



September 15, 2021

Deanne Criswell, Administrator  
Federal Emergency Management Agency

**Re: Request to Delay Implementation of Risk Rating 2.0**

Dear Administrator Criswell:

The National Association of Professional Insurance Agents<sup>1</sup> (PIA) strongly supports Risk Rating 2.0 (RR 2.0). Its use will hasten the progress of the National Flood Insurance Program (NFIP) toward the universal application of actuarial rates that correspond with individual properties' level of flood risk. This adoption of risk-based rates will allow the NFIP to compete more effectively with the private market. Plus, RR 2.0's implementation of granular rating factors will ultimately make it a more accurate predictor of flood losses.

Unfortunately, despite the herculean efforts of many at FEMA, with the support of Write Your Own (WYO) carriers, vendors, and agents, RR 2.0 is not ready for its scheduled Oct. 1 deployment.<sup>2</sup> Evidence of FEMA's inadequate preparation is not limited to but include:

- Effective unavailability of rating engine until Sept. 1, despite FEMA promising widespread availability on first Aug. 1 and then Aug. 16
- Failure of rating engine operationality, requiring use of provisional (temporary) rates
- RR 2.0 system returning unexpectedly high or low rates, surprising agents and leaving them unable to explain RR 2.0 rates to policyholders or prospects
- No explanation of breakdown of rates produced by rating engine
- Confusion arising from need to consult April 2021 Flood Insurance Manual (FIM) with October 2021 Update and Oct. 2021 FIM from Oct. 1, 2021 to Mar. 31, 2022
- Effect of these problems on property purchases and sales

PIA routinely meets with FEMA representatives, and, over the course of years, PIA repeatedly expressed concern to FEMA representatives about the role of agents—and the resulting consumer experience—in the development and implementation of RR 2.0. PIA continually requested robust training and education to enable agents to guide policyholders through this unprecedented change in NFIP rates. Despite our efforts, agents were not provided with adequate training or education. In fact,

---

<sup>1</sup> PIA is a national trade association founded in 1931. We represent member insurance agents in all 50 states, Puerto Rico, Guam, and the District of Columbia. PIA members are small business owners and insurance professionals who can be found across America.

<sup>2</sup> PIA is not alone in having reached this conclusion; in both the House and the Senate, on both sides of the aisle, members have concluded that RR 2.0 is not ready for implementation.

FEMA has been marketing a single agent-focused RR 2.0 webinar, “Risk Rating 2.0 Equity in Action Webinar for Insurance Agents,” since June.

PIA firmly believes that RR 2.0 will ultimately better serve current and prospective policyholders. That belief has led us to conclude that RR 2.0 must be postponed until Apr. 1, 2022 for all policies, both new and renewing, so that these issues can be properly addressed. PIA wants RR 2.0 to succeed. Policyholders (along with agents, vendors, WYOs, and other stakeholders) deserve an implementation experience that matches the quality of the RR 2.0 methodology itself.

PIA seeks to work with FEMA to support the implementation and durability of RR 2.0, and, most importantly, to serve policyholders’ needs, now and in the future. We look forward to continuing our work together for the benefit of current and future NFIP policyholders.

Sincerely,



Lauren G. Pachman  
Counsel and Director of Regulatory Affairs  
National Association of Professional Insurance Agents

CC: Sarah Devaney-Ice, Chief, Industry Management Branch, Federal Insurance and Mitigation Administration (FIMA)  
Jeffrey Jackson, Assistant Administrator, Insurance (Acting), FIMA  
David Maurstad, Deputy Associate Administrator, FIMA and Senior Executive, National Flood Insurance Program