

# Installment Plan FAQs

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**Release Date: Nov 4, 2024**

FEMA's National Flood Insurance Program (NFIP) is providing a new option for NFIP policyholders to pay their annual flood insurance premiums. Traditionally, these premiums were paid solely on an annual basis, but FEMA is in the process of allowing NFIP policyholders the choice to pay their annual flood insurance premiums via monthly installments. Below are some frequently asked questions (FAQs) on this forthcoming option for policyholders.

## **What are installment plans?**

Installment plans allow policyholders to split one annual payment into a series of smaller, recurring payments. For more than 55 years, FEMA has required NFIP annual premium payments in full at the time of application or renewal. FEMA is now in the process of allowing NFIP policyholders - both new customers at the time of application and existing customers at the time of renewal - the option of paying their flood insurance premiums in monthly installments rather than one upfront annual payment. This does not change the policy term, just the payment terms.

## **Who is eligible to pay through installment plans?**

Any NFIP policyholder who is not required to escrow their premiums. Installment plans will be offered to both new policyholders at the time of application and existing NFIP policyholders at the time of renewal who are not required to escrow their premiums. Policyholders will have the option to pay their entire premium in one annual payment or via 12 monthly installment payments. Once initiated, the policyholder cannot change the selected payment schedule during the policy term.

## **Will there be payment fees if I pay through installment plan?**



No. While federal law requires FEMA to charge certain fees, surcharges and assessments in its implementation of the NFIP, no additional fee is charged for the use of installment plans. The standard NFIP fees will not change with the implementation of installment plans nor will additional fees be assessed. However, whether paying annually or by monthly installments, these fees will be collected upfront with the first payment. For example, in the first month, policyholders choosing the monthly installment plan option must pay their first monthly annual premium payment, plus fees, surcharges and assessments, at the start of the policy term. The remaining monthly payments for the policy term will be premium only.

## **When will installment plans go into effect?**

FEMA is working with all NFIP insurers to offer this option as soon as possible. FEMA published its final rule, "[National Flood Insurance Program Installment Payment Plan](#)," to the Federal Register on Nov. 1, 2024. This rule removes the regulatory barriers to offering the installment payment option. Now that those barriers are removed, FEMA is partnering with its NFIP insurers to make the operational changes necessary to offer installment plans. FEMA and insurance providers offering coverage under the NFIP will be providing additional information on this new payment option as it becomes available to both current and future policyholders.

## **How can I begin paying via installment plans?**

Once FEMA is certain that all the conditions are in place to provide policyholders with a safe, secure and seamless process to pay by monthly installments, agents and NFIP insurers will offer the installment plan option to new policyholders at the time of application and existing policyholders at the time of renewal. At that time, to be eligible to participate in a monthly installment payment plan, policyholders will need to opt in to authorize automatic, electronic payments (e.g., via a credit card or bank account) through their insurer. To reduce administrative burden and additional costs to policyholders, monthly installment plan communications and payments will be entirely electronic.

