

## Michigan DIFS: Federal Flood Insurance Now Less Expensive, Easier to Buy

**Media Contact:** Laura Hall, (517) 290-3779, [DIFS-Press@michigan.gov](mailto:DIFS-Press@michigan.gov)

**Consumer Hotline:** 877-999-6442, [Michigan.gov/DIFScomplaints](https://Michigan.gov/DIFScomplaints)

**FOR IMMEDIATE RELEASE:** October 1, 2021

(LANSING, MICH) The Michigan Department of Insurance and Financial Services (DIFS) is informing Michiganders of new federal flood insurance cost reductions and other consumer benefits available now available under the National Flood Insurance Program's (NFIP) new Risk Rating 2.0 program.

"Most Michiganders do not know that since standard homeowners and renters insurance policies do not pay for flood damage, most consumers need to apply for coverage through the federal flood insurance program. The NFIP's Risk Rating 2.0 will simplify the process of purchasing flood insurance and will help make it more equitable, easier to understand, and less expensive," said **DIFS Director Anita Fox**. "Under this new NFIP program, more than half of Michiganders will see lower costs on flood insurance, a vitally important tool to help ensure peace of mind during the severe weather season and beyond."

Previously, pricing for federal flood insurance was based on a limited number of data sources and did not consider important individual factors, such as a building's first floor height or the direct distance from a potential flood source. In addition, the previous underwriting process required prospective insurance customers to obtain a flood elevation certificate and survey, which can cost up to \$2,000. Finally, as part of the application process, insurance agents were required to identify certain home characteristics, including foundation type, which could lead to errors and ultimately to policy cancellation.

The [NFIP Risk Rating 2.0 program](#), which takes effect today, will use cutting edge technology to expand the data sources used in federal flood insurance underwriting. This will enable insurers to provide more accurate pricing based on a property's individual characteristics and remove the requirement for a flood elevation certificate. In addition, Risk Rating 2.0 will make flood insurance more equitable, as a property's replacement cost will now be factored into the premium. This makes lower-valued properties less expensive to insure and prevents the premiums paid on these properties from subsidizing more expensive properties in riskier areas.

Overall, NFIP estimates that more than 52% of Michigan flood insurance policies will see immediate savings once the program begins and forecasts a 75% reduction in the national maximum price for a federal flood insurance policy. New policies beginning October 1, 2021, will be subject to Risk Rating 2.0. Existing policyholders who will see their premium decrease under the new rating methodology will be able to opt-in at

renewal between October 1, 2021 and April 1, 2022. All remaining policies renewing on or after April 1, 2022, will be subject to the new rating methodology.

“Risk Rating 2.0 will help protect consumers by removing barriers to buying, selling, and renewing a flood insurance policy,” said Fox. “This program makes flood insurance easier to understand for both customers and agents alike, so we strongly encourage you to investigate your options and consider obtaining flood insurance to protect your property and your family.”

For more information about this program, contact your insurance agent, or call the Federal Emergency Management Program’s Mapping and Insurance Exchange at 877-336-2627.

In addition to federal flood insurance, a number of insurers offer private flood insurance in Michigan, and more information is on the [DIFS website](#). Anyone with questions or concerns about their insurance coverage is asked to call the DIFS toll-free hotline 8 a.m. to 5 p.m. Monday through Friday at 877-999-6442.

The mission of the Michigan Department of Insurance and Financial Services is to ensure access to safe and secure insurance and financial services fundamental for the opportunity, security, and success of Michigan residents, while fostering economic growth and sustainability in both industries. In addition, the Department provides consumer protection, outreach, and financial literacy and education services to Michigan residents. For more information, visit [Michigan.gov/DIFS](https://Michigan.gov/DIFS) or follow the Department on [Facebook](#), [Twitter](#), or [LinkedIn](#).