

Discount Explanation Guide

Risk Rating 2.0: Equity in Action is FEMA's individualized approach to risk assessment, built on years of investment in flood hazard information.

By using current data, flood models, and technology, FEMA considers many risk factors for individual properties, including frequency of flooding, multiple flood types, distance to a flooding source, and property characteristics such as elevation and the cost to rebuild.

Mitigation efforts, community programs, and other discounts can help reduce flood damage and, potentially, the cost of flood insurance. This guide provides discount information on certain rating variables that are generally applied to the building and contents premium.

Foundation Type

Below are the six Foundation Types, which provide important insight as to where the flood risk is likely to begin. Buildings Elevated with Enclosure Not on Posts, Piles, or Piers will have a higher premium than buildings Elevated without Enclosure on Posts, Piles, Piers, if all rating variables are the same.



First Floor Height

The First Floor Height (FFH), or the height of the building's first lowest floor above the adjacent grade, is another rating variable critical to understanding the flood risk. Generally, buildings that are higher off the ground have lower risk. The following chart shows the discount percentage based on the foundation type and FFH, which is included in the amount charged for building and contents coverage. For example, a building with a crawlspace foundation and FFH of 3 feet above adjacent grade corresponds to a 22.1% discount compared to the same building having a FFH of 0. Between whole numbers, the discount for FFH is continuously provided (interpolated). For example, a building with a slab-on-grade foundation and FFH of 1.25 feet will receive a discount of -9.85%, which is a quarter of the way between the discount for 1 foot and 2 feet.

| First Floor Height* (In Feet) | Slab on Grade | Basement | Crawlspace (including Subgrade Crawlspace) | Elevated with Enclosure Not on Posts, Piles, or Piers | Elevated with Enclosure on Posts, Piles, or Piers | Elevated without Enclosure on Posts, Piles, or Piers |
|-------------------------------|------------------|------------------|--|---|---|--|
| 0 | 0.0% | 0.0% | 0.0% | 0.0% | 0.0% | 0.0% |
| 1 | -8.0% | -8.0% | -8.0% | -8.0% | -9.0% | -10.0% |
| 2 | -15.4% | -15.4% | -15.4% | -15.4% | -17.2% | -19.0% |
| 3 | -22.1% | -22.1% | -22.1% | -22.1% | -24.6% | -27.1% |
| 4 | -28.4% | -28.4% | -28.4% | -28.4% | -31.4% | -34.4% |
| 5 | -34.1% | -34.1% | -34.1% | -34.1% | -37.6% | -41.0% |
| 6 | -36.7% | -36.7% | -36.7% | -36.7% | -43.2% | -46.9% |
| 7 | -39.3% | -39.3% | -39.3% | -39.3% | -48.3% | -52.2% |
| 8 | -41.7% | -41.7% | -41.7% | -41.7% | -53.0% | -57.0% |
| 9 | -44.0% | -44.0% | -44.0% | -44.0% | -57.2% | -61.3% |
| 10 - 14 | -46.3% to -54.4% | -46.3% to -54.4% | -46.3% to -54.4% | -46.3% to -54.4% | -61.1% to -73.3% | -65.1% to -77.1% |
| 15 - 25 | -56.2% to -70.9% | -56.2% to -70.9% | -56.2% to -70.9% | -56.2% to -70.9% | -75.7% to -86.6% | -79.4% to -88.9% |

*Although the chart shows FFHs up to 25 feet, we recognize it is rare that the FFH will reach those measurements for most foundation types.

Flood Openings

Policyholders may receive a mitigation discount if the building's enclosure or crawlspace is constructed with proper flood openings or engineered openings with documentation. Flood openings can lower a building's flood risk as they allow floodwaters to flow through a building's enclosure or crawlspace. The following chart shows the discount percentages based on eligible foundation types and FFH. For example, a building Elevated with Enclosure Not on Posts, Piles, or Piers with a FFH measurement of 9 feet above the adjacent grade corresponds to a 11.8% mitigation discount, compared to the same building without proper flood openings, which would receive no flood openings discount. Between whole numbers, the discount for Flood Openings is continuously provided (interpolated). For example, a building with a crawlspace foundation and a FFH of 4.25 feet will receive a discount of -2.225%, which is a quarter of the way between the discount for 4 feet and 5 feet.

| First Floor Height* (In Feet) | Crawlspace (including Subgrade Crawlspace) | Elevated with Enclosure Not on Posts, Piles, or Piers | Elevated with Enclosure on Posts, Piles, or Piers |
|----------------------------------|---|--|--|
| 1 | -0.5% | -0.5% | -0.5% |
| 2 | -1.1% | -1.1% | -1.1% |
| 3 | -1.7% | -1.7% | -1.7% |
| 4 | -2.1% | -2.1% | -2.2% |
| 5 | -2.6% | -2.6% | -2.7% |
| 6 | -5.2% | -5.2% | -3.2% |
| 7 | -7.4% | -7.4% | -3.7% |
| 8 | -9.6% | -9.6% | -4.3% |
| 9 | -11.8% | -11.8% | -4.7% |
| 10 - 14 | -13.8% to -20.6% | -13.8% to -20.6% | -5.1% to -7.1% |
| 15 - 25 | -22.1% to -27.1% | -22.1% to -27.1% | -7.8% to -9.0% |

*Although the chart shows FFHs up to 25 feet, we recognize it is rare that the FFH will reach those measurements for most foundation types.

Machinery & Equipment

Policyholders may receive a **5% mitigation** discount if certain covered Machinery and Equipment (M&E) and appliances servicing the building, whether inside or outside the building, are elevated to at least the elevation of the floor above the building's first floor.

Floor of Interest: Number of Floors in Building

The building's number of floors above the ground (excluding enclosures, on grade or subgrade crawlspaces, basements, and attics used only for storage) may result in reduced insurance rates. For example, a building with three floors may receive a greater discount for this rating variable than if that same building had only one floor. The table below shows discounts based on the number of floors in the building and occupancy type. This rating variable does not apply to residential or non-residential units.

| Number of Floors in Building | Single Family Home Building Occupancy | All Other Building Occupancies (Excluding Residential Unit and Non-Residential Unit) |
|---------------------------------|---------------------------------------|---|
| 1 | 0.0% | 0.0% |
| 2 | -10.0% | -10.0% |
| 3 | -30.0% | -30.0% |
| 4 | - | -37.3% |
| 5 | - | -42.3% |
| 6 | - | -45.9% |
| 7 | - | -48.8% |
| 8-100 | - | -51% to -69% |

Floor of Interest: Floor of Unit

For a residential or non-residential unit inside a multi-floor building, the floor where the unit is located may impact the premium. Units above the first floor receive a higher discount as shown in the table below.

| The Floor Where the Unit Is Located | Residential/Non-Residential Unit Building Occupancy |
|-------------------------------------|---|
| 1 | 0.0% |
| 2 | -71.8% |
| 3 | -88.4% |
| 4+ | -88.9% |

Statutory Discounts

FEMA provides statutory discounts on the first \$35,000 of coverage for buildings and \$10,000 of contents coverage for pre-Flood Insurance Rate Map (FIRM) primary residences and newly mapped properties, as well as those in the Emergency Program or located in the AR or A99 flood zone.

The table below shows the discount percentage that applies to the policy's first term of eligibility for the statutory discount. For subsequent renewal terms, the statutory annual increase cap applies.

| Statutory Discount | Discount Percentage |
|--------------------|---------------------|
| Newly Mapped | 70% |
| Pre-FIRM Discount | 60% |
| Emergency Program | 60% |
| AR Zone | 60% |

CRS Discount

Under Risk Rating 2.0: Equity in Action, Community Rating System (CRS) discounts ranging from 5% to 45% are applied uniformly. The community's CRS discount applies to all CRS eligible NFIP policies in the community regardless of flood zone.

Note: A loss and expense constant is applied to the full risk premium separate from any of the discounts mentioned above. As a result, the difference in full risk premium between any two quotes will not exactly match the percentages listed. Additionally, certain discounts may not apply to the coastal erosion portion of the premium, if applicable. Policies may also be subject to minimum or maximum rates by peril and coverage, which may impact how discounts are applied and the specific amount of premium savings.