

FEMA Announces 2025 Traditional Reinsurance Placement to Manage Future Flood Risk

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WASHINGTON -- FEMA announced its 2025 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 \$757.835 million of the NFIP's financial risk to the private reinsurance market. This annual reinsurance agreement provides coverage in 2025 through the support of 27 private reinsurance companies.

The 2025 reinsurance placement covers portions of NFIP losses above \$7 billion arising from a single qualifying flood event. FEMA will pay total premium of \$139.9 million for the coverage.

The agreement is structured to cover:

- 12.0334% of losses between \$7 billion and \$9 billion
- 25.8584% of losses between \$9 billion and \$11 billion

Combined with the three capital markets reinsurance placements in 2022, 2023 and 2024, FEMA has transferred \$2.058 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.

“In addition to announcing this year's traditional renewal, I'm also pleased to share that the NFIP has increased its reinsurer participation in the program,” said Elizabeth Asche, Ph.D., FEMA's Assistant Administrator for Federal Insurance, and senior executive of the National Flood Insurance Program. “We now have 27 reinsurers, up from 18 last year, strengthening FEMA's commitment to use private sector reinsurance to enhance the NFIP's ability to pay flood insurance claims.”



FEMA

Page 1 of 2

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.

FEMA 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 2025 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)

