

Top Ten Reasons for the National Flood Insurance Program (NFIP)

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1. **Insurance Coverage:** Provides \$1.3 trillion in flood insurance to 4.7 million policyholders in 23,000 communities nationwide. Without it, property owners must rely on disaster aid -- all at taxpayer expense.
2. **Economic Benefit:** Offers insurance that is not available in the private market for half a million home sales each year, creating one million jobs and contributing \$70 billion to the U.S. economy.
3. **Taxpayer Savings:** Reduces the need for federal disaster aid by providing a pre-funded way to recover from floods. Policyholders contribute through insurance premiums, sharing the fiscal responsibility.
4. **Financial Sustainability:** Generates \$3.5 billion per year in revenue to pay for the total cost of flooding. In catastrophic years when revenue is insufficient, NFIP still contributes \$3.5 billion and pays interest on Treasury loans.
5. **Responsible Development:** Requires local governments to map floodplains and regulate building, making homes and communities safer. Every \$1 spent on risk mitigation saves \$6 in avoided future flood losses.
6. **Local Floodplain Management:** Partners with local governments who know their flood risks best and can regulate and tailor building to local needs.
7. **Risk Reduction:** Promotes floodplain management, mapping, and mitigation efforts, reducing the overall risk and impact of flooding. Risk-based insurance rates incentivize property owners to take preventive measures.
8. **Personal Responsibility:** Charges full-risk rates for new policies and 18% annual increases for existing policies so property owners have “skin in the game” and bear more of the cost for riskier decisions.
9. **Disaster Recovery:** Provides \$250,000 in building replacement coverage to help homeowners recover quickly from flooding. Versus FEMA aid averaging \$4,000 and SBA loans that must be repaid with interest and the mortgage.



10. **Community Stability:** By providing financial protection against flood damage, NFIP helps stabilize local economies and communities after flood events.