



The Daily Dish

No Good Deed Goes Unpunished

DOUGLAS HOLTZ-EAKIN | FEBRUARY 10, 2026

Today's entry in the No Good Deed Goes Unpunished (NGDGU) ledger is the National Flood Insurance Program (NFIP). Recall that the [NFIP](#) is the principal provider of flood insurance, is administered by the Federal Emergency Management Agency (FEMA), has cost taxpayers at least \$40 billion over its life, and features a chronically mis-priced insurance product. It has also proven to be unattractive as a public policy mission for [Taylor Swift](#) in any Era.

One of the recent bright spots, however, was FEMA's [announcement](#) in 2021 of a new approach to its flood-risk-pricing methodology, dubbed Risk Rating 2.0 (RR2.0):

The key element of the project is to tailor FEMA's Risk MAP process and in particular to assess individual homes on the basis of individual risk, replacing the blunt metric of elevation of homes within a certain flood zone. FEMA will instead consider a wider range of variables, from flood frequency, to type of flood, to distance from water source, and consider homes on a case-by-case basis.

With its 5th anniversary rapidly approaching, Eakinomics printed up some RR2.0 t-shirts, sent out the invitations, and got ready to party like it was Genesis 6:17. That is, until that noted group of killjoys - members of the U.S. Senate - sent a [letter](#) to Acting FEMA Administrator Karen Evans:

...we respectfully urge FEMA to take the following actions:

1. Terminate the Risk Rating 2.0 pricing methodology, halt premium increases exceeding the statutory minimum, and work with Congress to restore a rating structure that supports broad participation and program stability.
2. Provide full transparency into NFIP rate-setting, including publication of all data

inputs, modeling assumptions, and actuarial analyses used to justify premium increases.

What is going on? It turns out: “Since Risk Rating 2.0 took effect, flood insurance premiums have increased in every state, and FEMA estimates that approximately 77 percent of policyholders now pay more than they would have under the prior system.”

Wait! That means it *worked*. That’s right, more accurately priced insurance will cost more in flood-prone areas. If it doesn’t, it is an inducement for people to build exactly where one should not want them to build: in flood-prone areas. Now, the senators do make a telling point in that the premium increases have reduced participation in the NFIP:

While the NFIP must be financially responsible, recent peer-reviewed research demonstrates that Risk Rating 2.0 is producing outcomes that threaten the program’s stability. A December 2025 study published in the Journal of Catastrophe Risk and Resilience finds that Risk Rating 2.0 has resulted in an 11-39 percent decline in new NFIP policies and a 5-13 percent decline in existing policies, depending on the size of premium increases.

This is an important issue, but the senators’ aim at FEMA is misdirected. It turns out that getting and maintaining flood insurance is a requirement for getting a mortgage in a flood-prone area. So, not participating in NFIP or dropping out is, to use a trendy term, mortgage fraud. Last time Eakinomics checked, suddenly everyone cared about mortgage fraud so maybe it is time to get participation back up by enforcing those contracts instead of gutting RR2.0 and raiding the taxpayer one more time.

The bottom line is simple. Senators want RR2.0 gone because it is working! NGDGUP.