

**May 2025****National Flood Insurance Program Reauthorization**

- *The National Flood Insurance Program (NFIP) expires on September 30, 2025.*
- *Long-term NFIP reauthorization is crucial for program stability and policyholder certainty.*
- *Reauthorization should encourage investment in flood mitigation efforts to reduce future flood risks.*
- *Reauthorization should ensure access to multiple flood insurance options for consumers and encourage growth in the private market.*

Background

The NFIP was created by Congress in 1968 to address the absence of private insurance and the growing reliance on federal disaster aid resulting from floods. Although the NFIP has been the primary provider of flood coverage, advanced risk mapping and modeling have emerged in recent years, sparking the interest of private insurers in offering flood insurance.

State insurance regulators are actively involved in improving flood insurance and enhancing the consumer experience. Through the NAIC, they have developed guiding principles for the reauthorization of the NFIP, emphasizing the importance of long-term reauthorization and necessary reforms. The NAIC supports legislation to expand the state-regulated private flood insurance market, offering consumers more choices and potentially lower premiums. Private flood insurance must comply with the continuous coverage requirement to enable policyholders to return to the NFIP without penalty or losing subsidies. Reauthorization legislation should mandate greater transparency from FEMA in developing and updating flood maps and rates. Regulators also urge Congress to prioritize flood mitigation efforts and increase take-up rates for flood insurance, particularly for properties outside special flood hazard areas. Additionally, they recommend legislation to provide tax exemptions for state-based disaster mitigation grants and encourage homeowners to take action to protect their homes from natural disasters.

Key Points

- ✓ Congress should pass long-term NFIP reauthorization prior to the September 30, 2025 expiration to ensure that there will be no gaps in coverage for policyholders.
- ✓ State insurance regulators urge Congress to use the NFIP reauthorization as an opportunity to promote the growth of the private flood insurance market, which can offer consumers more options for coverage.