



FEMA



A Message from the Deputy Associate Administrator for Insurance and Mitigation and senior executive of the National Flood Insurance Program



Record-setting weather events that we are experiencing every year reminds us of the urgency of our mission to reduce disaster suffering. It also spotlights the importance of closing the insurance gap across this country. On July 1, Tropical Storm Elsa became the fifth named storm of the 2021 hurricane season, which marks the earliest date to reach five named storms. This broke a record set last year by Tropical Storm Edouard on July 6. In the weeks prior, Tropical Storm Claudette formed over land and intensified over land, something that occurs in less than one in 17,000 storms. These water-related events are not just outliers; they are becoming the new normal. The National Flood Insurance Program is ready to support its policyholders again this hurricane season. The program currently holds \$4.8 billion in flood fund and \$1.9 billion in reserve fund as available resources. Combined with our borrowing authority of \$9.9 billion we have a total of \$16.6 billion to support claims as well as an additional \$2.9 billion in reinsurance coverage for named storms.

Right now, much of our energy focuses on reauthorizing the program by the Sept. 30 deadline. Over the last 50 years, the NFIP has successfully contributed to reducing the impact of flooding across the nation through floodplain management, flood mapping, flood mitigation grants, and flood insurance. However, much of the program operates on an outdated construct that has largely been unchanged since the inception of the program. Like any world-class institution of comparable size, tenure, and impact, the program must fundamentally rethink its approach at least once a generation to ensure FIMA is achieving the results we seek. Right now, it's fair to say we are not moving the needle enough in the right direction. Disaster events experienced in the last 15 years have highlighted the limitations of current flood policy, including the fact that the program is not fiscally sustainable in its present form.

As we move deeper into this year's hurricane season, we are incrementally closer to the launch of Risk Rating 2.0: Equity in Action when new policies are subject to rates under the new pricing methodology beginning on Oct. 1. We have made it easier for our Write Your Own partners to develop a quote and write a policy. And, we have addressed inequities in the program that have built up over time. No longer will policyholders with lower-value homes pay more than they should or policyholders with higher-value homes pay less than their fair share. Equity in Action puts us one step closer to ensuring that we have a sustainable program built to withstand the wiles of climate change; however, we need new statutory authority to elevate other bold transformational efforts to reduce risk and losses, ensure access to flood insurance, put the program on a sound financial footing, and enhance the way we communicate risk. To that end we will continue to work closely with lawmakers on a multi-year reauthorization that provides the flexibility we need to truly transform and sustain the program for the next decade and beyond.

NFIP KEY FIGURES

\$1.3 trillion
Insurance in Force

Over \$40 billion
Probable Maximum Annual Loss
(PML)

22,522
Participating Communities

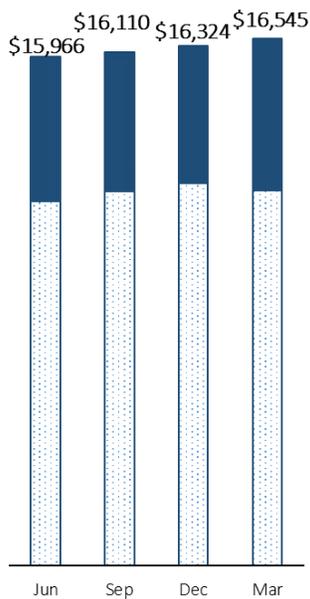
\$739
Average Annual Premium
(Incl. Premium & Federal Policy Fee)

\$20.5 billion
Outstanding Debt with Treasury

\$5.26 billion
Interest Paid to Treasury Since
Hurricane Katrina

Policies in Force (in thousands)





Flood Fund Available Resources: \$4.8B
The premium income available to pay claims.

NFIP Total Capacity to Pay Claims: \$16.5B
Includes the Flood Fund and Reserve Fund Available Resources, & Remaining Borrowing Authority.

NFIP AVAILABLE RESOURCES AS OF 03/31/2021

The NFIP's Available Resources provides information similar to a "Balance Sheet" used in the private sector. It is a snapshot of the program's finances, including any prior period carryover for the given period.

Available Resource (\$ in Thousands)	Dec 31, 2020	Mar 31, 2021
Flood Fund Balance	5,769,587	5,910,818
Unpaid Obligations	(804,945)	(760,242)
Unpaid Loss & Loss Adjustment (Claims)	(549,823)	(292,556)
<u>Mandatory Sequestration</u>	<u>(88,806)</u>	<u>(88,806)</u>
Flood Fund Available Resources	4,326,013	4,769,214
Reserve Fund Balance	770,709	277,976
Net Investments	1,513,828	2,102,246
<u>Outstanding Obligations</u>	<u>(186,009)</u>	<u>(504,445)</u>
Reserve Fund Available Resources	2,098,528	1,875,778
Remaining Borrowing Authority	9,900,000	9,900,000
NFIP Total Capacity to Pay Claims *	16,324,541	16,544,992

* FEMA's reinsurance placements augment the NFIP's Available Resources. After qualifying losses for a single event exceed \$4B, the NFIP may collect up to \$2.9B should the event reach \$10B in losses.

STATEMENT OF OPERATIONS

(\$ in Thousands)

NATIONAL FLOOD INSURANCE FUND

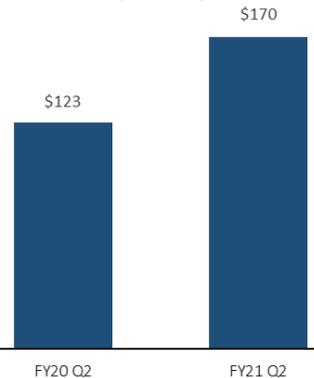
REVENUE	FY 2020	FY 2021 Q2	FY 2021 YTD
Premium	3,510,140	782,801	1,446,337
Reinsurance	0	0	0
Federal Policy Fee	191,199	40,904	81,089
<u>Other Revenue</u>	<u>10,213</u>	<u>4,695</u>	<u>7,459</u>
Total Flood Fund Revenue	3,711,552	828,400	1,534,885
EXPENSES	FY 2020	FY 2021 Q2	FY 2021 YTD
Total Loss & Loss Adjustment (Claims)	1,447,313	169,738	673,598
Unpaid Loss & Loss Adjustment (Claims)	(670,576)	(203,337)	(415,121)
Commissions	57,662	12,308	24,270
WriteYourOwn (WYO) Expense Allowance	901,715	201,995	396,283
Interest on Debt	438,412	101,544	213,469
Floodplain Management & Mapping Activities	174,295	28,596	71,925
Flood Related Grant Activities	121,291	100,656	133,839
<u>Other Expenses</u>	<u>266,833</u>	<u>(1,700)</u>	<u>74,865</u>
Total Flood Fund Expenses	2,736,945	409,800	1,173,128
FLOOD FUND NET INCOME (LOSS)*	974,607	418,600	361,757

NATIONAL FLOOD INSURANCE RESERVE FUND

REVENUE	FY 2020	FY 2021 Q2	FY 2021 YTD
Assessment	583,703	128,575	304,491
Surcharge	338,458	65,725	154,728
<u>Return on Investment</u>	<u>13,743</u>	<u>5,498</u>	<u>6,591</u>
Total Reserve Fund Revenue	935,904	199,798	465,810
EXPENSES	FY 2020	FY 2021 Q2	FY 2021 YTD
Total Loss & Loss Adjustment (Claims)	0	0	0
Reinsurance-Traditional	153,924	50,595	101,903
Reinsurance-ILS	131,781	49,088	87,361
<u>Obligated But Not Expended</u>	<u>73,624</u>	<u>344,023</u>	<u>254,442</u>
Total Reserve Fund Expenses	359,329	443,706	443,706
RESERVE FUND NET INCOME (LOSS)	576,575	(243,908)	22,104

The NFIP's Statement of Operations provides information similar to an "Income Statement" used in the private sector. The current report is for the period ending on Mar. 31, 2021, FY 2021 Quarter 2.

Q2 NFIP Claim Expenses (\$ in Millions)



* The combination of Total Revenue and Total Expenses contribute to the Net Income or Net Losses for the NFIP. Because of the NFIP's current structure of premium discounts, interest expenses on debt, and loss concentrations, Net Losses are anticipated.

The Office of the Flood Insurance Advocate (OFIA): Five Years of Advocacy

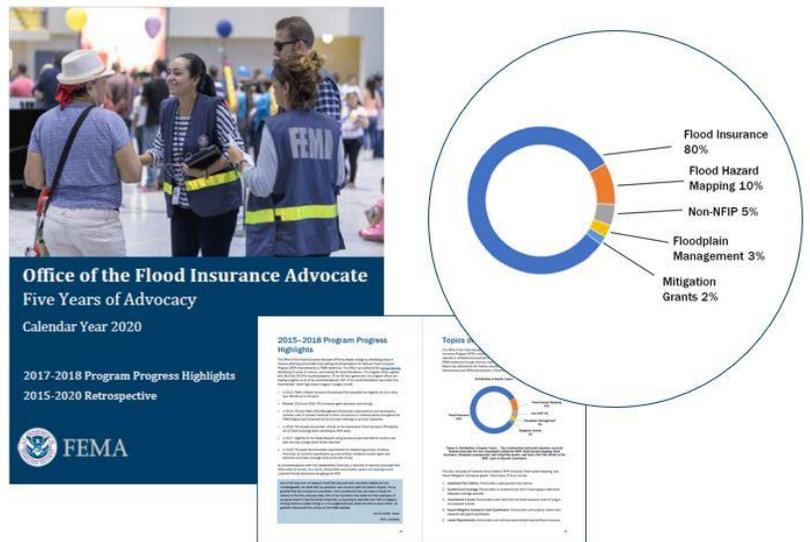
The Office of the Flood Insurance Advocate (OFIA)'s mission is to advocate for policyholders and property owners with compassion and fairness. OFIA's goal is to reduce complexity of the National Flood Insurance Program (NFIP) to ensure policyholders are treated fairly. It accomplishes this by handling inquiries from the program's policyholders, identifying trends, and making recommendations for program improvement. The annual report showcases various issues policyholders face and OFIA's recommendations to improve the customer experience. This year, the OFIA published a five-year retrospective report, [OFIA: Five Years of Advocacy](#).

In the [Five Years of Advocacy report](#), the OFIA reflects on its role within FEMA over the last five years. The report highlights progress, provides transparency, and supports FEMA's Federal Insurance and Mitigation Administration in its ongoing improvements to the NFIP. The OFIA continues to identify and report on topics to improve the customer experience. This year's topic areas include:

- Installment Plan Options – Policyholders seek payment plan options.
- Condominium Coverage – Policyholders in condominiums find it challenging to determine adequate coverage amounts.
- Unnumbered A Zones – Policyholders seek relief from the flood insurance costs of living in unnumbered A Zones.
- Hazard Mitigation Assistance Grant Qualification – Policyholders and property owners face obstacles with grant qualification.
- Lender Requirements – Policyholders are confused about lender-required flood insurance.

Other features of the report include:

- Executive Summary with a COVID-19 Update
- History of the Office
- Highlights and Contributions
- Interview with the Advocate
- Looking Forward
- Program Progress Highlights



Hazard Mitigation Assistance Division Year in Review 2020



The annual Hazard Mitigation Assistance (HMA) Division's [Year in Review](#) provides an overview of HMA's 2020 activities and accomplishments. It also highlights success stories that demonstrate how HMA advances FEMA's strategic goals of building a culture of preparedness and readying the nation for catastrophic disasters through its grant programs.

During 2020—a year with unprecedented challenges—HMA responded to notable disasters and other challenges while preserving the safety of the workforce and disaster survivors. It also used innovative strategies to deliver risk-reduction grant programs to increase resilience of all communities.

Read the [HMA Year in Review](#) for 2020.