



# NFIP Policy Platform

November 2025

## Background

Severe floods, like other natural disasters, impose enormous and wide-ranging costs on households, yet most families lack the savings to cover disaster-related expenses. Federal disaster loans or aid are slow to arrive and often insufficient or completely inaccessible. With limited other options, insurance plays a critical role in getting households the financial resources they need to rebuild their homes and replace damaged possessions. Without reliable insurance, households are left financially exposed, underscoring the central role of flood coverage in disaster recovery.

Insurance is a necessary component of securing financial resilience to disasters. For over fifty years, the National Flood Insurance Program (NFIP) has been providing critical coverage for millions of households and businesses around the country impacted by flooding. Yet many at-risk households are uninsured against flooding. The NFIP currently faces a range of challenges, including a staggering debt, concerns that policies are unaffordable for many families, out-of-date and poor flood mapping and communication, and rising flood losses due to sea-level rise and changing extreme precipitation patterns. Reform is necessary to make the NFIP an adequate and equitable resource for households and businesses across the country.

## EDF Policy Positions and Proposed Reforms

EDF encourages Congress to enact NFIP reforms to improve 1) Risk Disclosure and Transparency, 2) Access and Affordability, 3) Incentives for Risk Reduction, 4) Flood Mapping, and 5) Financial Soundness. Specific reforms and additional resources are offered under each of these topics below.

## Risk Disclosure and Transparency

**State and local governments should implement or strengthen flood risk disclosure (right to know) laws.**

**Summary:** Buyers and renters need to understand flood risks before making one of the biggest financial decision of their lives, purchasing or renting a property. In most states, current flood risk disclosure laws are insufficient. EDF supports requiring greater disclosures (such as disclosing not just Special Flood Risk Hazard Area (SFHA) status, but also prior floods and flood damage) and expanding disclosures to renters, as well as

owners. Over the last 2 years, New York and Florida have passed flood risk disclosure laws with the support of EDF and partners.

***Resources and Prior EDF Work:***

- [NY Passes Flood Risk Disclosure for Homebuyers](#)
- [New Florida Flood Disclosure Requirement](#)
- [Improving Flood Risk Disclosure](#)
- [Model State Requirements for Disclosing Flood Risk During Real Estate Transactions](#)

**Implement a federal flood risk disclosure requirement for the NFIP.**

**Summary:** Similar to the reform above, buyers need to understand flood risk before purchasing a property. While various states have been successful in passing flood risk disclosure laws, the specifics vary widely from state to state, and as of 2025, 14 states have no flood disclosure requirements at all. This leaves many homebuyers unaware of potential flood risk and costs. To create greater transparency of flood risks and the potential cost associated with a property, FEMA could provide future buyers with direct access to key information about the flood history of a property, such as information the number and size of prior claims.

***Resources and Prior EDF Work:***

- [How States Stack Up on Flood Disclosure](#)

**Require FEMA to improve the existing online premium look-up calculator for any property, including indicating if a property has experienced repetitive loss (RL).**

**Summary:** Premiums are set by FEMA and are the same for any insurance agent writing the policy. EDF economics research has found that a large majority of homeowners do not know the cost of flood insurance until near closing on their home or later—too late to make risk-informed location decisions early in the buying process. FEMA currently operates a beta version of an [online tool](#) where any address can be entered to look up the current full-risk premium. While the introduction of this tool in 2024 was a positive change for consumers, refinement and additional information could be vital. Such improvements could include an indication of whether the property is Repetitive Loss, and information on the specific factors that may be contributing to the pricing, including flood mitigation.

***Resources and Prior EDF Work:***

- [Flood Insurance Literacy and Flood Risk Knowledge: Evidence from Portland, Oregon](#)
- [Repetitive Loss Area Analysis for South Miami, Florida](#)
- [Losing Ground: Severe Repetitive Flooding in the United States](#)
- [FEMA Floodsmart NFIP Quoting Tool](#)

**Subject catastrophe models to a transparent review process.**

**Summary:** Catastrophe models are essential for pricing a disaster risk, such as flood. As a result, like private sector insurers, FEMA uses catastrophe models to understand and

price NFIP. These are, however, proprietary third-party models not readily available to the public, raising questions of transparency. FEMA could build on lessons from Florida and California, where the addition of regulator reviews and the creation of public-sector catastrophe models as additional benchmarks has improved transparency around other hazards. For example, California has required formal review and approval of wildfire models by the California Department of Insurance (CDI) before insurer use in rate-setting. Additionally, FEMA could better incorporate and integrate a variety of flood mitigation strategies, including nature-based solutions, utilized by households and communities into the models used by the NFIP.

***Resources and Prior EDF Work:***

- [Taking Catastrophe Models out of the Black Box](#)
- [Risk Rating 2.0 Methodology](#) (scroll to bottom)
- [States Join Louisiana to Sue Federal Agency Over Flood Insurance Rules](#)
- [California Department of Insurance Expanding Coverage for Those in Wildfire-Distressed Areas](#)
- [California Certifies First Wildfire Catastrophe Model Tool from Verisk](#)

## Access and Affordability

**Implement a means-tested affordability program for Low and Moderate Income (LMI) households.**

**Summary:** EDF economics research demonstrates that insurance is critical for financial resilience. Right now, households that need the financial protection of insurance the most are least able to afford it. Congress should adopt a means-tested assistance program for LMI households to afford the cost of an NFIP policy. It should be open to anyone (current or future policyholder, in/out of SFHA) and scaled based on income with lower incomes receiving greater assistance.

***Resources and Prior EDF Work:***

- [Kousky \(EDF\) 2022 Testimony to the U.S. House Committee on Financial Services, Subcommittee on Housing, Community Development, and Insurance](#)
- [FEMA Affordability Framework](#)
- [National Research Council Report: Affordability of National Flood Insurance Program Premiums](#)
- [The Cost and Affordability of Flood Insurance in New York City](#)
- [Inclusive Insurance for Climate-Related Disasters](#)
- [Improving Household and Community Disaster Recovery: Evidence on the Role of Insurance](#)

## **Couple Risk Rating 2.0 with a means-tested affordability program (as described above) to support those least able to afford rate increases.**

**Summary:** Since April 2023, all NFIP premiums have been calculated using Risk Rating 2.0, FEMA's modernized approach to calculating flood insurance premiums, which evaluates each property based on its unique flood risk. NFIP premiums now reflect up-to-date measures of flood risk, including pluvial (rainfall) flooding, which had not previously been incorporated. In areas with high flood risk, however, this has resulted in higher premiums. Risk Rating 2.0. should not be repealed, since it is important that premiums reflect actual risk for risk communication and to incentivize investments in risk reduction. However, in order to address premium affordability, it should be coupled with a means-tested affordability program to help under-resourced households, as well as more resources to build transparency and understanding around the price of flood insurance and the types of flood mitigation strategies that are effective in lowering costs.

### ***Resources and Prior EDF Work:***

- [Risk Rating 2.0](#)
- [NFIP: The Current Rating Structure and Risk Rating 2.0](#)
- [The Pricing of Flood Insurance](#)
- [Risk Rating Without Information Provision](#)

## **Explore how mandatory purchase requirements can better align with the more accurate risk assessments resulting from Risk Rating 2.0.**

**Summary:** It is federal law that lenders must enforce the purchase of flood insurance for borrowers with a federally backed loan or from a federally regulated lender if securitized by property in the Special Flood Hazard Area (SFHA). Yet, [less than half](#) of homes in SFHAs do not have flood insurance. The SFHA boundary is from maps that are out-of-date and do not include rainfall flooding. The zone of mandatory purchase should be updated to better reflect high-risk properties as identified in the RR2.0 assessments. This would better target higher-risk households and align prices with the purchase requirement. In order to better understand best practices, Congress could commission a study (i.e. National Academy of Sciences) to provide a roadmap for aligning insurance mandates with true flood risk, ensuring fairness, affordability, and stronger program sustainability.

### ***Resources and Prior EDF Work:***

- [The Mandatory Purchase Requirement: Origins and Effectiveness in Achieving NFIP Goals](#)
- [Congress Should Consider Updating the Mandatory Purchase Requirement](#)

## **Expand NFIP coverage for multi-family housing.**

**Summary:** Cooperative and condominium (co-op and condo) housing are prevalent housing types in the U.S., with many at risk of damage during extreme events. However, they are not adequately covered by the NFIP. While individual units are able to secure insurance through the NFIP, common areas, where often the most expensive

infrastructure resides (basement boilers, electrical, foundations, and mechanical equipment, etc.), are ineligible for full coverage, though eligible to condos via FEMA's Residential Condominium Building Association Policy (RCBAP), so long as the building is at least 75% residential. Co-ops can only obtain building coverage through NFIP's General Property Form, which covers residential buildings with five or more families (that are not condos) and non-residential buildings. This gap in coverage and exclusion from RCBAP puts co-ops at a notable disadvantage. Additionally, because cooperative residents own a *share* of the co-op corporation, they are not able to insure their own unit through the SFIP as condo owners can. Co-op residents can alternatively purchase "contents coverage" from the SFIP to restore damage firmly within their unit's walls. However, this does not cover damaged exterior or perimeter walls, ceilings, floors, electrical networks, plumbing, or windows that affect or are shared by multiple units.

***Resources and Prior EDF Work:***

- [An Assessment of NYC Cooperative Housing's Climate Vulnerability and Barriers to Adaptation.](#)
- [Memorandum: Available Coverage for Cooperatives](#)
- [Superstorm Sandy at Five: Lessons on Law as Catalyst and Obstacle to Long-Term Recovery Following Catastrophic Disasters](#)

## Incentives for Risk Reduction

**Bolster the effectiveness and accessibility of the Community Rating System (CRS).**

**Summary:** The CRS is not well-designed for either small or large communities. Smaller jurisdictions often lack the administrative capacity to implement the complex activities required for discounts, while larger communities face diminishing returns since the program does not adequately reward broad-scale investments that reduce risk across thousands of properties. Joining is often burdensome, and maintaining status and participation is time-intensive and often dependent on under-resourced local government staff. Community participation in CRS is relatively low, with only about 1,700 of the more than 22,000 NFIP communities participating, despite a growing number of studies that show that participating can indeed lead to lower flood losses and premiums for homeowners. Additionally, the majority of those participating have struggled to advance through the program and accrue larger NFIP discounts for their residents. Changes should be made to improve CRS, including aligning credits with proven risk-reduction activities, reducing administrative burdens that may limit participation or limit ability to advance through the program, and build greater transparency of program rules and scoring.

***Resources and Prior EDF Work:***

- [Federal Incentives for Community-Level Climate Adaptation: An Evaluation of FEMA's Community Rating System](#)
- [2021 Request from FEMA to Improve CRS](#)
- [EDF Comments on FEMA CRS Redesign Effort](#)

## **Increase the allowable amount of Increased Cost of Compliance (ICC) payouts and expand eligible activities to above-code risk reduction.**

**Summary:** ICC is additional coverage that allows policyholders, when rebuilding after substantial damage, to come into compliance with updated floodplain management regulations. The current maximum coverage, however, is too little to do needed high-cost upgrades, such as elevation. For example, ICC only provides up to \$30,000, but home elevation can cost hundreds of thousands of dollars. It also does not allow funds to be used for activities that go above and beyond local code, even if those activities lower the property's risk. ICC should be expanded, but this may necessitate higher premiums to match the higher payouts. These higher premiums should be a subsidy paid for by federal taxpayer dollars to support faster risk reduction at the time of rebuilding, just like taxpayers support mitigation grant programs.

### ***Resources and Prior EDF Work:***

- [The NFIP's Increased Cost of Compliance \(ICC\) Coverage](#)

## **Integrate nature-based solutions and green infrastructure into models and NFIP pricing.**

**Summary:** Nature-based approaches have been proven to provide effective flood control while creating additional community benefits. However, nature-based solutions are not reflected in flood insurance pricing. State and local governments have raised concerns that even though these interventions are proven to help reduce flood damage and losses, many flood risk reduction interventions — including nature-based solutions such as wetlands restoration, storm sewer upgrades, stormwater capture, and backwater valves — are not well accounted for in the models used by the NFIP or in flood insurance pricing. These measures should be accounted for in NFIP pricing, lower premiums, and for that to be highly transparent to encourage more such investments.

In April 2025, EDF hosted Insurance for Nature and Nature for Insurance, a workshop focused on how the insurance sector and investments in nature can mutually support one another. A wide range of stakeholders attended and discussed the intersection of insurance and nature-based solutions, including related to the NFIP, kicking off a process of identifying meaningful reforms in this space.

### ***Resources and Prior EDF Work:***

- [Valuing the Flood Risk Reduction Benefits of Florida's Mangroves](#)
- [Natural Resources Can Reduce Flood Losses](#)
- [Mangroves Stop Massive Coastal Flood Damage](#)
- [Nature for Insurance and Insurance for Nature](#)

## **Preserve and codify pre-disaster flood mitigation funding options, like FEMA's Flood Mitigation Assistance (FMA) and Building Resilient Infrastructure and Communities (BRIC) programs.**

**Summary:** FEMA's FMA and BRIC programs work to reduce flood risks, prevent repetitive flood losses and claims, support lower NFIP premiums, and reduce reliance on disaster recovery funding. Both programs are competitive grant programs providing funding to states, territories, local governments, and Tribal nations. The FMA program is designed to reduce or eliminate the long-term risk of flood damage to properties insured by the NFIP, and the BRIC program supports hazard mitigation projects that strengthen community resilience against natural disasters. As of April 2025, both programs have been paused indefinitely.

### ***Resources and Prior EDF Work:***

- [FEMA is Eliminating Hazard Mitigation Programs, Leaving Americans Nationwide at Risk as Disasters Worsen](#)

## **Flood Mapping**

### **Update FEMA Flood Insurance Rate Maps (FIRMs) to show gradations in risk and better account for all types of flooding.**

**Summary:** FIRMs are notoriously out-of-date, backward-looking, often depict flooding as binary, and do not include rainfall-driven flooding, which is worsening in many places due to climate change. The FIRMS reliance on the Special Flood Hazard Area to communicate flood risk fails to provide residents and communities with a full understanding of their flood risk. To address these limitations, changes to the FIRMS should be made to show the gradations in flood risk, in line with FEMA's Technical Mapping Advisory Council's long standing suggestion, and suggesting for years; and information about more types of flood risk should be provided, through tools like heat maps or online look-up resources that provide information about the multiple types of flooding that may drive risk and flood insurance prices. This approach would better align the FIRMS with the modeling and understanding of risk being used as part of RR2.0, which uses a more granular risk assessment to inform flood insurance pricing.

### ***Resources and Prior EDF Work:***

- [Flood Maps](#)
- [The Long Road to Adoption: How Long Does it Take to Adopt Updated County-Level Flood Insurance Rate Maps?](#)
- [TMAC reports and recommendations](#)
- [ASFPM: Flood Mapping for the Nation](#)



**Preserve FEMA and NOAA data that are critical to identifying areas at risk of flooding, accurately pricing insurance, helping communities understand their vulnerability, visualizing storm surges and sea-level rise, and empowering communities to make forwardlooking land use planning and zoning decisions.**

**Summary:** Many of the federal data resources produced by FEMA, NOAA, and other federal agencies underpin how the private sector understands and assesses risk. Additionally, these publicly available data sets help households, businesses, and local governments understand today's flood risk and how it is changing with climate change. Critical data and other resources at FEMA and NOAA must be maintained/preserved in order to accurately and equitably set insurance prices and establish NFIP purchase requirements. Climate risk information needs to be publicly available and not only accessible to those that can afford to pay for it from private vendors.

***Resources and Prior EDF Work:***

- [Property Brokers Say NOAA Data Purge Creates Blind Spots](#)
- [FEMA's Future of Flood Risk Data Initiative](#)
- [NOAA's Transformative Flood Inundation Mapping Expands to 60% of U.S.](#)

**Fund NOAA to create a program that maps previous floods and makes these flood footprints available for public download as they are produced.**

**Summary:** There is no public, free, comprehensive data on where floods have occurred. There is a need for a public sector approach that documents this information and makes the geospatial files available. It will require a combination of satellite data, real-time sensors, and other technology. NOAA could collaborate with private sector data providers, but the resulting footprints must be free and publicly available since they will be funded with taxpayer funds. This will support investments in risk reduction, flood-informed land use planning, and research on disaster risk management.

## **Financial Soundness**

**Congress should forgive the NFIP debt.**

**Summary:** FEMA and GAO have both stressed repeatedly that the program will not be able to repay this debt. The interest payments are burdening policyholders with higher premiums when many are already struggling to afford flood coverage.

***Resources and Prior EDF Work:***

- [NFIP Rising Interest Expenses](#)
- [NFIP Debt](#)
- [GAO report: Fiscal Exposure Persists Despite Property Acquisitions](#)

For more information, please contact Sarah Henshaw ([shenshaw@EDF.org](mailto:shenshaw@EDF.org)) or Talley Burley ([tburley@edf.org](mailto:tburley@edf.org)).