Infographic

National Flood Insurance Program

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The American Action Forum released an infographic on the National Flood Insurance Program (NFIP) which proposes reforms to ensure the program—which is already nearly $25 billion in debt—can remain stable and available for future disasters. The analysis concludes that with Hurricane Harvey's costs piling up and the NFIP's authorization set to expire on September 30th, now is the time for Congress to act on reform.

Read the entire analysis here.

NATIONAL FLOOD INSURANCE PROGRAM

The National Flood Insurance Program (NFIP) was created to offer affordable flood insurance to communities. However, it is structurally unable to minimize taxpayer subsidies and moral hazards. As a result, its premiums charged do not reflect the risks covered.

NFIP IS $25 BIL IN DEBT TO TAXPAYERS

Most of this debt is a result of **Hurricanes Katrina and Rita and Superstorm Sandy.**



+$190 BIL

Hurricane Harvey's estimated cost will increase this debt substantially!

HOW TO FIX THE NFIP



Increase the size of the coverage pool

Of the 1.5 million properties in designated Special Flood Hazard Areas that are required to have flood insurance, **only about 53% are insured**.



Charge premiums that accurately reflect the risk

Current NFIP premiums have **four fatal flaws**: 1) The premiums do not reflect the risk; 2) Full-risk premiums are too low; 3) Caps on premium increases are too low; and 4) Premium rates rely on inaccurate data.



Share risk with the private insurance market

NFIP could **reduce its exposure to flood risk** through increased participation of private flood insurers. This will allow markets to focus on underwriting flood insurance policies and FEMA to focus on mitigation and emergency aid.



Update program technology

NFIP is currently using technologies dating back to the 1960s. Private insurers have systems that are faster and more accurate than those used by the NFIP which often provide data that is **dated by several months**.

Congress has the opportunity to substantively reform the NFIP and stop it from hemorrhaging billions of additional taxpayer dollars in future bailouts.

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