rates are being increased in response to the Heinz Center's Erosion Zone Study, which clearly indicates that current rates significantly underestimate the increasing hazard from steadily eroding coastlines.
- **Post-FIRM V Zones:** Premiums will increase 10%.
 - **Pre-FIRM V Zones:** Premiums will increase about 9½%.

A Zones (non-velocity zones, which are primarily riverine zones)

There will be large increases this year.

- **Post-FIRM AE Zones:** Premiums will increase about 6% as indicated by our actuarial rate model, which includes an increase in the contingency loading from 5% to 10%.
- **Pre-FIRM AE Zones:** Premiums will increase about 7%, which will help to reduce the amount of the subsidy in these rates.
- **AO, AH, AOB and AHB Zones** (shallow flooding zones): Premiums will be increased between 9% to 10%.
- **Unnumbered A Zones** (remote A Zones where elevations have not been determined): Premiums will increase about 8%. These increases are designed to keep rates in line with Post-FIRM AE Zones.
- **A99 Zones** (approved flood mitigation projects, e.g., levees still in the course of construction): Premiums will increase about 10%.
- **AR Zones:** Premiums will increase about 10%.

X Zones (zones outside the Special Flood Hazard Area)

Moderate increases are being implemented.

- **Standard Risk Policy:** Premiums will increase about 10%.
- **Preferred Risk Policy (PRP):** No changes.

Miscellaneous Items

- **Optional Deductibles:** Deductible relativities are unchanged.
- **Emergency Program:** No changes.
- **Mortgage Portfolio Protection Program (MPPP):** Revised to keep in line with increases to A and V Zone policies.
- **Provisional Rating:** No changes.

