

FEMA Announces Reinsurance Program to Manage Future Flood Risk in 2024

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WASHINGTON -- FEMA announced its 2024 traditional reinsurance placement for the National Flood Insurance Program (NFIP), continuing its risk management practice against catastrophic flood losses.

The agency has transferred an additional \$619.5 million of the NFIP's financial risk to the private reinsurance market. This annual reinsurance agreement provides coverage in 2024 through the support of 18 private reinsurance companies.

The 2024 reinsurance placement covers portions of NFIP losses above \$7 billion arising from a single qualifying flood event. FEMA will pay a total premium of \$121.1 million for the coverage.

The agreement is structured to cover:

- 8.9125% of losses between \$7 billion and \$9 billion
- 22.0625% of losses between \$9 billion and \$11 billion

Combined with the three capital markets reinsurance placements in 2021-23, FEMA has transferred \$1.9195 billion of the NFIP's flood risk to the private sector. If a named storm flood event is large enough to trigger all reinsurance agreements, FEMA will receive qualifying payments.

"With continued difficult market conditions this year, FEMA remains committed to long-term use of private sector reinsurance," said David Maurstad, Assistant Administrator for the Federal Insurance Directorate and senior executive of the National Flood Insurance Program. "However, the program will adjust NFIP reinsurance investments whenever necessary to reflect market conditions as we did again this year."

Reinsurance is a financial risk management tool used by private insurance companies and public entities to protect themselves from large financial losses. If



a qualifying catastrophic flood event occurs, reinsurance companies cover a portion of the NFIP's losses to enhance FEMA's ability to pay flood insurance claims without borrowing from the U.S. Treasury.

FEMA contracted with Guy Carpenter and Company, a subsidiary of Marsh & McLennan Companies, to provide broker services to assist in securing the reinsurance placement.

The agency received authority to secure reinsurance through the Biggert-Waters Flood Insurance Reform Act of 2012 and the Homeowner Flood Insurance Affordability Act of 2014. FEMA's 2024 reinsurance placement builds upon its previous reinsurance placements as further development toward a stronger financial framework.

For more information, visit the NFIP Reinsurance Program webpage on [FEMA.gov](https://www.fema.gov)

