

National Flood Insurance Program Continues to Pay Interest on its Treasury Debt

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WASHINGTON -- The National Flood Insurance Program continues to fulfill its obligations to the U.S. Treasury to satisfy debt obligations totaling \$20.5 billion.

Because the NFIP cannot fully pay back the debt it incurred paying claims for previous catastrophic flood disasters post Hurricane Katrina, it must be refinanced at current interest rates. This amounts to the program accruing \$1.7 million in interest per day.

“We think a better use for these interest payments would be to help policyholders rebuild their lives instead of being paid to Treasury,” said David Maurstad, NFIP Senior Executive. “It’s a vicious cycle that will only end with cancellation of the debt to avoid compounded interest and future borrowing.”

Cancelling the NFIP’s debt is one of FEMA’s [17 proposed reforms](#) that would help create a more fiscally sound framework that improves the program’s ability to pay claims and sustains the program’s credibility across the 22,648 communities that rely upon the NFIP for financial protection against flooding.

The NFIP must pay the interest out of the premium dollars collected. Currently, the agency is paying \$309 million in semiannual interest payments, which could have been utilized on disaster operations.

The NFIP debt carries an average interest rate of 3.02%. This results in \$619 million annually that is paid to Treasury.

These proposals are available at [FEMA.gov](https://www.fema.gov).

