NAR Issue Summaries

Insurance / National Flood Insurance Program

NAR Committee:

Insurance Committee

What is the fundamental issue?

Congress must reauthorize and reform the National Flood Insurance Program (NFIP) to continue providing flood insurance on a sustainable, long-term basis.

I am a real estate professional. What does this mean for my business?

Flood insurance is required for a mortgage in more than 20,000 communities nationwide. While there is a growing private market for flood insurance, millions of small business and home owners depend on the NFIP to protect their property against flooding, the most costly and common natural disaster in the United States. Without a federal insurance program, more property owners could become uninsured and turn to the Federal government for taxpayer-funded disaster aid and rebuilding assistance after flooding.

NAR Policy:

Supports:

- Long-term reauthorization and reforms to provide certainty for real estate markets.
- Accurate, modernized, and comprehensive flood mapping nationwide to support informed, responsible decision-making.
- Pre-disaster mitigation grants, loans, and buyouts for property owners to reduce flood risk and lower risk-based insurance rates.
- Removing barriers to private flood insurance so consumers can choose lower-cost options that meet federal coverage requirements.
- Charging full-risk, property-specific flood insurance rates, while supporting reasonable annual increases for grandfathered properties to ease the transition.
- Improving transparency around claims data and other flood-related property information, while maintaining disclosure requirements at the state level.
- Supporting the Office of the Flood Insurance Advocate to assist homeowners with disputes related to insurance rates, flood mapping, and other issues.

Opposition Arguments:

Opponents argue that home buying in riskier flood zones will continue as long as flood insurance is underpriced by federal subsidies. As a result, NFIP could be forced to borrow more to make up for the shortfall between premiums and claim payments.

Legislative/Regulatory Status/Outlook

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Insurance / National Flood Insurance Program

Since 2017, Congress has relied on short-term extensions to maintain NFIP's authority to issue new flood insurance policies, currently set to expire on December 11, 2026.

NAR is urging Congress to enact long-term reauthorization and reform of the National Flood Insurance Program and, in the interim, is working to extend NFIP's insurance-writing authority through government funding bills.

On June 8, 2026, NAR submitted comments to the FEMA Review Council supporting targeted NFIP reforms, while raising concerns with proposals to privatize the program, including shifting policyholders to the private market under a 'depopulation' plan. Next, the Council's proposals will be considered by Congress.

On March 13, 2014, Congress passed the Homeowner Flood Insurance Affordability Act, which:

- Repealed FEMA's authority to raise insurance rates at the time of propertysale;
- Rewound premiums back to pre-Biggert Waters levels and gradually phases-in full risk rates over time;
- Limited future rate increases to no more than 18% annually for newer properties and 25% for older ones;
- Added a nominal surcharge to NFIPpolicies untilpropertyowners pay full-risk rates; and
- Established the Office of the Flood Insurance Advocate to help property owners with flood mapping and insurance rating concerns.

On July 6,2012, Congress passed the Biggert-Waters Flood Insurance Reform Act reauthorizing NFIP for 5 years and including numerous reforms to flood mapping, mitigation assistance and private flood insurance options.

Current Legislation/Regulation (bill number or regulation)

Congressional authorizing committees have not introduced long-term NFIP reauthorization legislation at this time.

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