



Press Release

The Current State of the National Flood Insurance Program

ANDREW EVANS | JULY 24, 2018

With the National Flood Insurance Program (NFIP) expiring next Tuesday, Congress is struggling to reauthorize it in time, let alone provide much needed reforms. AAF's Director of Financial Services Policy Thomas Wade examines the current state of the program and offers proposals for improving it.

The NFIP's financial situation is poor—it is \$20 billion in debt to the American taxpayer, even after Congress forgave \$16 billion in debt late last year—and the program's structure is “unable to minimize taxpayer subsidies and moral hazards,” Wade writes. The losses from Hurricane Harvey have only compounded the program's problems, illustrating further the need for significant reforms, such as appropriate risk pricing and risk sharing with private insurers.

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