

# Community Rating System Discount Guide

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Under [Risk Rating 2.0](#), the National Flood Insurance Program's (NFIP) pricing approach, the [Community Rating System](#) (CRS) discount is applied to the full-risk premium for **all** NFIP policies in the Regular Program in a participating community, including policies outside of the Special Flood Hazard Area.

## Summary

- **New NFIP Policies:** New policies receive the full-risk premium with the applicable CRS discount immediately.<sup>1</sup>
- **Existing NFIP Policies:** Existing policies with premium decreases or increases at or below the statutory annual increase percentage receive the full-risk premium with the CRS class discount immediately. Premium increases above the statutory annual increase percentage will gradually go up to the full-risk premium less the CRS class discount.
- **CRS Class Improvements:** The CRS discount is applied to the full-risk premium at the next policy renewal. Policies on a glidepath will benefit from the additional discount when they reach the full-risk premium.
- **CRS Class Retrogrades:** The difference in the CRS discount due to the class retrograde is applied at renewal and is not subject to the statutory annual increase cap.
- **Policy at NFIP Maximum Rate, CRS Discount Not Applied in Full:** New and existing policies where the premium after the CRS discount is higher than the premium based on the maximum rate cap will receive the difference in the premium amounts for the CRS discount.
- **CRS Discount Not Applied:** Buildings in violation of NFIP regulations, as noted in [Title 44 of the Federal Code, sections 44 and 60.3](#), will not receive a CRS discount until the violation is resolved and documentation of such is provided.

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<sup>1</sup> Buildings may be eligible for certain statutory discounts. Statutory discounts include Newly Mapped discount, Pre-FIRM discount, Emergency Program discount, AR discount and A99 discount.



## Calculating the Full-Risk Premium with the CRS Discount

The following premiums and discounts are applied to the calculation of the full-risk premium. These components are shown on the declarations page of an NFIP policy.

- **Building Premium:** The full-risk building premium is based on the data elements provided in the NFIP's pricing approach. See the [Rate Explanation Guide](#) for more information. The building premium includes a portion of the expense and loss constants (currently \$193).<sup>2</sup>
- **Contents Premium:** The full-risk contents premium is based on the data elements provided in the NFIP's pricing approach. The contents premium includes a portion of the expense and loss constants (currently \$193).
- **ICC Premium:** The premium is 1.9% of the building and contents premium, subject to a maximum of \$75.
- **Mitigation Discount:** Applies to elevated machinery and equipment and/or proper flood openings. The mitigation discount is calculated based on the total of the building, contents and ICC premiums, after deducting the expense and loss constants. See the [Discount Explanation Guide](#) for more information on mitigation discounts.
- **CRS Discount:** Applies to buildings that are compliant with the minimum floodplain management regulations within the community. The CRS discount is calculated based on the total of the building, contents and ICC premium, after deducting the expense and loss constants and any mitigation discounts. This is then multiplied by the CRS class percentage discount.

The community's CRS class at the time an NFIP policy is written or renewed is used when calculating the CRS discount. For more information about the other factors included in an NFIP policy premium, please see the Rate Explanation Guide and Discount Explanation Guide at [agents.floodsmart.gov](https://agents.floodsmart.gov).

**Table 1. Calculating the CRS Discount**

Community Rating System Classes and Discount Table										
CRS Class	10	9	8	7	6	5	4	3	2	1
CRS Discount (Premium Reduction)	0%	5%	10%	15%	20%	25%	30%	35%	40%	45%

A Class 10 community is not participating in CRS and receives no discount.

To view the listing of CRS communities and their classes, visit FEMA's [website](#). This list is updated twice a year.

<sup>2</sup> Buildings may be eligible for certain statutory discounts. Statutory discounts include Newly Mapped discount, Pre-FIRM discount, Emergency Program discount, AR discount and A99 discount.

## CRS Discount Scenarios

The following scenarios show the application of the CRS discount for a new policy and for policies renewing into the NFIP's pricing approach. The premiums used in the scenarios are notional and are not based on actual property addresses or rating variables determined by geolocation.

### Scenario 1: New NFIP Policy

Scenario 1 shows the full-risk premium for a new NFIP policy on a primary residence that includes the **CRS Discount for a Class 4** community and the total annual payment.

Premium/Discount	Amount	Explanation
+ Building Premium	\$2,000	The full-risk building premium, excluding mitigation discounts and CRS discount. The building premium includes a portion of the expense and loss constants.
+ Contents Premium	\$1,000	The full-risk contents premium, excluding mitigation discounts and CRS discount. The contents premium includes a portion of the expense and loss constants.
+ ICC Premium	\$57	The ICC premium is 1.9% of the building and contents premium, subject to a maximum of \$75.
- Mitigation Discount	\$(143)*	Applies to elevated machinery and equipment and/or proper flood openings. Scenario uses a 5% discount.
- CRS Discount	(\$816)**	Applies to all buildings in the community. Scenario uses a 30% discount.
<b>= Full-Risk Premium</b>	<b>\$2,098***</b>	The full-risk premium prior to statutory discounts, fees, assessments and surcharges.
- Annual Increase Cap	\$0	Legislated annual increase cap, also known as the glidepath, referring to the statutory provision whereby a premium may not increase by more than 18-25%.
- Pre-FIRM Discount	\$0	Applies to buildings constructed or substantially improved before the initial Flood Insurance Rate Map (FIRM). Applies only to new primary residence not designated Severe Repetitive Loss.
- Newly Mapped Discount	\$0	Applies to buildings previously outside the Special Flood Hazard Area (SFHA) on an effective FIRM that, following a map revision, is designated in a SFHA.
- Other Statutory Discounts	\$0	Applies to buildings located in Zone AR, Zone A99 or in a community in the Emergency Program.
<b>= Discounted Premium</b>	<b>\$2,098</b>	The premium for the current term.
+ Reserve Fund Assessment	\$378	18% of the discounted premium.
+ HFIAA Surcharge	\$25	\$25 for a primary residence or \$250 for a non-primary residence.
+ Federal Policy Fee	\$47	\$47 for new and renewal policies for certain NFIP administrative expenses.
+ Probation Surcharge	\$0	\$50 for communities on probation.
<b>= Total Annual Payment</b>	<b>\$2,548</b>	The amount the policyholder pays.

\*The mitigation discount of \$143 = [\$2,000 + \$1,000 + \$57 - \$193 (E&L constant)] x 5% discount.

\*\* The CRS discount of \$816 = [\$2,000 + \$1,000 + \$57 - \$193 (E&L constant) - \$143 (mitigation discount)] x 30% discount.

\*\*\* Full-risk premium is subject to change.

## Scenario 2: Existing NFIP Policy Renewing into the NFIP's Pricing Approach

This scenario illustrates the total annual payment for a policy renewing into the NFIP's pricing approach, where the full-risk premium is above the premium based on the statutory annual increase percentage. The scenario uses a **CRS Class 4** community and the notional amount of \$847.50 for the current policyholder's premium under the old pricing methodology, which includes the CRS class discount.

This scenario includes the statutory annual increase of 18%; therefore, the discounted premium at renewal is \$1,000 for Year 1. The scenario then increases 18% per year from Years 2 to 5 and the policy reaches the full-risk premium in Year 6. The difference between the Full-Risk Premium and the Discounted Premium is shown in the Annual Increase Cap.

For this and all future scenarios, the Pre-FIRM Discount, Newly Mapped Discount, Other Statutory Discounts, and Probation Surcharge are \$0 and are not shown.

Premium/Discount	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6
Building Premium	\$2,000	\$2,000	\$2,000	\$2,000	\$2,000	\$2,000
Contents Premium	\$1,000	\$1,000	\$1,000	\$1,000	\$1,000	\$1,000
ICC Premium	\$57	\$57	\$57	\$57	\$57	\$57
Mitigation Discount	(\$143)	(\$143)	(\$143)	(\$143)	(\$143)	(\$143)
CRS Discount	(\$816)	(\$816)	(\$816)	(\$816)	(\$816)	(\$816)
<b>Full-Risk Premium*</b>	<b>\$2,098</b>	<b>\$2,098</b>	<b>\$2,098</b>	<b>\$2,098</b>	<b>\$2,098</b>	<b>\$2,098</b>
Annual Increase Cap**	(\$1,098)	(\$918)	(\$706)	(\$455)	(\$159)	\$0
<b>Discounted Premium</b>	<b>\$1,000</b>	<b>\$1,180</b>	<b>\$1,392</b>	<b>\$1,643</b>	<b>\$1,939</b>	<b>\$2,098</b>
Reserve Fund Assessment	\$180	\$212	\$251	\$296	\$349	\$378
HFIAA Surcharge	\$25	\$25	\$25	\$25	\$25	\$25
Federal Policy Fee	\$47	\$47	\$47	\$47	\$47	\$47
<b>Total Annual Payment</b>	<b>\$1,252</b>	<b>\$1,464</b>	<b>\$1,715</b>	<b>\$2,011</b>	<b>\$2,360</b>	<b>\$2,548</b>

\* Full-risk premium is subject to change.

\*\* Annual Increase Cap = Full-Risk Premium - Discounted Premium.

### Scenario 3: CRS Class Improvement in Year 3

Scenario 3 illustrates the annual payment for a policy renewing into the NFIP's pricing approach, assuming a **CRS Class 4 community (30% discount) improving to a CRS Class 2 (40% discount)** in Year 3. As in Scenario 2, the statutory increase cap of 18% is applied to the policyholder's premium from the old pricing methodology which included the CRS discount.

Note: The policy reaches full-risk premium in Year 5 instead of Year 6 in Scenario 3, due to an increase in the CRS discount.

Premium/Discount	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6
Building Premium	\$2,000	\$2,000	\$2,000	\$2,000	\$2,000	\$2,000
Contents Premium	\$1,000	\$1,000	\$1,000	\$1,000	\$1,000	\$1,000
ICC Premium	\$57	\$57	\$57	\$57	\$57	\$57
Mitigation Discount	(\$143)	(\$143)	(\$143)	(\$143)	(\$143)	(\$143)
CRS Discount	(\$816)	(\$816)	(\$1,088)	(\$1,088)	(\$1,088)	(\$1,088)
<b>Full-Risk Premium*</b>	<b>\$2,098</b>	<b>\$2,098</b>	<b>\$1,826</b>	<b>\$1,826</b>	<b>\$1,826</b>	<b>\$1,826</b>
Annual Increase Cap**	(\$1,098)	(\$918)	(\$434)	(\$182)	\$0	\$0
<b>Discounted Premium</b>	<b>\$1,000</b>	<b>\$1,180</b>	<b>\$1,392</b>	<b>\$1,643</b>	<b>\$1,826</b>	<b>\$1,826</b>
Reserve Fund Assessment	\$180	\$212	\$251	\$296	\$329	\$329
HFIAA Surcharge	\$25	\$25	\$25	\$25	\$25	\$25
Federal Policy Fee	\$47	\$47	\$47	\$47	\$47	\$47
<b>Total Annual Payment</b>	<b>\$1,252</b>	<b>\$1,464</b>	<b>\$1,715</b>	<b>\$2,011</b>	<b>\$2,227</b>	<b>\$2,227</b>

### Scenario 4: CRS Class Retrograde in Year 3

Scenario 4 illustrates the annual payments assuming a **CRS Class 4 (30% discount) community is retrograding to a CRS Class 6 (20% discount)** in Year 3. The change in the CRS discount due to the CRS class retrograde is not subject to the statutory increase cap.

Premium/Discount	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6
Building Premium	\$2,000	\$2,000	\$2,000	\$2,000	\$2,000	\$2,000
Contents Premium	\$1,000	\$1,000	\$1,000	\$1,000	\$1,000	\$1,000
ICC Premium	\$57	\$57	\$57	\$57	\$57	\$57
Mitigation Discount	(\$143)	(\$143)	(\$143)	(\$143)	(\$143)	(\$143)
CRS Discount	(\$816)	(\$816)	(\$544)	(\$544)	(\$544)	(\$544)
<b>Full-Risk Premium*</b>	<b>\$2,098</b>	<b>\$2,098</b>	<b>\$2,370</b>	<b>\$2,370</b>	<b>\$2,370</b>	<b>\$2,370</b>
Annual Increase Cap**	(\$1,098)	(\$918)	(\$779)	(\$493)	(\$156)	\$0
<b>Discounted Premium</b>	<b>\$1,000</b>	<b>\$1,180</b>	<b>\$1,591</b>	<b>\$1,877</b>	<b>\$2,214</b>	<b>\$2,370</b>
Reserve Fund Assessment	\$180	\$212	\$286	\$338	\$399	\$427
HFIAA Surcharge	\$25	\$25	\$25	\$25	\$25	\$25
Federal Policy Fee	\$47	\$47	\$47	\$47	\$47	\$47
<b>Total Annual Payment</b>	<b>\$1,252</b>	<b>\$1,464</b>	<b>\$1,949</b>	<b>\$2,287</b>	<b>\$2,685</b>	<b>\$2,869</b>

\* Full-risk premium is subject to change.

\*\* Discounted premium in Year 3 includes the loss of CRS discount as a result of CRS class retrograde.

## Scenario 5: Policy at Maximum Rate, CRS Discount Not Applied in Full

Policies are subject to maximum or minimum rates, which may impact how discounts appear on the declarations page. Scenario 5 illustrates annual payments assuming a CRS Class 4 community where the policy is at a maximum rate. The policy has hit a ceiling of the highest chargeable amount, not including fees, assessments and surcharges, before adding in discounts. Consequently, the discount associated with being in a CRS Class 4 community does not impact the premium because the maximum rate is lower than the full-risk rate with a CRS Class 4 discount.

The CRS discount on the declarations page may show a CRS discount figure above \$0, where the amount of the premium with the CRS discount is higher than the amount of the premium at maximum rate without the CRS discount.

Premium/Discount	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6
Building Premium	\$7,000	\$7,000	\$7,000	\$7,000	\$7,000	\$7,000
Contents Premium	\$3,000	\$3,000	\$3,000	\$3,000	\$3,000	\$3,000
ICC Premium	\$75	\$75	\$75	\$75	\$75	\$75
Mitigation Discount	\$0	\$0	\$0	\$0	\$0	\$0
CRS Discount	\$0	\$0	\$0	\$0	\$0	\$0
<b>Full-Risk Premium*</b>	<b>\$10,075</b>	<b>\$10,075</b>	<b>\$10,075</b>	<b>\$10,075</b>	<b>\$10,075</b>	<b>\$10,075</b>
Annual Increase Cap**	(\$9,075)	(\$8,895)	(\$8,683)	(\$8,432)	(\$8,136)	(\$7,787)
<b>Discounted Premium</b>	<b>\$1,000</b>	<b>\$1,180</b>	<b>\$1,392</b>	<b>\$1,643</b>	<b>\$1,939</b>	<b>\$2,288</b>
Reserve Fund Assessment	\$180	\$212	\$251	\$296	\$349	\$412
HFIAA Surcharge	\$25	\$25	\$25	\$25	\$25	\$25
Federal Policy Fee	\$47	\$47	\$47	\$47	\$47	\$47
<b>Total Annual Payment</b>	<b>\$1,252</b>	<b>\$1,464</b>	<b>\$1,715</b>	<b>\$2,011</b>	<b>\$2,360</b>	<b>\$2,772</b>

\* Full-risk premium is subject to change.

\*\* Annual Increase Cap = Full-Risk Premium - Discounted Premium.

## Addressing a Building in Violation of NFIP Regulations

A building in violation of NFIP regulations will not receive the CRS discount until the violation is resolved. The procedure for requesting a change in the discount eligibility status is described in [Section 3 of the NFIP Flood Insurance Manual \(subsection II B 3.b\)](#).

## Learn More

- The NFIP's pricing approach: [fema.gov/flood-insurance/risk-rating](https://www.fema.gov/flood-insurance/risk-rating)
- Community Rating System: [fema.gov/floodplain-management/community-rating-system](https://www.fema.gov/floodplain-management/community-rating-system)
- Flood Insurance Manual: [fema.gov/sites/default/files/documents/fema\\_nfip-flood-insurance-manual-sections-1-6\\_102022.pdf](https://www.fema.gov/sites/default/files/documents/fema_nfip-flood-insurance-manual-sections-1-6_102022.pdf)

If you have any questions, please contact: [FEMA-NFIP-Insurance-Transformation@fema.dhs.gov](mailto:FEMA-NFIP-Insurance-Transformation@fema.dhs.gov).