Press Release

The Dangers of All-peril Insurance

ALLIE WATSON | APRIL 7, 2025

In response to the California wildfires and other extreme weather events, policymakers have proposed federal all-peril insurance or reinsurance programs, modeled on the National Flood Insurance Program (NFIP) but covering all weather-related events. In a new insight, Director of Financial Services Policy Thomas Kingsley explains why the NFIP is a particularly poor model for any such all-peril insurance program.

He concludes:

> *The federal government must empower private actors to minimize both the likelihood and severity of extreme weather events, but purely private action may not be enough. A federal insurance program or reinsurance backstop may be both necessary and preferable to relying on FEMA and Congress. Any such program would do well to avoid the mistakes of the NFIP, beginning with sound actuarial and risk practices and ending with market-based pricing.*

Read the analysis.