

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

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- 1. Insurance Coverage:** NFIP provides \$1.2 trillion in flood insurance to ~5 million policyholders in 22,000 communities nationwide. Without it, property owners will rely on disaster aid -- all at taxpayer expense.
- 2. Economic Benefit:** Offers insurance required for a half million home sales, which is not available in the private market. Creates 1 million jobs and injects \$63 billion of income into 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 any Treasury loans.
- 5. Responsible Development:** Requires local governments to map floodplains and regulate building, making homes and communities safer. Every \$1 spent saves \$6 in future flood losses.
- 6. State & Local Control:** Administered by local governments, not FEMA, because they know their flood risks best, can regulate building, and can tailor NFIP programs 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 event.

