# NAR Issue Brief
# Flood Insurance Premium Rates for Commercial Properties – At a Glance
(Updated February 25, 2014)

[The following responds to member requests for simplification on flood insurance rate changes and is not intended to be legal advice or used by the reader in connection with a particular transaction.]

Commercial Properties were among the hardest hit by the implementation of Biggert-Waters. NAR heard your concerns with implementation loud and clear and with your help successfully lobbied for the passage of the Homeowner Flood Insurance Affordability Act, S. 1926 in the Senate and H.R. 3370 in the House. NAR is working to ensure that the House bill is taken up by the Senate. Below is a summary of the current-law and House bill provisions on flood insurance rates for commercial properties.

For more detailed information, please see NAR's Issue Brief on Flood Insurance Premium Rates here.

## Flood Insurance Comparison – Commercial Property

|  | Biggert-Waters | House Bill |
| --- | --- | --- |
| Current Owners | Grandfathered—rates increase by 20% of the difference between the current and the actuarial rates each year until the actuarial rates are met. | Grandfathered–Repealed – Reinstates the grandfathering of properties under lower risk rates upon remapping |
|  | Non-grandfathered — rates increase by 20-25% per year until the full risk premium rate is met. | Non-grandfathered— Rates increase by 18- 25% per year until the full risk rate is met |
| Commercial Property Buyers | 100% risk premium at time of sale | Repealed<br><br>Rate premium increases are refunded to buyers who bought property before FEMA warned of the new rates.<br><br>Returns to allowing a new owner to assume the old policy at the current rate (including grandfathering if applicable) (i.e., the policy stays with the property, not the owner)<br><br>Any future increases capped at 18% per year |
| Policy Assessment[1] | N/A | Commercial Property – $250 per policy<br><br>Other Property Types – $25-$250 per policy |

[1] Authority for policy assessment fees expires when all properties are paying the actuarial risk premiums.

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