

FEMA Projects Up to \$3.5 - \$5.3 Billion in Hurricane Ian Flood Insurance Claims Payments

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WASHINGTON -- As of Nov. 10, the National Flood Insurance Program (NFIP) has received more than 44,000 flood claims from Hurricane Ian and has paid nearly \$437 million to policyholders.

FEMA's initial estimate projects Hurricane Ian could potentially result in NFIP claims losses between \$3.5 - \$5.3 billion, including loss adjustment expenses. The losses include flood insurance claims received from five states, with the majority of claims coming from Florida.

The agency based the initial estimate on several data points. These include policy information, daily reports of claims and payments made, significant historical events patterns of reported claims and payments, current economic conditions and claim adjuster observations.

FEMA will continue to update models and confirm future estimates as the claims process evolves.

NFIP flood insurance claims are paid from the National Flood Insurance Fund and Reserve Fund. The program also has the ability to borrow an additional \$9.9 billion in funds.

[FEMA's reinsurance program](#) includes an annual traditional reinsurance program with a \$4 billion or more trigger for a percentage of recovery payments and three capital market placements with a recovery payment beginning at \$5.32 billion in received claims payments. To collect the maximum reinsurance amount, the NFIP would need to incur at least \$10 billion in flood insurance claims losses.

In addition, FEMA currently holds \$2.49 billion of reinsurance coverage for fiscal year 2022. If a covered flood event results in NFIP claim payouts that equal or



exceed an agreed upon amount, then reinsurers agree to pay a certain percentage.

The NFIP reinsurance program helps FEMA manage the future exposure of the NFIP through the transfer of risk to private reinsurance companies and capital market investors. By securing reinsurance at a fair and reasonable cost, FEMA has an additional method to fund payment of flood claims after catastrophic flood events.

Insurance providers, such as the NFIP, pay premiums to reinsurers. In exchange, reinsurers provide coverage for losses incurred up to a specified amount for events like Hurricane Ian.

While Hurricane Ian is a significant flood insurance event that may trigger reinsurance payments, it will take several weeks for FEMA to determine if the NFIP is able to collect under its reinsurance agreements.

Additional information on FEMA's reinsurance program can be found at NFIP's Reinsurance Program on [FEMA.gov](https://www.fema.gov).

