

Press Release



Assessing the Proposed Reforms to the National Flood Insurance Program

ALLISON EDWARDS | APRIL 13, 2021

The National Flood Insurance Program (NFIP) is the only flood insurance program in the United States, but it is outdated, expensive, and in debt. Recent reform proposals from the Federal Emergency Management Agency (FEMA) and House Financial Services Democrats target the NFIP's structural and financial problems, but in different and partly contradictory ways. In a new analysis, AAF's Director of Financial Services Policy Thomas Wade examines FEMA's new approach to flood risk pricing and the key provisions in the proposed House bill.

His central points:

- The NFIP is the only broadly purchased flood insurance in the United States, but the program is expensive, cumbersome, and outdated, and owes \$20.5 billion to Treasury;
- In April 2021 FEMA announced that it would be updating the NFIP's risk assessment procedures to bring premiums in line with actual risks posed on an individual home basis; and
- House Financial Services Committee Democrats simultaneously recirculated an updated version of the 2019 proposed legislation that had bipartisan support, only this time Democrats included rate hike caps and \$20 billion in forgiveness of the NFIP's debt without consultation with Republican counterparts.

[Read the analysis.](#)