



FEMA

W-21003

April 1, 2021

MEMORANDUM FOR: Write Your Own (WYO) Principal Coordinators and the
National Flood Insurance Program (NFIP) Direct Servicing Agent

FROM:

A handwritten signature in black ink, appearing to read "Jeffrey Jackson".

Jeffrey Jackson

Acting Assistant Administrator for Federal Insurance
Federal Insurance and Mitigation Administration

SUBJECT: New National Flood Insurance Program Pricing Methodology
Program Changes and Updated Guidance Effective October 1, 2021

This memorandum provides notification of changes to the National Flood Insurance Program's (NFIP) new pricing initiative called Risk Rating 2.0 effective on October 1, 2021, the overall timeline for implementation of Risk Rating 2.0, and FEMA's expectations of NFIP insurers (i.e., WYO companies and NFIP Direct).

Upcoming Program Changes

FEMA is updating its pricing methodology for the NFIP through an initiative called Risk Rating 2.0 (RR 2.0). Risk Rating 2.0 is equity in action. By leveraging industry best practices and current technology, FEMA can deliver rates that are equitable, easier to understand, more accountable to policyholders and taxpayers, and better reflect a property's unique flood risk. The updated pricing methodology provides more accurate flood insurance premiums which will better communicate flood risk to individuals while promoting action to mitigate against flooding.

Transition Timeline

FEMA is working with NFIP insurers to implement the transition from the legacy rating plan to RR 2.0 on the following timeline.

- **April-September 2021:** FEMA collaborates with and continues to periodically share draft guidance documents with NFIP insurers regarding RR 2.0 program changes.
- **August 1, 2021:** NFIP insurers may begin quoting for policies with effective dates on or after October 1, 2021.
- **September 1, 2021:** FEMA releases final guidance documents for NFIP insurers detailing upcoming RR 2.0 program changes.

- **October 1, 2021:**
 - All new business policies effective on or after this date must be issued under RR 2.0.
 - Existing policies renewing with effective dates between October 1, 2021 and March 31, 2022 can renew under the legacy rating plan or renew their policy under RR 2.0.
- **April 1, 2022:** All existing policies with renewal dates on or after April 1, 2022 will be renewed under RR 2.0.

Guidance Documents

As part of this transition, FEMA will provide NFIP insurers two guidance documents that detail the upcoming RR 2.0 program changes that will apply to all RR 2.0 policies:

- *Risk Rating 2.0 Industry Transition Memo (ITM)*: The ITM explains how the transition from the legacy rating plan to RR 2.0 will occur and provides business, data, and information technology (IT) guidance for NFIP insurers and vendors on how to accomplish that transition. The principal audience of the *Industry Transition Memo* are NFIP insurers and vendors responsible for implementing the required changes.
- *Risk Rating 2.0 Flood Insurance Manual (FIM)*: The RR 2.0 FIM outlines the NFIP's underwriting policies and processes for effective and consistent program implementation within the RR 2.0 framework.

Please direct any questions regarding this bulletin to FEMA-RR2.0-Support@fema.dhs.gov.

cc: Vendors, IBHS, FIPNC, Government Technical Representative

Required Routing: Accounting, Claims, Systems, Data Analytics, Marketing, Underwriting