Correcting Misinterpretations about Grandfathered Rates
in the National Flood Insurance Program (NFIP)

- **A "Grandfathered" rate is NOT a subsidy.** If a property owner builds a structure to the FEMA required elevation at the time of construction, they have mitigated, in FEMA's view, their risk of having to pay a flood claim. This is what is considered a "grandfathered rate" and ***the policyholder is not in any way, at that time or in the future, receiving a subsidized rate.***

- **Changes to NFIP violate established insurance practices.** When someone buys life insurance, they will get a policy priced according to the actuarial tables for their profile (current health, habits, occupation, etc.). Rates for the policy are fixed for the entire term because the insurance company has taken everything into consideration and they feel that at that rate, quoted at that time, they can make money on a large number of similar people by pooling their collective risk. ***NFIP rates suddenly jumping up 5000%, in the middle of a mortgage – when the homeowner had no reason to expect this unaffordable increase when they took the original mortgage and insurance - utterly contravenes insurance practice (and reasonable expectation).***

  Note: Even though the actual term of NFIP policies is only one year, FEMA recognized initial compliance with base flood elevations by incorporating "grandfathering" of the policy for future renewals and future owners of that property.

- **The implications are very troubling in the context of rule of law, the economy and the NFIP, itself**
  - These changes to NFIP mean that everyone will be subject to present rates that can be changed according to future risk; this is the equivalent of life insurance going up 20 years into a 30-year term because your risk of dying has increased (No one would buy this policy.)
  - This is a violation of the rule of law, and may constitute an illegal taking
  - Homeowners who have done nothing wrong will lose everything
  - Banks, companies and communities will be placed under sever economic duress
  - NFIP, itself, will go into a "death spiral" as individuals leave the program
  - THE FINAL RESULT IS THAT INDIVIDUALS, ECONOMIES AND THE NFIP WILL ALL BE RUINED