



FEMA





## A Message from the Deputy Associate Administrator for Insurance and Mitigation and senior executive of the National Flood Insurance Program



The recent fourth quarter of Fiscal Year 2021 presented familiar challenges to the National Flood Insurance Program (NFIP). Continued short-term reauthorizations and the potential for a lapse in the program's authority create uncertainty for policyholders and concern around the NFIP's capacity to pay claims. Program priorities include comprehensive NFIP reform and a multi-year reauthorization as the statutory deadline expires on March 11, 2022.

The program continues to pursue beneficial reinsurance placements with traditional and capital markets to reduce risk and increase the programs capacity to pay claims. Currently, the NFIP holds \$4.2 billion in the National Flood Insurance Fund (NFIF), \$2.4 billion in the Reserve Fund and can access \$9.9 billion of borrowing authority, for a combined total of \$16.5 billion available to support flood claims. The reinsurance program provides an additional \$2.34 billion in reinsurance coverage starting at \$4 billion and up to \$10 billion in claims for named storms.

On November 15, 2021, the President signed into law the Infrastructure Investment and Jobs Act (IIJA). The IIJA, "...a once-in-a-generation investment in our nation's infrastructure and competitiveness"<sup>1</sup>, will make our communities safer and our infrastructure more resilient to the impacts of climate change. The legislation includes \$6.8 billion for community-wide mitigation to reduce disaster suffering and avoid future disaster costs. This includes \$3.5 billion for the Flood Mitigation Assistance (FMA) program over the next five years to address the backlog in severe repetitive loss and repetitive loss occurrences.

FIMA continues to engage Congress in support of the NFIP's priorities. Multi-year reauthorization and reform is an opportunity for Congress to take bold steps to reduce the complexity of the program and strengthen the NFIP's financial framework. This will allow the program to continue helping individuals and communities take the critical step of securing flood insurance. The NFIP will continue to play its key role in FEMA's mission of helping people before, during, and after disasters.

## NFIP KEY FIGURES

\$1.3 trillion  
Insurance in Force

Over \$45 billion  
Probable Maximum Annual Loss  
(PML)

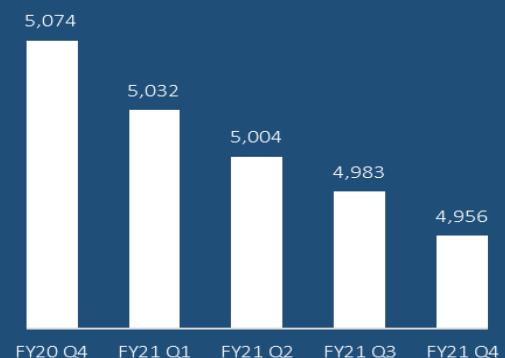
22,534  
Participating Communities

\$766  
Average Annual Premium  
(Incl. Premium & Federal Policy Fee)

\$20.5 billion  
Outstanding Debt with Treasury

\$5.41 billion  
Interest Paid to Treasury Since  
Hurricane Katrina

Policies in Force  
(in thousands)



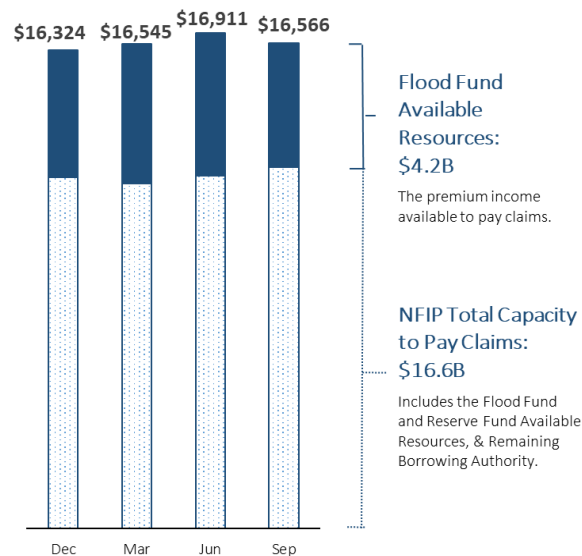
<sup>1</sup> Fact Sheet: The Bipartisan Infrastructure Deal | The White House

## NFIP AVAILABLE RESOURCES AS OF 09/30/2021

The NFIP's Available Resources provides information similar to a "Balance Sheet" used in the private sector. It is a snapshot of the program's finances, including any prior period carryover for the given period.

<u>Available Resource (\$ in Thousands)</u>	Jun 30, 2021	Sep 30, 2021
Flood Fund Balance	6,340,328	6,405,748
Unpaid Obligations	(860,621)	(846,510)
Unpaid Loss & Loss Adjustment (Claims)	(524,033)	(1,241,268)
<u>Mandatory Sequestration</u>	<u>(88,806)</u>	<u>(88,806)</u>
<b>Flood Fund Available Resources</b>	<b>4,866,868</b>	<b>4,229,164</b>
Reserve Fund Balance	1,064,308	1,430,303
Net Investments	1,503,975	1,334,031
<u>Outstanding Obligations</u>	<u>(424,121)</u>	<u>(327,580)</u>
<b>Reserve Fund Available Resources</b>	<b>2,144,161</b>	<b>2,436,753</b>
<b>Remaining Borrowing Authority</b>	<b>9,900,000</b>	<b>9,900,000</b>
<b>NFIP Total Capacity to Pay Claims *</b>	<b>16,911,029</b>	<b>16,565,917</b>

\* FEMA's reinsurance placements augment the NFIP's Available Resources. After qualifying losses for a single event exceed \$4B, the NFIP may collect up to \$2.3 billion should the event reach \$10 billion in losses.



## STATEMENT OF OPERATIONS

(\$ in Thousands)

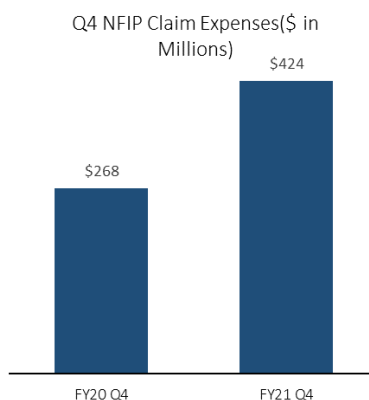
### NATIONAL FLOOD INSURANCE FUND

<u>REVENUE</u>	FY 2020	FY 2021 Q4	FY 2021
Premium	3,510,140	1,038,453	3,521,288
Reinsurance	0	0	0
Federal Policy Fee	191,199	52,402	187,760
<u>Other Revenue</u>	<u>10,213</u>	<u>4,006</u>	<u>13,693</u>
<b>Total Flood Fund Revenue</b>	<b>3,711,552</b>	<b>1,094,861</b>	<b>3,722,741</b>
<u>EXPENSES</u>	FY 2020	FY 2021 Q4	FY 2021
Total Loss & Loss Adjustment (Claims)	1,447,313	423,758	1,369,003
Unpaid Loss & Loss Adjustment (Claims)	(670,576)	736,083	525,545
Commissions	57,662	17,976	59,330
WriteYourOwn (WYO) Expense Allowance	901,715	279,723	938,959
Interest on Debt	438,412	72,064	356,813
Floodplain Management & Mapping Activities	174,295	100,786	223,427
Flood Related Grant Activities	121,291	32,542	239,305
<u>Other Expenses</u>	<u>266,833</u>	<u>81,336</u>	<u>246,315</u>
<b>Total Flood Fund Expenses</b>	<b>2,736,945</b>	<b>1,744,268</b>	<b>3,958,697</b>
<b>FLOOD FUND NET INCOME (LOSS)*</b>	<b>974,607</b>	<b>(649,407)</b>	<b>(235,956)</b>

The NFIP's Statement of Operations provides information similar to an "Income Statement" used in the private sector. The current report is for the period ending on September 30, 2021, FY 2021 Quarter 4.

### NATIONAL FLOOD INSURANCE RESERVE FUND

<u>REVENUE</u>	FY 2020	FY 2021 Q4	FY 2021
Assessment	583,703	190,934	613,150
Surcharge	338,458	102,235	307,965
<u>Return on Investment</u>	<u>13,743</u>	<u>4,856</u>	<u>77,332</u>
<b>Total Reserve Fund Revenue</b>	<b>935,904</b>	<b>298,025</b>	<b>998,447</b>
<u>EXPENSES</u>	FY 2020	FY 2021 Q4	FY 2021
Total Loss & Loss Adjustment (Claims)	0	0	0
Reinsurance-Traditional	153,924	48,962	198,193
Reinsurance-ILS	131,781	47,580	193,523
<u>Obligated But Not Expended</u>	<u>73,624</u>	<u>(96,542)</u>	<u>51,990</u>
<b>Total Reserve Fund Expenses</b>	<b>359,329</b>	<b>0</b>	<b>443,706</b>
<b>RESERVE FUND NET INCOME (LOSS)</b>	<b>576,575</b>	<b>298,025</b>	<b>554,741</b>



\* The combination of Total Revenue and Total Expenses contribute to the Net Income or Net Losses for the NFIP. Because of the NFIP's current structure of premium discounts, interest expenses on debt, and loss concentrations, Net Losses are anticipated.

## Nature-Based Solutions

As climate change increases the threats posed by natural hazards, many states, localities, tribes, and territories are exploring nature-based solutions to help keep families, businesses, and neighborhoods safe.

Nature-based solutions are sustainable planning, design, environmental management, and engineering practices that weave natural features or processes into the built environment to promote adaptation and resilience. Nature-based solutions offer significant monetary and non-monetary benefits, including economic growth, green jobs, increased property values, and improved public health. Notably, they often come at a lower cost than traditional infrastructure.

While FEMA uses the term "nature-based solutions," other organizations use related terms, such as green infrastructure, natural infrastructure, natural and nature-based features, or Engineering with Nature®, a program of the U.S. Army Corps of Engineers. You can find out more on nature-based solutions on FEMA's Nature-Based Solutions [webpage](#).



## “I Don’t Have Flood Insurance – Why Do I Need It?” – A Case for Flood Insurance

If you or your family members are still unsure as to whether flood insurance is necessary, please consider these facts:

**FACT:** Floods are the nation’s most common and costly natural disaster and cause millions of dollars in damage every year.

**FACT:** Homeowners and renters’ insurance does not typically cover flood damage.

**FACT:** Floods can happen anywhere--More than 20% of flood claims come from properties outside the Special Flood Hazard Area (SFHA).

**FACT:** Flood insurance can pay regardless of whether there is a [Presidential disaster declaration](#).

**FACT:** Most federal disaster assistance comes in the form of low-interest disaster loans from the U.S. Small Business Administration (SBA) and must be paid back. FEMA offers disaster assistance that doesn’t need to be paid back, but is often much less than the full funding needed to recover.

**Flood insurance helps more:** Check out your state's flood history with FEMA's interactive data [visualization tool](#). Roll your cursor over each county to see how many flooding events have happened. The tool compares how much FEMA’s [Individuals and Households Program \(IHP\)](#) has provided after [Presidential disaster declarations](#) to the amount the NFIP has paid to its policyholders. The data is clear: having flood insurance provides much more help for recovery.



### Goal 3: Promote and Sustain a Ready FEMA and Prepared Nation