

Flood Insurance Facts and Statistics

By Insurance Information Institute

In 1968 Congress created the National Flood Insurance Program (NFIP) in response to the rising cost of taxpayer-funded disaster relief for flood victims and the increasing amount of damage caused by floods. The NFIP makes federally backed flood insurance available in communities that agree to adopt and enforce floodplain management ordinances to reduce future flood damage. The NFIP is self-supporting for the average historical loss

year. This means that unless there is a widespread disaster, operating expenses and flood insurance claims are financed through premiums collected.

A growing number of private insurers have begun offering "excess flood" policies, intended to provide more extensive water damage protection to homeowners than coverage provided by National Flood Insurance Policies alone. In addition, some insurers have introduced special policies for high value properties. These high-end policies may cover homes in noncoastal areas and/or provide enhancements to traditional flood coverage.

The 2004 Flood Insurance Reform Act addressed the issue of repetitive loss properties, which represented 1 percent of all properties insured but 25 to 30 percent of claims losses. The 2004 reforms provide for a pilot program to mitigate repetitive losses.

In 2005 the average amount of flood coverage was \$176,545 and the average premium was \$453. The average flood claim in the same year was \$87,512, up from \$39,094 in 2004. Loss payments totaled \$13.1 billion in 2005, the highest on record, including losses from hurricanes Katrina, Rita and Wilma. Some 96 insurance companies participate in the "Write-Your-Own" Program, a program started in 1983 in which insurers issue policies and adjust flood claims on behalf of the federal government under their own names.

NATIONAL FLOOD INSURANCE PROGRAM, 1980-2005

Losses paid

Year

Policies in force

at end of year

Number

Amount

(\$000)

1980
2,103,851
41,918
\$230,414.3

1985
2,016,785
38,676
368,238.8

1990
2,477,861
14,766
167,919.6

1995
3,476,829
62,441
1,295,575.2

1996
3,693,076
52,675
828,040.3

1997
4,102,416
30,338
519,511.9

1998

4,235,138
57,340
886,026.0

1999
4,329,985
47,240
754,837.8

2000
4,369,087
16,358
251,551.7

2001
4,458,470
43,539
1,276,846.3

2002
4,519,799
25,261
433,198.8

2003
4,565,491
36,478
771,794.5

2004
4,667,446
54,745
2,140,197.7

2005
4,956,055
149,711
13,101,490.6

Source: U.S. Department of Homeland Security, Federal Emergency Management Agency.