

# United States Senate

WASHINGTON, DC 20510

August 15, 2025

To Interested Parties,

For the last half century, the United States Government ensured that American homeowners could access affordable flood insurance through the National Flood Insurance Program (“NFIP”). The NFIP was created pursuant to the National Flood Insurance Act of 1968<sup>1</sup> on the basis that it was “uneconomic for the private insurance industry alone” to meet the demand for flood insurance policies with “reasonable terms and conditions.”<sup>2</sup> Where an affordable private market was lacking, Congress determined that the federal government could step in to alleviate “an increasing burden on the Nation’s resources” and to “shar[e] the risk of flood losses,” thereby transferring to the federal government some of the financial burdens borne by individual policyholders, while also requiring communities that participate in the program to adopt floodplain management standards that significantly lower flood risk.<sup>3</sup> NFIP was Congress’s solution to these market inefficiencies, of which many still remain.<sup>4</sup>

As the Senate deliberates the best approach to reauthorizing and reforming the NFIP, we invite interested parties to provide input and feedback. The most recently introduced comprehensive reform proposal is S. 2142, National Flood Insurance Reauthorization and Reform Act of 2023. Which provisions therein are most important? Why? Please explain your rationale and provide any relevant data or examples. Likewise, if you find any provisions to be problematic, we ask that you detail your concerns and include any data or evidence that supports your position or illustrates unintended consequences. Trustworthy data and research with proper citations will be especially appreciated, as they help ensure that decisions made about the NFIP’s future are based on sound policy analysis. In addition, we welcome any suggestions for alternative language or policy approaches that you believe would improve the NFIP. More specifically, in addition to providing comments on S. 2142, *National Flood Insurance Reauthorization and Reform Act of 2023*, we invite your responses to the questions enumerated below.

Please send responses to [Flood@cassidy.senate.gov](mailto:Flood@cassidy.senate.gov) by September 15, 2025. Responses will be treated as confidential and will only be shared with the Senate Banking Committee, as well as the Senate offices leading this Request for Information. We look forward to reviewing your submissions.

## Reauthorization

1. What is the ideal reauthorization length and why?
2. When authorized in 1968, NFIP was initially administered by the Department of Housing and Urban Development (“HUD”). In 1979, NFIP was moved to FEMA when it was

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<sup>1</sup> Pub. L. No. 90-448, 82 Stat. 572 (1968) (codified at 42 U.S.C. § 4001 et seq.).

<sup>2</sup> *Id.* § 4001(b).

<sup>3</sup> *Id.* § 4001(a).

<sup>4</sup> *See id.* § 4001(c).

created to centralize the federal government's emergency preparedness and disaster management. Should a reauthorized NFIP continue to exist within FEMA, or should it belong to another agency, like HUD or the Federal Housing Finance Agency ("FHFA")?

### Affordability

3. In 2018, FEMA released an affordability framework for the National Flood Insurance Program (NFIP), which explored designs of an affordability program. How should an affordability program be designed? Who should be eligible for premium discounts? Should eligibility be based on the area median income (AMI), federal poverty level (FPL), mitigation efforts, community-level mitigation, other assessments / ratios, or a combination? Should eligibility be based on not only the household's income, but also the housing costs such as mortgage principal and interest, property taxes, and insurance (including flood insurance and homeowners' insurance)? What should maximum premium discounts be?
4. What policy changes would most effectively address affordability concerns for policyholders? Should policy holders be allowed to pay their premiums monthly? If not, why not?
5. What approaches could help balance long-term program fiscal stability, considering the need for premiums to reflect risk while accounting for the investments communities have made to meet flood mitigation standards, and the need to keep premiums affordable for at-risk populations?
6. Given that prior to Risk Rating 2.0 grandfathering allowed property owners to "lock in" the lower risk flood zone or base flood elevation for future ratings, what role should grandfathering of rates play into a reform of the NFIP, taking into account its impact on home values and the downstream impacts on state and local tax bases, as well as the impact on program sustainability? In addition to grandfathered properties, pre-FIRM properties and newly-mapped properties have historically also received a discount. What role should these discounted categories have in a reform of the NFIP?

### Mitigation

7. How can the NFIP better support and incentivize mitigation efforts at the local or property level? Should FEMA offer non-financial direct technical assistance (DTA)?
8. How can FEMA ensure that premium rates better reflect mitigation efforts undertaken by property owners? What information would you like FEMA to provide on reductions in premiums due to mitigation actions? To whom should this be provided (e.g. policyholders, communities, builders)?
9. FEMA states that "mitigation efforts, such as elevating a building, installing proper flood openings in a crawlspace or enclosure, and elevating certain machinery & equipment, will help reduce flood damage and potentially the cost of flood insurance."<sup>5</sup> What other

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<sup>5</sup> FED. EMERGENCY MGMT. AGENCY, U.S. DEP'T OF HOMELAND SEC., *Frequently Asked Questions* –

mitigation measures lower flood risk and should be considered in the premium methodology? What mitigation measures lower flood risk in dense urban areas?

### Mapping

10. What improvements or reforms to FEMA's flood mapping process would be most beneficial to accurately map an area's flood risk and reflect a community's efforts to mitigate that risk?
11. Under current policy, FEMA is required to study the need to update its flood maps every five years, but there is no requirement for the maps to actually be updated. Would a requirement for FEMA to update its maps on a consistent basis benefit its ability to better understand flood risks and price its policies accordingly? If so, what would be a good timeline for FEMA to update its maps?
12. Are there ways the U.S. government can effectively work with private industry to provide high quality, cost efficient, and regularly updated flood maps?

### Risk Rating 2.0

13. How could the Risk Rating 2.0 methodology be changed or replaced to more accurately reflect a property's true risk rating and past mitigation efforts? What aspects of the legacy flood insurance premium rating system are superior to Risk Rating 2.0?
14. Should the Risk Rating 2.0 methodology and its data sources receive a third-party review for reasonableness and consistency? If so, how should this review be conducted, and who should be involved in this review? Should FEMA publicize Risk Rating 2.0 data, methodologies, and risk modeling for public access?
15. How often should FEMA's rating methodology be updated? Are there new data sources or technologies that should be considered when modifying or replacing Risk Rating 2.0? Should communities or policyholders be allowed to contribute information to FEMA's rating methodology, and through what process should this occur?

### Solvency and Savings

16. What are the most effective strategies to strengthen the NFIP's long-term financial solvency?
17. Are there innovative approaches to building program reserves or savings that Congress should consider?
18. While FEMA does purchase reinsurance for NFIP policies, would the use of other risk transfer tools such as catastrophe bonds, resilience bonds, or other insurance linked securities be useful in helping NFIP reach program sustainability?

19. How can the NFIP effectively manage its debt burden?
20. The NFIP, on average, pays the U.S. Treasury over \$619 million in interest expenses annually, the third most important NFIP activity when valued by cost. From 2005 until present, the NFIP paid over \$6.2 billion in interest. In the next 10 years, the NFIP is projected to pay \$7.45 billion solely for interest on the debt. Should NFIP receive forbearance on these interest expenses? If so, how long should interest payments be forborne? If so, should NFIP be mandated to use savings for any particular activity or fund? Would NFIP benefit from reorienting its reserves away from losses and toward paying down its interest and debt?

#### Enhancing Transparency and Accountability

21. What steps could FEMA and / or Congress take to improve transparency in NFIP rate-setting, claims processing, or program administration?
22. How can the NFIP better convey community risk and program changes to policyholders and communities?
23. Home buyers and renters often lack awareness about the property and community level flood risk and history of the properties they purchase and rent. Would flood risk and history disclosure requirements between sellers/lessors and buyers/renters of properties before closing transactions help increase transparency and raise risk awareness? If so, what type of information should be disclosed between parties?
24. What accountability measures would ensure the program meets its goals and serves stakeholders effectively? Should policyholders be informed of all of the rating factors? Are there any rating factors that should not be disclosed to policyholders? How should this communication occur (i.e., on declaration pages, via an agent, or on an online portal)?
25. How can the Office of the Flood Insurance Advocate (OFIA) better help policyholders and communities?
26. FEMA released a direct-to-customer quoting tool and a mitigation discount tool. How can these tools be improved? Are there functions or information that should be added to these tools?
27. Currently, NFIP premiums are not appealable. Should NFIP premiums be appealable? If so, what specific rating factors should be appealable? If so, how should this appeals process work?

#### Severe Repetitive Loss Properties

28. What are the main challenges in addressing severe repetitive loss properties, and what solutions could be effective?

29. How can the NFIP and its partners better support mitigation efforts for severe repetitive loss properties?
30. Should the NFIP expand its practice of buying out severe repetitive loss properties? Under some conditions should buyouts be required?
31. What policy changes could reduce the incidence and impact of severe repetitive loss claims?

#### Mandatory Purchase Requirement

32. The mandatory purchase requirement (MPR) applies to properties with federally-backed mortgages within the Special Flood Hazard Area (SFHA). The SFHA is defined by FEMA as an area with a 1% or greater risk of flooding every year. What are the strengths and weaknesses of the current mandatory purchase requirement? Should changes to MPR standards be explored, and if so, how should MPR standards change?
33. How could compliance with the mandatory purchase requirement be improved?
34. What impact, if any, does the mandatory purchase requirement have on your community or industry, and what changes would you recommend?

#### Participation in the Program

35. What incentives or requirements could encourage more consistent participation in the program?
36. What changes in the program have led to a decrease in participation in the program?
37. Should an affordability program be open to new as well as existing NFIP policyholders?

#### Continuous Coverage Requirement

38. FEMA imposes a continuous coverage requirement which may penalize homeowners who experience a lapse in their policy. Additionally, FEMA may refuse to recognize private flood policies as satisfying the continuous coverage provision, resulting in homeowners who comparison-shop losing subsidies when they return to the NFIP. What statutory or regulatory changes could end these penalties without exposing NFIP to adverse selection?

#### Disproportionate Impact on Communities

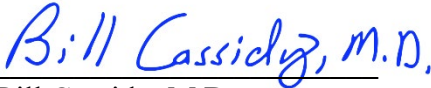
39. How does the NFIP currently impact different communities, particularly those that are low-income, minority, or rural?
40. What steps can Congress and FEMA take to ensure more equal access to flood insurance and mitigation resources?


41. How can Congress and FEMA better address the unique needs of vulnerable or disproportionately affected populations?
42. The Community Assistance Program – State Support Services Element (CAP-SSSE) program provides funding to states to help communities participating in the NFIP proactively identify, prevent, and resolve flood management issues. Should CAP-SSSE be permanently authorized and preserved? Should any changes be made to this program?
43. In a future affordability program, how should NFIP ensure that communities most in need receive benefits? For example, areas with high area median income (AMI) may have a larger percentage of homeowners eligible to receive a premium discount.

#### NFIP Coverage Limits

44. The current maximum NFIP coverage limits are \$250,000 for building coverage and \$100,000 for contents for single-family to four-family residential properties and \$500,000 for nonresidential building coverage and \$500,000 for contents coverage. How do these limits align with the actual replacement costs and recovery needs in today's housing and commercial markets?
45. How might adjustments to these statutory coverage caps affect program participation, affordability, and the relationship between the NFIP and private flood insurance offerings, particularly in high-value or high-risk areas?
46. Are there alternative models, such as supplemental or layered insurance approaches, that could better address coverage gaps for properties exceeding current NFIP maximums, and what would be the operations and access considerations of such models?

Sincerely,

  
Bill Cassidy, M.D.  
United States Senator

  
Cory A. Booker  
United States Senator

CC: The Honorable Tim Scott  
Chair  
Senate Committee on Banking,  
Housing, and Urban Affairs

The Honorable Elizabeth Warren  
Ranking Member  
Senate Committee on Banking,  
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