

FEMA Releases Affordability Framework for the National Flood Insurance Program

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WASHINGTON – FEMA released an affordability framework today, as required by the Homeowner Flood Insurance Affordability Act of 2014 (HFIAA). The framework titled, “*An Affordability Framework for the National Flood Insurance Program,*” provides the first ever data driven analysis of policyholder and potential policyholder incomes by flood risk and home ownership status. The framework suggests that both policyholders and non-policyholders with the lowest median incomes live in the highest hazard areas. The framework proposes several options for developing an affordability program for flood insurance and offers models of the costs of each option.

“This report moves beyond anecdotes. For the first time a conversation about affordability and flood insurance is supported by deep data being brought to bear with the release of this framework. Access to Census data and the American Communities Survey is a game changer for us and Congress. We can move forward with data that will point to more sustainable solutions,” said NFIP Director Roy Wright. “Flood insurance is a valuable tool that helps survivors recover in the aftermath of devastating flood events. In some situations, those living in high-risk areas for flooding face a decision between purchasing flood insurance and maintaining basic household necessities.”

Due to additional affordability challenges associated with increased premiums required by BW-12, HFIAA Section 9 specifically directed FEMA to develop an Affordability Framework that could help policymakers consider how to provide targeted assistance to policyholders rather than generally providing subsidized rates.

Within this study, FEMA responds to this directive and develops an affordability framework which propose programmatic and regulatory changes that address affordability of flood insurance sold under the NFIP. When developing the Affordability Framework, FEMA followed a multi-pronged approach to have both quantitative and qualitative data and analyses.



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Over the last few months, the Administration has submitted an affordability proposal considering the findings and analysis of this Affordability Framework. The proposal's intent is, that while the NFIP is transforming to a more fiscally sustainable program with opportunities to enable the private market for flood insurance to expand, Congress should authorize the NFIP to establish a means-tested affordability program that allows low-income policyholders to maintain subsidized rates. This measure to keep the program affordable for those who need it should be paired, pursuant to limits in current law, with accelerated premium increases for policyholders who can afford to pay risk-based rates.

Floods are America's most common natural disaster. In the highest risk areas for flooding, data indicates that the cost of flood insurance is a barrier for purchasing a flood policy. As part of FEMA's strategic plan, FEMA is working to close the insurance gap with the assistance of both public and private insurers. As the largest provider of flood insurance in the United States, the NFIP can support this goal by increasing the number of flood insurance policies. By 2023, the NFIP plans to double the number of properties covered by flood insurance from the current 4 million to 8 million.

The full [report](#) is available online.

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