

The Honorable Bill Cassidy, M.D.
Senator
455 Dirksen Senate Office Building
Washington, D.C. 20510

The Honorable Cory A. Booker
Senator
306 Hart Senate Office Building
Washington, DC 20510

September 15, 2025

Re: Request for Information on National Flood Insurance Program Reform

The 11 undersigned organizations write in support of legislative efforts to reform the National Flood Insurance Program (NFIP) to improve insurance affordability, expand coverage, and promote resilience. The NFIP is a critical program that protects households across the country from economic devastation from flooding and allows them to rebuild and recover when disaster strikes. Climate change is unfortunately making flooding events more severe, more frequent, and less predictable, and this trend will continue for decades to come.¹ More and more communities face levels of risk that they were not built to withstand, and this rising risk has translated to losses that have put pressure on both households across the country and the NFIP itself.

With modernization, the NFIP can offer economic protection for existing and new policyholders who need affordable coverage, inform the public and policymakers so they can plan and build prudently, and incentivize transformation of our nation's housing stock and communities to become more resilient, a central challenge of the coming decades. To accomplish this, reforms must include 1) subsidies for low- and moderate-income households, 2) updated and modernized flood maps, 3) expanded resources and incentives to improve resilience and 4) measures to improve NFIP's finances.

Provide subsidies for low- and moderate-income households

Property insurance affordability has become a genuine crisis, and millions of households cannot afford to insure their properties against the growing levels of risk. Rising homeowners insurance rates are leading to unsustainable levels of financial strain that has led to greater accrual of credit card debt, higher mortgage delinquency rates, and higher credit card default rates.² These burdens fall disproportionately on low- and moderate-income households, many of whom will struggle to afford rising insurance premiums or resilience upgrades. The NFIP must provide generous premium subsidies to address the growing affordability challenge, offering at least a 75 percent reduction in premium for households making under 50 percent of area median income, phased down to smaller reductions for households with higher incomes up to 120 percent of area median income. These

¹ Environmental Defense Fund. "[Why are floods hitting more places and people?](#)" Accessed September 10, 2025.

² Shan Ge, Stephanie Johnson, and Nitzan Tzur-Ilan. Federal Reserve Bank of Dallas. "[Climate Risk, Insurance Premiums and the Effects of Mortgage and Credit Outcomes](#)." *Research Department Working Papers*. January 2025. No. 2505.

percentage discounts should be applied after calculating and accounting for a policyholder's discounted rate due to individual- and community-level mitigation measures.

Update and modernize flood maps to account for climate change and improve disclosures

Today's Federal Emergency Management Agency (FEMA) flood maps underestimate flood risk and have left millions of at-risk households unprotected. In the past year, devastating flood events in North Carolina and Texas highlighted growing flood risks and the insurance protection gap: only five percent of North Carolina households impacted by Hurricane Helene had flood coverage,³ and in Kerr County, Texas less than two percent of households had flood coverage.⁴

Research shows that only about 10 percent of at-risk households have flood coverage nationwide⁵ and that climate change has not been factored into FEMA flood maps—especially the rising risk of flash flooding from extreme downpours.⁶ In 2022, FEMA director Deanne Criswell said: “FEMA's maps right now are really focused on riverine flooding and coastal flooding....When we're seeing these record rainfalls that are happening...that's what our flood maps don't necessarily take into consideration.”⁷ The Government Accountability Office (GAO),⁸ Congressional Research Service (CRS),⁹ and the Association of State Floodplain Managers¹⁰ have all noted the growing flood insurance protection gap. NFIP policies in force are also on the decline: the program coverage decreased from over 5.6 million policies in force in 2010¹¹ to about 4.7 million in July 2025.¹²

Decades of underfunding the NFIP has made it impossible for FEMA to update and expand Flood Insurance Rate Maps (FIRMs) quickly enough to match the rising risks. A downpayment of \$15 to \$20 billion made today to update and expand these maps over a decade to cover more at-risk areas will help the program fulfill its mission to protect more households, unlock the NFIP's incentive structure to promote resilience in newly at-risk areas, and put the NFIP on sounder financial footing by growing the program, diversifying its geographic footprint, and providing coverage to more moderate-risk properties that are now scoped into a special flood hazard area. Rapid changes in

³ Bacharier, Galen. “[Few were insured against Helene's floods. Those that were faced delays, frustrating hurdles.](#)” *NC Newsline*. April 22, 2025.

⁴ Hapgood, Katherine. “[A new challenge for flood insurance.](#)” *Politico*. July 11, 2025.

⁵ Burgess, Trevor. “[Bridging the Flood Insurance Gap—A Call to Action.](#)” *Claims Journal*. July 29, 2024.

⁶ Steinfeld, Will. “[In the Wake of the Water: A Climate Dispatch from the Suburbs.](#)” *Places Journal*. December 2024.

⁷ Kuta, Sarah. “[Federal Flood Maps Are Outdated Because of Climate Change, FEMA Director Says.](#)” *Smithsonian Magazine*. September 9, 2022.

⁸ United States Government Accountability Office. “[National Flood Insurance Program: Congress Should Consider Updating the Mandatory Purchase Requirement.](#)” July 2021. GAO-21-578.

⁹ Horn, Diane P. Congressional Research Service. “[Closing the Flood Insurance Gap.](#)” *CRS Insight*. October 16, 2024. No. IN10890.

¹⁰ Association of State Floodplain Managers. “[U.S. flood damage risk is underestimated.](#)” February 24, 2022.

¹¹ Zoe Linder-Baptie, Jenna Epstein, and Carolyn Kousky. University of Pennsylvania Wharton Risk Center. “[The National Flood Insurance Program: A Primer.](#)” April 2022.

¹² United States Federal Emergency Management Agency, National Flood Insurance Program. “[Flood Insurance Data.](#)” Accessed September 10, 2025.

precipitation patterns and rising sea levels¹³ due to climate change also necessitate updating and modernizing FIRMs at a regular interval, rather than waiting for crises to reveal current map deficiencies.

In addition, we encourage legislators to enact reforms and expand resources to better educate communities about flood risk and to provide more decision-useful information to prospective homebuyers as they enter into real estate transactions, including available premium discounts for mitigation activities and the flood history of the property.

Expand financial incentives and grants to improve resilience

Governments need to substantially invest in resilience to address both rising risks and affordability challenges. The NFIP has built in mechanisms to accomplish these goals and they should be expanded and augmented. Increasing the discounts offered within the Community Rating System—and modernizing the range of eligible mitigation activities to include those which mitigate flash flood risk—will encourage more communities to participate. For individual households, policymakers should raise the available payment limits for increased cost of compliance so that households can rebuild more resiliently after disasters. The range of property-level discounts should be expanded beyond elevation and machinery and equipment discounts, to straightforwardly include the many individual flood mitigation options FEMA recommends to homeowners.¹⁴ Congress should provide expanded grants for homeowners looking to make resilience upgrades, and also reinstate FEMA’s Building Resilient Infrastructure and Communities program.¹⁵ In general, individual property resilience grants and insurance discounts should be made available to owner-occupier and 1-4 unit landlords, along with requirements for landlords to pass through resultant savings to renters.

Improve the program’s financial position

The NFIP is often compared to private insurers with respect to solvency, but it has a different public mission and statutory limits on its operation that distinguish it from private insurers which makes the comparison inappropriate.

The NFIP does not lose money, it costs money; Congress intentionally designed the program to be able to borrow from the U.S. Treasury because it was not expected to be able to withstand losses from catastrophic loss years.¹⁶ Its statutory mission is to protect the public from flood risk and to build resilience in at-risk communities. While private homeowners insurers pool together properties

¹³ Union of Concerned Scientists. [“Underwater: Rising Seas, Chronic Floods, and the Implications for US Coastal Real Estate.”](#) June 18, 2018.

¹⁴ Federal Emergency Management Agency. [“Protect Your Home from Flooding: Low-Cost Projects You Can Do Yourself.”](#) 2020; Federal Emergency Management Agency. [“Protect Your Property From Flooding.”](#) 2023.

¹⁵ Federal Emergency Management Agency. [“Building Resilient Infrastructure and Communities.”](#) Accessed September 10, 2025.

¹⁶ Zoe Linder-Baptie, Jenna Epstein, and Carolyn Kousky. University of Pennsylvania Wharton Risk Center. [“The National Flood Insurance Program: A Primer.”](#) April 2022.

across the risk spectrum, the NFIP is composed of primarily flood-prone properties, and it cannot exclude high risk properties from coverage like private insurers regularly do. It does not seek to build a cash surplus for investment—which is how private insurers generate the vast majority of profits that they can use to cover catastrophic loss years. Since 2005, the NFIP has paid \$2.82 billion in principal repayments and \$6.17 billion in interest¹⁷ to servicing its debt to the Treasury. Instead of diverting resources in this way, the NFIP should be able to cancel its debts automatically on an annual basis.

There is also good reason to structure the NFIP to run at a moderate loss consistently (as competitive private homeowners insurance markets typically do for underwriting¹⁸). NFIP is one of the federal government's most powerful tools to build flood resilience across the country, which can drastically lower the amount the federal government spends on disaster response and recovery.

Additionally, updating NFIP's risk maps to accurately reflect current levels of risk will attenuate the current problem of overconcentration in the riskiest properties by scoping in more moderate risk properties that are now located within a special flood hazard area and improve the program's financial position.

Create an all-peril public option for homeowners insurance

In the long term, the goal of insurance reform should be to provide full protection from climate risks at an affordable rate for every household that needs it. Congress created the NFIP in 1968 because private insurers were increasingly unwilling to cover flood risks, forcing the federal government to foot the bill in the form of post-disaster assistance.¹⁹ The same dynamic has now begun with respect to increasing wildfire risk and severe convective storm perils.

Creating an all-peril public option for homeowners insurance would save consumers from needing to contend with a fragmented and increasingly inaccessible private homeowners insurance market as insurers are increasingly withdrawing from the market. And whereas private insurers are relatively indifferent to the overall risk within the system, or the effect of their withdrawals and denials on the public, the federal government can use programs like NFIP to guarantee affordable coverage in exchange for real system-wide risk reduction that can decrease the need for disaster assistance, and it can do so at cost.

Thank you for your attention to this important issue.

Sincerely,

¹⁷ Horn, Diane P. Congressional Research Service. "[A Brief Introduction to the National Flood Insurance Program in the 118th Congress](#)." *CRS Insight*. January 2, 2025. No. IN11049

¹⁸ Goldstein, Jacob. "[Warren Buffett Explains the Genius of the Float](#)." *NPR Planet Money*. March 1, 2010.

¹⁹ Diane P. Horn and Baird Webel. Congressional Research Service. "[Private Flood Insurance and the National Flood Insurance Program](#)." January 9, 2023.

Americans for Financial Reform
Affordable Homeownership Foundation Inc.
Consumer Action
Consumer Watchdog
Earth Ethics, Inc.
Fair Housing Center of Central Indiana
National Low Income Housing Coalition
Public Citizen
Rainforest Action Network
The Center for NYC Neighborhoods, Inc.
350NYC

CC:

The Honorable Tim Scott
Chair
Senate Committee on Banking,
Housing, and Urban Affairs

The Honorable Elizabeth Warren
Ranking Member
Senate Committee on Banking,
Housing, and Urban Affairs